

Schroder Strategic Bond Fund

December 2019

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¹ Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder Strategic Bond Fund (the 'fund') aims to provide income and capital growth of between 2.5% and 4.5% per annum (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide. This cannot be guaranteed and your capital is at risk.

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

The Fund may invest up to 40% of its assets in asset backed securities and mortgage backed securities.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus). The Fund may use leverage and take short positions.

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

The Fund aims to provide income and capital growth by investing in fixed and floating rate securities issued by governments, government agencies and companies worldwide.

The Fund invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest up to 40% of its assets in asset backed securities and mortgage backed securities.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may also invest in collective investment schemes, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may use leverage and take short positions.

Fund characteristics

The Fund's performance should be assessed against the income and capital growth target of between 2.5% and 4.5% per year, and compared against the Investment Association Strategic Bond sector average return. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Total purchases and sales

	For the period to 15.12.19 £000's	For the year to 15.6.19 £000's
Total purchases	13,871	102,749
Total sales	47,080	131,904

Fund Performance

	Number of units in issue 15.12.19	Net asset value p per unit 15.12.19	Net asset value p per unit 15.6.19
A Income units	72,685	51.88	50.93
A Accumulation units	2,875,063	66.80	64.26
L Income units	51,031,700	55.04	53.82
L Accumulation units	8,538,672	71.25	68.26
X Income (Quarterly) units	26,630,401	58.09	56.66
Z Income units	8,903,154	54.61	53.43
Z Accumulation units	19,135,445	70.13	67.25

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

Review of Investment Activities

From 14 June 2019 to 13 December 2019, the price of Z Accumulation units on a dealing price to dealing price basis rose 4.15%. In comparison, the Investment Association Sterling Strategic Bond Sector Average generated a negative total return of 0.14%¹.

Financial markets were well supported over the second half of the year as central banks remained accommodative. The Federal Reserve (Fed) cut interest rates and the European Central Bank (ECB) introduced a new programme of stimulus measures. This outweighed bouts of uncertainty around the ongoing US-China trade war and other geopolitical risks such as Brexit. Both seemed to be moving towards more positive resolutions towards the end of the period. Global economic activity continued to slow, particularly in manufacturing.

The portfolio generated a positive net return over the six months, outperforming the peer group. Corporate bond positioning was positive. We added to credit exposure through US dollar high yield, in energy, services and telecoms, and to sterling investment grade banking and non-banking financials. We also increased short (credit default swaps) positions in European subordinated banks, basic industry and capital goods issuers. We reduced duration from 5.6 to 4.7 years. We took profit on positions in Spain and Italy. We increased long duration in the US, remaining short in Europe.

We enter 2020 with credit markets fairly elevated, across both investment grade and high yield. Moderately positive and improving economic activity, accommodative central banks and low government yields are supportive. Corporate bonds are now reflecting a lot of good news, however the world is not without risk, so any further significant upside or spread compression could be limited. Corporate fundamentals are neutral at best, but we do not see any major risks. At a macro level, Europe is stabilising and there is scope for some near-term cyclical uplift in activity. Geopolitical risks remain material.

Fund Manager:

Patrick Vogel



Patrick Vogel joined Schroders as Head of Credit, Europe, in 2012

His investment career began in 1994 as a Trader for M.M. Warburg & Co

Patrick joined Schroders from L&G IM, where he was Head of European Credit since 2007

Prior to this, he was a Senior Portfolio Manager for Deutsche Bank from 2004, a Portfolio Manager for Frankfurt Trust from 2000, a Consultant for Patrick Vogel Bankberatung, an asset management and financial innovations consultancy, from 1999, and a Trader for BW Bank AG from 1996

Patrick holds a Dipl.-Kfm in Business Administration from the Johann Wolfgang Goethe-Universität, Frankfurt am Main

Schroders' Global Fixed Income Team

Patrick Vogel is the Lead Portfolio Manager for Schroder Strategic Bond Fund and is supported by the full Schroders Global Fixed Income team, comprising over 100 investment professionals based around the world

¹ Source: Thomson Reuters Datastream.

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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.

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 gains on the property of the fund for the period. In preparing the accounts the Manager is required to:

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

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

The Manager's report and accounts for the period ended 15 December 2019 were signed on 11 February 2020 on behalf of the Manager by:

P. Chislett
Directors

P. Truscott

Portfolio Statement

	Holding at 15.12.19	Market Value £000's	% of net assets
Government Bonds 2.46% (10.92%)			
France 0.53% (1.02%)			
France Government Bond OAT 1.5% 25/05/2050	€370,750	369	0.53
		369	0.53
Germany 0.08% (0.00%)			
Bundesrepublik Deutschland 1.25% 15/08/2048	€50,000	54	0.08
		54	0.08
Italy 0.00% (2.09%)			
Romania 0.94% (1.20%)			
Romania Government Bond 4.125% 11/03/2039	€689,000	660	0.94
		660	0.94
Spain 0.00% (6.00%)			
Turkey 0.91% (0.61%)			
Turkey Government Bond 4.125% 11/04/2023	€350,000	309	0.44
Turkey Government Bond 5.2% 16/02/2026	€360,000	324	0.47
		633	0.91
Government Bonds total		1,716	2.46
Corporate Bonds 93.26% (88.52%)			
Australia 0.06% (0.04%)			
Boral Finance 3% 01/11/2022	US\$55,000	41	0.06
		41	0.06
Belgium 0.75% (0.55%)			
Elia System Operator FRN 2.75% Perpetual	€600,000	526	0.75
		526	0.75

