Schroder UK Mid Cap Fund plc

Report and Accounts
for the year ended 30 September 2023

Schroders

Introduction

Key highlights

Net asset value ("NAV") per share total return*	Share price total return*	Benchmark total return
17.6%	17.4%	13.6%
(2022: –30.0%)	(2022: –32.5%)	(2022: -26.8%)

Net revenues after taxation	Revenue return per share	Dividends per share
£7.842 million	22.68 pence	20.5 pence
(2022: £7.823 million)	(2022: 22.43 pence)	(2022: 19.00 pence)

Key messages

- A high conviction portfolio targeting around 40-50 holdings, with the goal of delivering a return in excess of the FTSE 250 ex Investment Trusts Index (the "Benchmark"), offering exposure to a wide spectrum of investment sectors and themes, and both UK and overseas earnings.
- The Manager seeks out resilient companies that are capable of delivering high risk-adjusted returns with rising cash flows and earnings. They can be disruptors, which challenge the status quo within the marketplace, or established companies which can grow sustainably as they reinvent themselves in response to the disruption. Resilience comes from clear strategic direction, strong finances, and leading sustainability practices.
- The investment process is proven and repeatable, having generated a NAV return* of 12.20% p.a. versus 10.29% p.a. for the Benchmark since Schroders became the Manager in 2003[1].

[1]Source: Schroders, Morningstar, 1 May 2003 to 30 September 2023. Net asset value total return compared to the benchmark of the FTSE All-Share ex Investment Trusts ex FTSE 100 TR Index until 2011, and subsequently the FTSE 250 ex Investment Trusts Index. Past performance is not a guide to future performance and may not be repeated.

Share price

544 pence
(2022: 480 pence)

Share price discount to NAV per share*

12.0%
(2022: 11.4%)

Net Gearing*

6.8%
(2022: 10.8%)

Ongoing charges ratio*

0.97%
(2022: 0.89%)

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Some of the financial measures on these pages are classified as Alternative Performance Measures, as defined by the European Securities and Markets Authority and are indicated with an asterisk (*). Definitions of these performance measures, and other terms used in this report, are given on page 64, together with supporting calculations where appropriate.

Strategic Report

Strategic Report

Dear Shareholder

Investment and share price performance

The Company's net asset value ("NAV") total return for the year was 17.6%, outperforming the Company's Benchmark (the FTSE 250 ex Investment Trusts Index), which produced a total return of 13.6% over the year. The share price total return was 17.4% due to a very small widening of the discount of the share price to NAV. Given the very challenging equity market and economic environment over the last twelve months the Board takes the view that this is a very encouraging level of outperformance. Combined with the fact that the NAV of the trust has outperformed its Benchmark in four of the last five years this provides good evidence in support of the quality of the investment process that is used.

Revenue and dividends

In June 2023, the Board was pleased to announce an increased interim dividend of 5.5 pence per share which represented a 10% increase on the interim dividend paid in 2022. We have declared a final dividend of 15 pence per share for the year ended 30 September 2023. The proposed final dividend brings total dividends for the year to 20.5 pence per share, a level which is covered by current year earnings, and an increase of 7.9% on dividends declared in respect of the previous financial year. At the current share price of 538 pence at 7 December, this represents a dividend yield of 3.7%.

A resolution to approve the payment of the final dividend for the year ended 30 September 2023 will be proposed at the forthcoming Annual General Meeting ("AGM"). If the resolution is passed, the dividend will be paid on 15 March 2024 to shareholders on the register on 16 February 2024.

Gearing

At the year end, net gearing stood at 6.8% (2022: 10.8%). The Board takes the view that utilising some structural gearing over the medium term is beneficial to shareholders. The Manager will continue to use this gearing to take advantage of attractive new investment opportunities and to participate in capital raisings by portfolio companies.

Discount management

During the year under review the Company's discount to NAV slightly widened from 11.4% to 12.0% at period end. Over the last 12 months discounts across the investment trust universe have widened, in many cases significantly, as UK interest rates have risen and global uncertainties have increased. The Board continues to monitor the discount level and proposes that the Company's share buy-back authorities be renewed at the forthcoming AGM to enable future share buybacks should they be considered appropriate and in shareholders' interests. Any shares so purchased will be cancelled or held in treasury for potential reissue at a premium to NAV.

Board changes

The Company was pleased to announce the appointment of Harry Morley as an independent non-executive director of the Company, effective from 1 September 2023. Harry brings extensive experience of the UK Mid Cap sector to our board as a non-executive director of JD Wetherspoon plc and TheWorks.co.uk plc, and having previously co-founded and served as CFO of Tragus Holdings Ltd. A resolution to elect Harry as a director of the Company will be proposed at the upcoming AGM.