	Holding at 15.12.19	Market Value £000's	% of net assets
Bermuda 0.54% (0.51%)			
Digicel 6.75% 01/03/2023	US\$1,000,000	379	0.54
		379	0.54
Canada 0.39% (0.41%)			
Royal Bank of Canada 2.25% 01/11/2024	US\$98,000	73	0.10
Cenovus Energy 5.4% 15/06/2047	US\$96,000	83	0.12
Rogers Communications 4.35% 01/05/2049	US\$46,000	39	0.06
Enbridge FRN 6% 15/01/2077	US\$100,000	79	0.11
		274	0.39
Cayman Islands 0.06% (0.04%)			
Avolon Holdings Funding 3.625% 01/05/2022	US\$52,000	40	0.06
		40	0.06
Chile 0.00% (0.69%)			
Czech Republic 1.24% (0.67%)			
Residomo SRO 3.375% 15/10/2024	€164,000	142	0.20
Ceske Drahy 1.5% 23/05/2026	€265,000	231	0.33
EP Infrastructure 1.698% 30/07/2026	€591,000	493	0.71
		866	1.24
Finland 0.20% (0.15%)			
SATO 1.375% 31/05/2024	€162,000	138	0.20
		138	0.20
France 8.48% (8.29%)			
Ingenico Group 1.625% 13/09/2024	€900,000	756	1.08

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
France (continued)			
La Financiere Atalian 5.125% 15/05/2025	€1,070,000	715	1.02
La Financiere Atalian 6.625% 15/05/2025	£652,000	509	0.73
Altice France 7.375% 01/05/2026	US\$1,000,000	801	1.15
Orange 1.375% 04/09/2049	€400,000	309	0.44
AXA FRN 5.453% Perpetual	£876,000	996	1.43
Caisse Nationale de Reassurance Mutuelle Agricole Groupama FRN 6.375% Perpetual	€1,300,000	1,287	1.84
Electricite de France FRN 4% Perpetual	€400,000	364	0.52
Electricite de France FRN 5% Perpetual	€200,000	190	0.27
		5,927	8.48
Germany 1.61% (2.73%)			
Safari Verwaltungs 5.375% 30/11/2022	€400,000	251	0.36
Volkswagen Leasing 1% 16/02/2023	€962,000	819	1.17
EnBW Energie Baden-Wuerttemberg FRN 3.625% 02/04/2076	€60,000	52	0.08
		1,122	1.61
Hong Kong 0.22% (0.16%)			
AIA Group 3.6% 09/04/2029	US\$200,000	157	0.22
		157	0.22
Iceland 0.00% (0.43%)			
Ireland 2.79% (3.33%)			
Virgin Media Receivables Financing Notes II DAC 5.75% 15/04/2023	£963,000	989	1.41
Bank of Ireland Group 4.5% 25/11/2023	US\$200,000	159	0.23

	Holding at 15.12.19	Market Value £000's	% of net assets
Ireland (continued)			
Bank of Ireland Group FRN 4.125% 19/09/2027	US\$404,000	305	0.44
Roadster Finance DAC 2.375% 08/12/2032	€573,000	498	0.71
		1,951	2.79
Italy 6.27% (4.81%)			
UniCredit FRN 5.901% 14/01/2022	US\$350,000	274	0.39
Autostrade per l'Italia 6.25% 09/06/2022	£193,000	206	0.29
Almaviva-The Italian Innovation 7.25% 15/10/2022	€1,094,000	832	1.19
Banca Monte dei Paschi di Siena 2% 29/01/2024	€319,000	281	0.40
ERG 1.875% 11/04/2025	€538,000	475	0.68
Intesa Sanpaolo 5.71% 15/01/2026	US\$326,000	262	0.37
Superstrada Pedemontana Veneta 8% 30/06/2027	€674,000	543	0.78
Banca IFIS FRN 4.5% 17/10/2027	€752,000	599	0.86
Banca Monte dei Paschi di Siena FRN 5.375% 18/01/2028	€388,000	251	0.36
Superstrada Pedemontana Veneta, STEP 0% 30/06/2047	€800,000	661	0.95
		4,384	6.27
Jersey 1.44% (0.98%)			
AA Bond 4.875% 31/07/2043	£658,000	670	0.96
AA Bond 5.5% 31/07/2043	£400,000	337	0.48
		1,007	1.44
Luxembourg 3.71% (4.20%)			
Eurofins Scientific 3.375% 30/01/2023	€100,000	87	0.13

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
Luxembourg (continued)			
Odyssey Europe Holdco Sarl 8% 15/05/2023	€624,000	505	0.72
Garfunkelux Holdco 2 11% 01/11/2023	£300,000	294	0.42
Blackstone Property Partners Europe Holdings Sarl 2% 15/02/2024	€697,000	611	0.88
Hercule Debtco Sarl 6.75% 30/06/2024	€391,000	282	0.40
Hidrovias International Finance 5.95% 24/01/2025	US\$313,000	240	0.34
Medtronic Global Holdings 0.25% 02/07/2025	€441,000	370	0.53
Ingersoll-Rand Luxembourg Finance 3.5% 21/03/2026	US\$35,000	27	0.04
Medtronic Global Holdings 1.75% 02/07/2049	€214,000	178	0.25
		2,594	3.71
Mexico 2.01% (1.30%)			
Petroleos Mexicanos 3.75% 16/11/2025	£1,437,000	1,401	2.01
		1,401	2.01
Netherlands 7.37% (8.21%)			
Enel Finance International 2.875% 25/05/2022	US\$200,000	151	0.22
IPD 3 4.5% 15/07/2022	€543,000	463	0.66
Promontoria Holding 264 6.75% 15/08/2023	€505,000	373	0.53
Vesteda Finance 1.5% 24/05/2027	€432,000	378	0.54
Koninklijke KPN 5.75% 17/09/2029	£1,000,000	1,212	1.73
Vonovia Finance 1.625% 07/10/2039	€600,000	487	0.70
Telefonica Europe FRN 2.625% Perpetual	€1,600,000	1,378	1.97

	Holding at 15.12.19	Market Value £000's	% of net assets
Netherlands (continued)			
Volkswagen International Finance FRN 3.375% Perpetual	€700,000	622	0.89
Vonovia Finance FRN 4% Perpetual	€100,000	89	0.13
		5,153	7.37
Norway 0.50% (0.38%)			
B2Holding FRN 4.25% 14/11/2022	€443,000	348	0.50
		348	0.50
Spain 2.28% (1.87%)			
Banco Santander 3.125% 23/02/2023	US\$200,000	152	0.22
FCC Servicios Medio Ambiente Holding 0.815% 04/12/2023	€296,000	247	0.35
Banco de Sabadell 1.75% 10/05/2024	€300,000	259	0.37
Naviera Armas FRN 4.25% 15/11/2024	€505,000	303	0.44
Bankia FRN 3.75% 15/02/2029	€500,000	453	0.65
Abanca Corp. Bancaria FRN 4.625% 07/04/2030	€200,000	176	0.25
		1,590	2.28
Supranational 0.12% (0.05%)			
NXP 3.875% 18/06/2026	US\$103,000	81	0.12
		81	0.12
Sweden 1.92% (2.98%)			
Heimstaden Bostad 1.75% 07/12/2021	€1,054,000	905	1.30
Castellum 2.125% 20/11/2023	€317,000	281	0.40
Akelius Residential Property 1.75% 07/02/2025	€174,000	152	0.22
		1,338	1.92

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
Switzerland 0.49% (0.00%)			
Credit Suisse Group FRN 2.593% 11/09/2025	US\$250,000	187	0.27
UBS Group FRN 3.126% 13/08/2030	US\$200,000	153	0.22
		340	0.49

United Kingdom 32.42% (28.77%)			
Jerrold Finco 6.25% 15/09/2021	£184,000	189	0.27
Mclaren Finance 5% 01/08/2022	£330,000	318	0.45
Shop Direct Funding 7.75% 15/11/2022	£671,000	637	0.91
Barclays FRN 4.61% 15/02/2023	US\$200,000	156	0.22
HSBC Holdings FRN 3.262% 13/03/2023	US\$250,000	191	0.27
Anglian Water Osprey Financing 5% 30/04/2023	£400,000	409	0.59
Provident Financial 7% 04/06/2023	£276,000	283	0.41
Royal Bank of Scotland Group 3.875% 12/09/2023	US\$250,000	195	0.28
Barclays FRN 2.375% 06/10/2023	£800,000	815	1.17
EnQuest FRN 7% 15/10/2023	US\$1,014,819	655	0.94
National Express Group FRN 2.5% 11/11/2023	£400,000	411	0.59
Jerrold Finco 6.125% 15/01/2024	£859,000	887	1.27
Saga 3.375% 12/05/2024	£2,050,000	1,766	2.53
Viridian Group FinanceCo 4.75% 15/09/2024	£350,000	355	0.51
Iceland Bondco 4.625% 15/03/2025	£295,000	255	0.36
Yorkshire Building Society FRN 3% 18/04/2025	£395,000	408	0.58

	Holding at 15.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Barclays FRN 3.932% 07/05/2025	US\$401,000	313	0.45
Tesco Personal Finance Group 3.5% 25/07/2025	£308,000	319	0.46
Next Group 3% 26/08/2025	£101,000	105	0.15
Anglian Water Osprey Financing 4% 08/03/2026	£1,027,000	974	1.39
Virgin Money UK FRN 4% 25/09/2026	£1,487,000	1,554	2.22
Western Power Distribution FRN 3.5% 16/10/2026	£2,100,000	2,232	3.19
Sainsbury's Bank FRN 6% 23/11/2027	£601,000	620	0.89
Metro Bank FRN 5.5% 26/06/2028	£1,300,000	1,049	1.50
Investec Bank FRN 4.25% 24/07/2028	£500,000	512	0.73
Notting Hill Housing Trust 3.75% 20/12/2032	£1,000,000	1,140	1.63
Mitchells & Butlers Finance FRN 2.91% 15/06/2036	£1,000,000	765	1.10
RL Finance Bonds No. 2 FRN 6.125% 30/11/2043	£606,000	686	0.98
M&G FRN 3.875% 20/07/2049	£307,000	315	0.45
RL Finance Bonds NO 4 FRN 4.875% 07/10/2049	£407,000	428	0.61
Channel Link Enterprises Finance FRN 1.761% 30/06/2050	€634,000	531	0.76
Channel Link Enterprises Finance FRN 2.706% 30/06/2050	€413,000	358	0.51
Vodafone Group FRN 6.25% 03/10/2078	US\$1,023,000	830	1.19
Aviva FRN 5.902% Perpetual	£593,000	608	0.87
Barclays Bank FRN 6.86% Perpetual	US\$813,000	732	1.05

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
SSE FRN 2.375% Perpetual	€770,000	656	0.94
		22,657	32.42
United States of America 18.39% (16.97%)			
Pyxus International 9.875% 15/07/2021	US\$618,000	237	0.34
SunTrust Banks 2.7% 27/01/2022	US\$36,000	27	0.04
Sherwin-Williams 2.75% 01/06/2022	US\$45,000	34	0.05
General Motors Financial 3.15% 30/06/2022	US\$36,000	27	0.04
Regions Financial 2.75% 14/08/2022	US\$143,000	108	0.15
Occidental Petroleum 2.7% 15/08/2022	US\$36,000	27	0.04
Occidental Petroleum FRN 3.36% 15/08/2022	US\$73,000	55	0.08
Constellation Brands 3.2% 15/02/2023	US\$71,000	54	0.08
Newell Brands 3.85% 01/04/2023	US\$24,000	18	0.03
Keurig Dr Pepper 4.057% 25/05/2023	US\$34,000	27	0.04
L3Harris Technologies 3.85% 15/06/2023	US\$37,000	29	0.04
General Motors Financial 4.15% 19/06/2023	US\$120,000	94	0.13
Comerica 3.7% 31/07/2023	US\$65,000	51	0.07
DuPont de Nemours 4.205% 15/11/2023	US\$24,000	19	0.03
Mosaic 4.25% 15/11/2023	US\$34,000	27	0.04
Marathon Petroleum 4.75% 15/12/2023	US\$50,000	40	0.06
Alexandria Real Estate Equities REIT 4% 15/01/2024	US\$15,000	12	0.02
Fifth Third Bancorp 3.65% 25/01/2024	US\$69,000	54	0.08
Capital One Financial 3.9% 29/01/2024	US\$62,000	49	0.07

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Altria Group 3.8% 14/02/2024	US\$63,000	50	0.07
Boston Scientific 3.45% 01/03/2024	US\$42,000	33	0.05
Welltower REIT 3.625% 15/03/2024	US\$141,000	111	0.16
Synchrony Financial 4.375% 19/03/2024	US\$90,000	71	0.10
JPMorgan Chase FRN 2.664% 23/04/2024	US\$73,000	55	0.08
Conagra Brands 4.3% 01/05/2024	US\$102,000	82	0.12
Becton Dickinson and 3.363% 06/06/2024	US\$138,000	107	0.15
Santander Holdings USA 3.5% 07/06/2024	US\$54,000	41	0.06
Hess 3.5% 15/07/2024	US\$39,000	30	0.04
Las Vegas Sands 3.2% 08/08/2024	US\$36,000	28	0.04
BAT Capital 3.222% 15/08/2024	US\$164,000	125	0.18
Cox Communications 3.15% 15/08/2024	US\$42,000	32	0.05
Tyson Foods 3.95% 15/08/2024	US\$78,000	62	0.09
CommonSpirit Health 2.76% 01/10/2024	US\$193,000	145	0.21
BB&T 2.85% 26/10/2024	US\$71,000	54	0.08
Equinix REIT 2.625% 18/11/2024	US\$163,000	122	0.17
AbbVie 2.6% 21/11/2024	US\$181,000	136	0.19
JPMorgan Chase FRN 4.023% 05/12/2024	US\$91,000	72	0.10
Boston Properties REIT 3.2% 15/01/2025	US\$53,000	41	0.06
Vornado Realty REIT 3.5% 15/01/2025	US\$48,000	37	0.05
Fifth Third Bancorp 2.375% 28/01/2025	US\$65,000	49	0.07
Campbell Soup 3.95% 15/03/2025	US\$103,000	82	0.12
Energy Transfer Operating 4.05% 15/03/2025	US\$140,000	109	0.16

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
AbbVie 3.6% 14/05/2025	US\$46,000	36	0.05
American Tower REIT 4% 01/06/2025	US\$67,000	53	0.08
Kinder Morgan 4.3% 01/06/2025	US\$100,000	81	0.11
Charter Communications Operating 4.908% 23/07/2025	US\$59,000	48	0.07
United Technologies 3.95% 16/08/2025	US\$33,000	27	0.04
Wells Fargo FRN 2.406% 30/10/2025	US\$293,000	219	0.31
Bayer US Finance II 4.25% 15/12/2025	US\$200,000	161	0.23
Digital Euro Finco REIT 2.5% 16/01/2026	€514,000	467	0.67
Discover Financial Services 4.5% 30/01/2026	US\$165,000	135	0.19
AT&T 4.125% 17/02/2026	US\$25,000	20	0.03
Tyson Foods 4% 01/03/2026	US\$104,000	84	0.12
Newell Brands 4.2% 01/04/2026	US\$47,000	37	0.05
American Express 3.125% 20/05/2026	US\$138,000	107	0.15
Bristol-Myers Squibb 3.2% 15/06/2026	US\$58,000	46	0.06
Crown Castle International REIT 3.7% 15/06/2026	US\$69,000	54	0.08
Fiserv 3.2% 01/07/2026	US\$118,000	91	0.13
PNC Financial Services Group 2.6% 23/07/2026	US\$36,000	27	0.04
CVS Health 3% 15/08/2026	US\$6,000	5	0.01
Dell International 4.9% 01/10/2026	US\$33,000	27	0.04
AbbVie 2.95% 21/11/2026	US\$182,000	138	0.20
Roper Technologies 3.8% 15/12/2026	US\$68,000	54	0.08
Welltower REIT 2.7% 15/02/2027	US\$38,000	28	0.04

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Cigna 3.4% 01/03/2027	US\$39,000	30	0.04
Hess 4.3% 01/04/2027	US\$43,000	34	0.05
Bank of America FRN 3.559% 23/04/2027	US\$277,000	218	0.31
Digital Realty Trust REIT 3.7% 15/08/2027	US\$103,000	81	0.12
Concho Resources 3.75% 01/10/2027	US\$68,000	53	0.08
EQT 3.9% 01/10/2027	US\$161,000	107	0.15
Sotheby's 7.375% 15/10/2027	US\$359,000	265	0.38
Duke Realty REIT 3.375% 15/12/2027	US\$46,000	36	0.05
Citigroup FRN 3.887% 10/01/2028	US\$290,000	233	0.33
Noble Energy 3.85% 15/01/2028	US\$105,000	82	0.12
AT&T 4.1% 15/02/2028	US\$258,000	209	0.30
Constellation Brands 3.6% 15/02/2028	US\$51,000	40	0.06
Sabine Pass Liquefaction 4.2% 15/03/2028	US\$111,000	88	0.12
Anheuser-Busch InBev Worldwide 4% 13/04/2028	US\$27,000	22	0.03
AXA Equitable Holdings 4.35% 20/04/2028	US\$28,000	23	0.03
Camden Property Trust REIT 4.1% 15/10/2028	US\$15,000	13	0.02
Comcast 4.15% 15/10/2028	US\$72,000	61	0.09
Southern California Edison 4.2% 01/03/2029	US\$66,000	54	0.08
Tyson Foods 4.35% 01/03/2029	US\$31,000	26	0.04
Merck 3.4% 07/03/2029	US\$36,000	29	0.04
ONEOK 4.35% 15/03/2029	US\$100,000	80	0.11
Union Electric 3.5% 15/03/2029	US\$54,000	44	0.06
Valero Energy 4% 01/04/2029	US\$34,000	27	0.04

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
PNC Financial Services Group 3.45% 23/04/2029	US\$207,000	165	0.23
Discovery Communications 4.125% 15/05/2029	US\$69,000	55	0.08
Fidelity National Information Services 3.75% 21/05/2029	US\$33,000	27	0.04
Mastercard 2.95% 01/06/2029	US\$100,000	78	0.11
Boston Properties REIT 3.4% 21/06/2029	US\$69,000	54	0.08
Camden Property Trust REIT 3.15% 01/07/2029	US\$39,000	30	0.04
Bristol-Myers Squibb 3.4% 26/07/2029	US\$179,000	143	0.20
AT&T 4.375% 14/09/2029	£612,000	716	1.02
Dell International 5.3% 01/10/2029	US\$40,000	33	0.05
Thermo Fisher Scientific 2.6% 01/10/2029	US\$17,000	13	0.02
Cheniere Corpus Christi Holdings 3.7% 15/11/2029	US\$44,000	34	0.05
Netflix 3.875% 15/11/2029	€642,000	565	0.81
S&P Global 2.5% 01/12/2029	US\$52,000	39	0.06
Essex Portfolio REIT 3% 15/01/2030	US\$120,000	91	0.13
UDR REIT 3.2% 15/01/2030	US\$61,000	47	0.07
Morgan Stanley FRN 4.431% 23/01/2030	US\$258,000	218	0.31
AT&T 4.3% 15/02/2030	US\$72,000	59	0.08
Bank of America FRN 2.884% 22/10/2030	US\$135,000	102	0.15
Sempra Energy 3.8% 01/02/2038	US\$142,000	110	0.16
MPLX 4.5% 15/04/2038	US\$182,000	137	0.20
Comcast 4.6% 15/10/2038	US\$61,000	55	0.08

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Dow Chemical 9.4% 15/05/2039	US\$27,000	33	0.05
HCA 5.125% 15/06/2039	US\$45,000	37	0.05
Barrick North America Finance 5.7% 30/05/2041	US\$300,000	278	0.40
Kraft Heinz Foods 5% 04/06/2042	US\$88,000	70	0.10
Anheuser-Busch InBev Worldwide 3.75% 15/07/2042	US\$58,000	45	0.06
General Electric 4.125% 09/10/2042	US\$12,000	9	0.01
AT&T 4.3% 15/12/2042	US\$61,000	49	0.07
FedEx 4.1% 01/02/2045	US\$58,000	43	0.06
Apple 3.45% 09/02/2045	US\$34,000	27	0.04
Anheuser-Busch 4.9% 01/02/2046	US\$76,000	68	0.10
J.P. Morgan Mortgage Trust FRN, Series 2016-3 3.5% 25/10/2046	US\$57,432	44	0.06
Prudential Financial FRN 4.5% 15/09/2047	US\$94,000	73	0.10
Flagstar Mortgage Trust FRN, Series 2017-2 3.5% 25/10/2047	US\$78,792	60	0.08
Marathon Petroleum 4.5% 01/04/2048	US\$29,000	23	0.03
AXA Equitable Holdings 5% 20/04/2048	US\$50,000	41	0.06
Kansas City Southern 4.7% 01/05/2048	US\$100,000	88	0.13
Comcast 4.7% 15/10/2048	US\$46,000	43	0.06
Corning 5.35% 15/11/2048	US\$73,000	69	0.10
J.P. Morgan Mortgage Trust FRN, Series 2017-4 3.5% 25/11/2048	US\$139,534	106	0.15
Kimco Realty REIT 3.7% 01/10/2049	US\$101,000	74	0.11

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Towd Point Mortgage Trust FRN, Series 2017-1 2.75% 25/10/2056	US\$69,958	53	0.07
Towd Point Mortgage Trust FRN, Series 2017-6 2.75% 25/10/2057	US\$71,049	53	0.08
Liberty Mutual Group FRN 3.625% 23/05/2059	€631,000	550	0.79
MetLife 6.4% 15/12/2066	US\$45,000	41	0.06
Enterprise Products Operating FRN 5.375% 15/02/2078	US\$430,000	316	0.45
BB&T FRN 4.8% Perpetual	US\$141,000	108	0.15
Energy Transfer Operating FRN 6.25% Perpetual	US\$1,271,000	872	1.25
M&T Bank FRN 5.125% Perpetual	US\$166,000	134	0.19
Progressive FRN 5.375% Perpetual	US\$208,000	162	0.23
State Street FRN 5.625% Perpetual	US\$65,000	51	0.07
		12,854	18.39
Corporate Bonds total		65,168	93.26

Swaps (2.03)% ((1.16)%)			
Credit Default Swap Citigroup Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019	EUR 440,000	(4)	0.00
Credit Default Swap Morgan Stanley Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019	EUR 170,000	(2)	0.00
Credit Default Swap Merrill Lynch Buy Peugeot 7.375% 06/03/2018 20/12/2020	EUR 535,000	(28)	(0.04)

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap Barclays Buy Wendel 3.75% 21/01/2021 20/06/2021	EUR 1,000,000	(72)	(0.10)
Credit Default Swap Barclays Buy Peugeot 7.375% 06/03/2018 20/06/2021	EUR 500,000	(36)	(0.05)
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/06/2022	EUR 2,050,000	(35)	(0.05)
Credit Default Swap Citigroup Buy Wendel 3.75% 21/01/2021 20/12/2022	EUR 433,574	(56)	(0.08)
Credit Default Swap Credit Suisse Buy Wendel 3.75% 21/01/2021 20/12/2022	EUR 1,930,426	(250)	(0.36)
Credit Default Swap Goldman Sachs Buy CNH Industrial Finance Europe 2.75% 18/03/2019 20/06/2023	EUR 501,776	(70)	(0.10)
Credit Default Swap J.P. Morgan Buy CNH Industrial Finance Europe 2.75% 18/03/2019 20/06/2023	EUR 400,333	(56)	(0.08)
Credit Default Swap Barclays Buy Credit Suisse Group Finance Guernsey 0% 29/07/2019 20/12/2023	EUR 211,381	(5)	(0.01)
Credit Default Swap BNP Paribas Buy Credit Suisse Group Finance Guernsey 0% 29/07/2019 20/12/2023	EUR 145,874	(3)	(0.01)
Credit Default Swap HSBC Buy Credit Suisse Group Finance Guernsey 0% 29/07/2019 20/12/2023	EUR 533,902	(14)	(0.03)

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap Morgan Stanley Buy CDX.NA.IG.31-V1 20/12/2023	USD 3,111,393	(64)	(0.09)
Credit Default Swap Morgan Stanley Buy ITRAXX.EUROPE. MAIN.30-V2 20/12/2023	EUR 1,469,488	(34)	(0.05)
Credit Default Swap BNP Paribas Buy LANXESS 0.25% 07/10/2021 20/12/2023	EUR 982,906	(24)	(0.04)
Credit Default Swap Citigroup Buy LANXESS 0.25% 07/10/2021 20/12/2023	EUR 798,611	(20)	(0.03)
Credit Default Swap BNP Paribas Buy Vodafone Group 1% 11/09/2020 20/12/2023	EUR 250,836	(5)	(0.01)
Credit Default Swap Goldman Sachs Buy Vodafone Group 1% 11/09/2020 20/12/2023	EUR 260,417	(6)	(0.01)
Credit Default Swap Citigroup Buy BASF 2% 05/12/2022 20/12/2023	EUR 771,513	(23)	(0.04)
Credit Default Swap Goldman Sachs Buy HSBC Holdings 6% 10/06/2019 20/12/2023	EUR 1,134,033	(13)	(0.02)
Credit Default Swap Morgan Stanley Buy HSBC Holdings 6% 10/06/2019 20/12/2023	EUR 249,206	(3)	0.00
Credit Default Swap Morgan Stanley Buy ITRAXX.EUROPE. MAIN.31-V2 20/06/2024	EUR 7,527,923	(187)	(0.27)
Credit Default Swap BNP Paribas Buy Daimler 0.625% 05/03/2020 20/06/2024	EUR 604,884	(13)	(0.02)

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap Citigroup Buy Daimler 0.625% 05/03/2020 20/06/2024	EUR 744,379	(17)	(0.02)
Credit Default Swap HSBC Buy Daimler 0.625% 05/03/2020 20/06/2024	EUR 417,818	(10)	(0.02)
Credit Default Swap Credit Suisse Buy Shell International Finance 0.75% 12/05/2024 20/06/2024	EUR 101,683	(3)	(0.01)
Credit Default Swap Merrill Lynch Buy Shell International Finance 0.75% 12/05/2024 20/06/2024	EUR 97,684	(3)	0.00
Credit Default Swap HSBC Buy BASF 2% 05/12/2022 20/06/2024	EUR 500,000	(16)	(0.02)
Credit Default Swap Citigroup Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 207,003	(3)	0.00
Credit Default Swap Goldman Sachs Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 233,800	(3)	0.00
Credit Default Swap HSBC Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 247,269	(3)	0.00
Credit Default Swap Credit Suisse Buy INEOS Group Holdings 5.375% 01/08/2024 20/06/2024	EUR 50,818	(7)	(0.01)
Credit Default Swap Goldman Sachs Buy INEOS Group Holdings 5.375% 01/08/2024 20/06/2024	EUR 204,750	(27)	(0.04)

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap Merrill Lynch Buy INEOS Group Holdings 5.375% 01/08/2024 20/06/2024	EUR 158,909	(21)	(0.03)
Credit Default Swap Citigroup Buy Societe Generale 5.875% 21/12/2016 20/06/2024	EUR 310,688	(3)	0.00
Credit Default Swap BNP Paribas Buy HSBC Holdings 6% 10/06/2019 20/06/2024	EUR 350,324	(4)	0.00
Credit Default Swap Citigroup Buy HSBC Holdings 6% 10/06/2019 20/06/2024	EUR 172,920	(2)	0.00
Credit Default Swap Barclays Buy Federative Republic of Brazil 4.25% 07/01/2025 20/12/2024	USD 440,544	(1)	0.00
Credit Default Swap Citigroup Buy Federative Republic of Brazil 4.25% 07/01/2025 20/12/2024	USD 550,680	(1)	0.00
Credit Default Swap Goldman Sachs Sell SUPERVALU 6.75% 01/06/2021 20/06/2023	USD 460,526	(8)	(0.02)
Credit Default Swap Citigroup Sell Tesco 6.125% 24/02/2022 20/12/2024	EUR 344,828	3	0.00
Credit Default Swap Goldman Sachs Sell Tesco 6.125% 24/02/2022 20/12/2024	EUR 476,190	4	0.01
Interest Rate Swap Morgan Stanley Pay fixed (0.31)% Receive floating EURIBOR 6 month 11/07/2023	EUR 5,720,000	9	0.01

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaps (continued)			
Interest Rate Swap Morgan Stanley Pay fixed 0.79% Receive floating LIBOR 6 month 04/11/2025	GBP 753,088	5	0.01
Interest Rate Swap Morgan Stanley Pay fixed 0.799% Receive floating LIBOR 6 month 04/11/2025	GBP 753,088	5	0.00
Interest Rate Swap Morgan Stanley Pay floating EURIBOR 6 month Receive fixed (0.118)% 26/11/2026	EUR 1,000,000	(2)	0.00
Interest Rate Swap Morgan Stanley Pay fixed 1.45% Receive floating LIBOR 6 month 08/01/2033	GBP 1,031,250	(52)	(0.08)
Interest Rate Swap Morgan Stanley Pay fixed 1.61% Receive floating LIBOR 6 month 13/10/2047	GBP 1,726,036	(227)	(0.32)
Interest Rate Swap Morgan Stanley Pay fixed 0.719% Receive floating EURIBOR 6 month 27/06/2049	EUR 172,986	(8)	(0.01)
Interest Rate Swap Morgan Stanley Pay fixed 1.934% Receive floating LIBOR 3 month 17/09/2049	USD 1,240,000	4	0.01
Swaps total		(1,414)	(2.03)
Swaptions (0.38)% (0.00%)			
Interest Rate Swap Morgan Stanley Pay fixed 1.958% Receive floating LIBOR 3 month Put 1.958 29/06/2030	USD(6,343,920)	(46)	(0.07)
Interest Rate Swap Morgan Stanley Pay floating LIBOR 3 month Receive fixed 1.958% Call 1.958 29/06/2030	USD(6,343,920)	(133)	(0.19)

Portfolio Statement (continued)

	Holding at 15.12.19	Market Value £000's	% of net assets
Swaptions (continued)			
Interest Rate Swap Morgan Stanley Pay floating LIBOR 3 month Receive fixed 1.655% Call 1.655 10/08/2030	USD(2,924,540)	(32)	(0.04)
Interest Rate Swap Morgan Stanley Pay fixed 1.655% Receive floating LIBOR 3 month Put 1.655 10/08/2030	USD(2,924,540)	(54)	(0.08)
Swaptions total		(265)	(0.38)
Options 0.11% (0.00%)			
Purchased Options			
US Treasury 10 Year Note Call 128.5 21/02/2020	86	76	0.11
Options total		76	0.11
Forward Foreign Currency Contracts 2.44% ((0.03)%)			
Buy CAD 839,817 Sell GBP 496,089 16/01/2020	CAD 839,817	(20)	(0.03)
Buy EUR 8,461,211 Sell GBP 7,259,662 16/01/2020	EUR 8,461,211	(188)	(0.27)
Buy USD 7,372,430 Sell GBP 5,681,438 16/01/2020	USD 7,372,430	(183)	(0.26)
Sell AUD 236,000 Buy GBP 126,873 16/01/2020	AUD (236,000)	5	0.01
Sell CAD 837,241 Buy GBP 492,066 16/01/2020	CAD (837,241)	17	0.02
Sell EUR 36,998,925 Buy GBP 32,036,807 16/01/2020	EUR (36,998,925)	1,119	1.60

	Holding at 15.12.19	Market Value £000's	% of net assets
Forward Foreign Currency Contracts (continued)			
Sell USD 30,018,037 Buy GBP 23,350,994 16/01/2020	USD (30,018,037)	958	1.37
Sell USD 150,000 Buy GBP 111,787 16/01/2020	USD (150,000)	0	0.00
Forward Foreign Currency Contracts total		1,708	2.44
Futures (0.03)% (0.16%)			
Euro-Bobl March 2020	(65)	11	0.02
Euro-BTP March 2020	14	14	0.02
Euro-Bund March 2020	(6)	(1)	0.00
Euro-Buxl 30 Year Bond March 2020	(4)	9	0.01
Korea 10 Year Bond March 2020	26	4	0.01
Long Gilt March 2020	6	(8)	(0.01)
US 2 Year Note March 2020	63	2	0.00
US 5 Year Note March 2020	83	(20)	(0.03)
US 10 Year Note March 2020	(27)	(13)	(0.02)
US Long Bond March 2020	20	(14)	(0.02)
US Ultra Bond March 2020	9	(6)	(0.01)
Futures total		(22)	(0.03)
Portfolio of investments		66,967	95.83
Net other assets		2,912	4.17
Net assets attributable to unitholders		69,879	100.00

The comparative percentage figures in brackets are as at 15 June 2019.

Unless otherwise stated, all securities are admitted to official stock exchange listings.

Statement of Total Return (unaudited)

For the six months ended 15 December 2019

	15.12.19		15.12.18	
	£000's	£000's	£000's	£000's
Income				
Net capital gains/(losses)		2,151		(7,733)
Revenue	1,994		2,787	
Expenses	(219)		(397)	
Net revenue before taxation	1,775		2,390	
Taxation	0		0	
Net revenue after taxation		1,775		2,390
Total return before distributions		3,926		(5,343)
Distributions		(1,947)		(2,706)
Change in net assets attributable to unitholders from investment activities		1,979		(8,049)

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

For the six months ended 15 December 2019

	15.12.19		15.12.18	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		100,585 [^]		146,660
Amounts receivable on issue of units	3,235		19,312	
Amounts payable on cancellation of units	(36,476)		(25,826)	
		(33,241)		(6,514)
Dilution adjustment		127		68
Change in net assets attributable to unitholders from investment activities		1,979		(8,049)
Retained distribution on Accumulation units		429		940
Closing net assets attributable to unitholders		69,879		133,105[^]

[^] The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

Balance Sheet (unaudited)

As at 15 December 2019

	15.12.19	15.6.19
	£000's	£000's
Assets		
Investments	69,129	100,595
Current assets		
Debtors	2,026	3,752
Cash and bank balances	2,602	4,018
Total assets	73,757	108,365
Liabilities		
Investment liabilities	(2,162)	(1,611)
Creditors		
Bank overdrafts	(365)	(1,771)
Distributions payable	(842)	(816)
Other creditors	(509)	(3,582)
Total liabilities	(3,878)	(7,780)
Net assets attributable to unitholders	69,879	100,585

Notes to the Accounts (unaudited)

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)).

Accounting policies

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 June 2019 and are described in those annual accounts.

General Information

Manager

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

Authorised and regulated by the Financial Conduct Authority

Investment Adviser

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

Authorised and regulated by the Financial Conduct Authority

Trustee

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

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

Registrar

Schroder Unit 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 UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

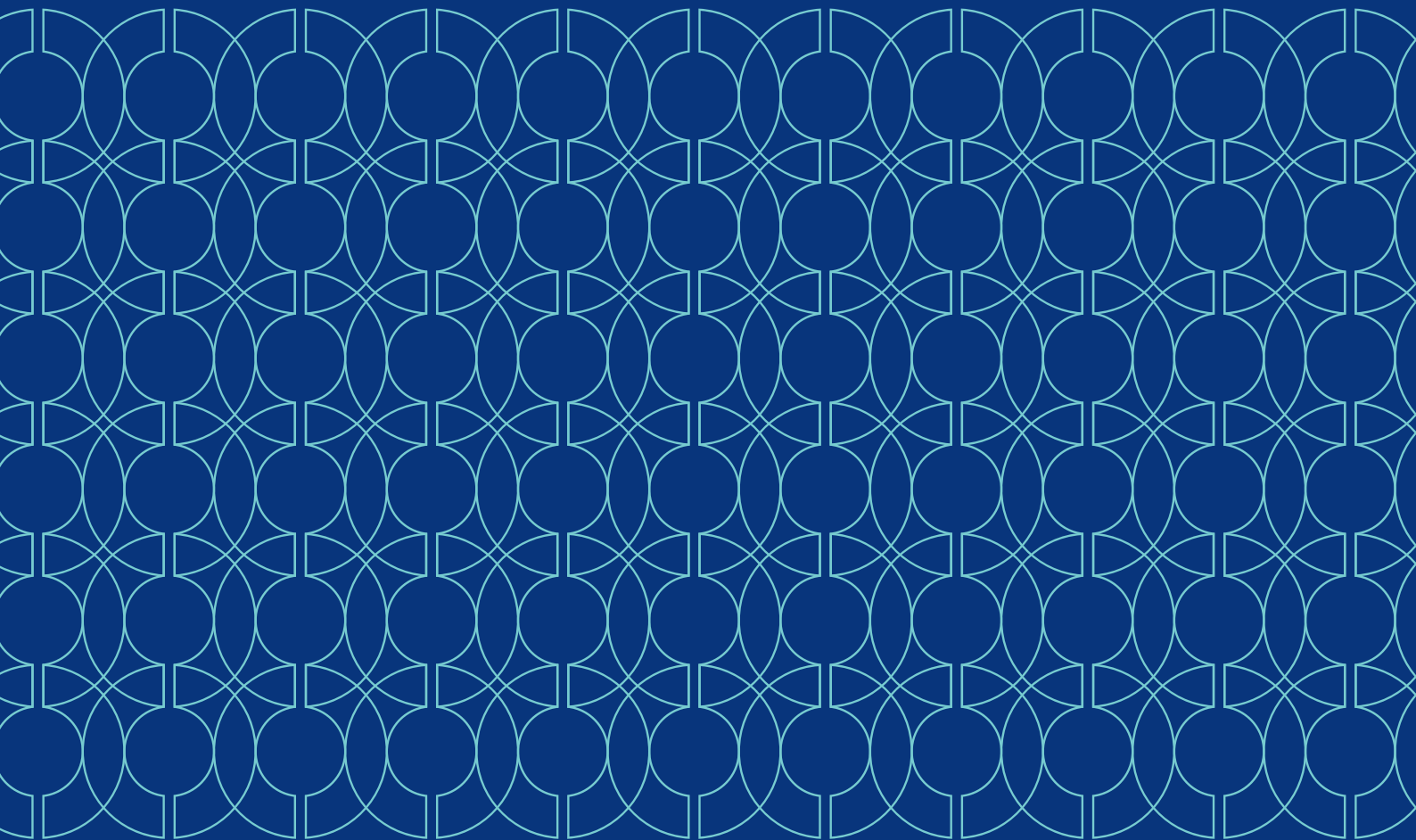
Initial management charge

The issue price of X Income (Quarterly) units reflects an initial management charge of 10% of the dealing price. This is retained by the Manager.

Other information

With effect from 14 November 2019 for Z Income units and Z Accumulation units the minimum initial investment decreased from £1 million to £0.05 million, the minimum subsequent investment decreased from £0.1 million to £0.01 million and the minimum holding decreased from £1 million to £0.05 million.

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.



EST. 1804

 **[schroders.com](https://www.schroders.com)**

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For further literature please contact Schroder Investor Services on 0800 718 777 or at investorservices@schroders.com, or visit our website at www.schroders.com.

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