Andrew Page will be retiring as a director of the Company at the next AGM in accordance

The Company's NAV total return for the year was 17.6%, outperforming the Company's Benchmark (the FTSE 250 ex Investment Trusts Index)

with the Board's succession policy. Andrew has served on the Board for nine years, the majority of which have been as the Chair of the Audit and Risk Committee. Andrew's experienced oversight of financial and internal controls matters, as well as his commitment and dedication to the Company's success has been invaluable to the Board during this time, and we wish him well. He will be succeeded as Chair of the Audit and Risk Committee by Helen Galbraith, as Chair of the Remuneration Committee by Harry Morley, and as Senior Independent Director by Wendy Colquhoun.

AGM and Results Webinar

Our portfolio managers will be giving presentations at an investor webinar on 22 January 2024 at 2.00 p.m. to discuss the Company's results (which can be signed up to via the following link: https://www.schroders.events/SCP23).

The Company's AGM will be held at 12.00 noon on Friday, 8 March 2023. We encourage shareholders to attend in person and, if unable to do so, to cast their votes by proxy. The AGM will include a presentation by the Manager on the prospects for the UK market and the Company's investment strategy and will provide an opportunity for shareholders to ask questions of the Board and the Manager. The meeting will be held at the Manager's office at 1 London Wall Place, London EC2Y 5AU. If shareholders are unable to attend the AGM in person, they can view a livestream of the Manager's presentation and 'Q&A' by signing up at: https://schroders.zoom.us/webinar/register/WN_IWa5BSGZRruLlzK9DGyxbg.

Outlook

It is interesting to contrast the many negative headlines in the media with the fact that mid cap UK equities have delivered strong returns over the year under review. Overall, economic growth has been better than expected and the recovery post COVID has been at least as good as many other countries. This is not to downplay the challenges that are being faced by investors with inflation and interest rates much higher than the recent past, geopolitical tensions increasing and uncertainties as to how to return the economy to more acceptable rates of growth. However, we are now seeing inflation falling rapidly, bringing the prospect of lower interest rates at some stage in 2024 which should improve the outlook for economic growth.

Our Manager continues to identify the relatively low valuations that apply to UK equities despite the strong medium and long-term returns that have been delivered. 2022 saw a significant upturn in corporate and financial buyers of UK companies and there are signs that this activity is starting again as the opportunities to acquire good businesses at attractive valuations continues to persist. These factors should give encouragement to actual and prospective investors in UK mid-cap equities that this remains a very attractive area of equity investment.

Notwithstanding the strong total return during the year under review, both in absolute and relative terms and the challenges that always seem to confront equity investors, our Manager continues to identify many stock specific opportunities in UK mid cap companies. Its continued focus remains on looking for companies which can deliver high risk-adjusted returns with rising cash flows and earnings and with conservatively financed balance sheets. This should help to continue to deliver sustainable returns to our shareholders in the future.

Overall we agree with our Manager's conclusion that for those patient investors willing to look beyond any shorter-term uncertainties, the UK mid cap market offers compelling investment opportunities.

Robert Talbut
Chairman

12 December 2023

The NAV per share total return in the 12 months to 30th September 2023 was 17.6%. This compares to 13.6% from the FTSE Mid 250 Total Return Index. The share price total return was 17.4%.

(Source: Schroders/Morningstar, cum income NAV to NAV return/price return). Performance is net of fees. Cumulative performance is set out in the table below.

Long-term trend of outperformance

Performance %	1 year	3 years	5 years	10 years	Since launch
Schroder UK Mid Cap Fund plc NAV cum income[1]	17.6	16.2	9.2	71.6	949.8
FTSE 250 ex. Investment Trusts index	13.6	17.2	–0.5	52.6	575.1
Relative[2]	+4.0	–1.0	+9.7	+19.0	+374.7
Schroder UK Mid Cap Fund plc share price	17.4	28.8	17.2	66.8	1,096.2

Best performing UK equity investment trust in the AIC UK All Companies sector since launch in 2003, as at 30 September 2023.

The above measures are on a total return basis.

[1]This is an alternative performance measure. Definitions of alternative performance measures, and other terms used in this report, are given on page 64, together with supporting calculations where appropriate.

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

Market background

UK equities rose over the period as the country emerged from a market crisis precipitated by the Truss/Kwarteng "mini-budget" in September 2022. The announcement of significant fiscal stimulus, without the usual checks and balances, prompted a spike in UK government bond yields, together with a sharp rise in market interest rates and mortgage rates. This put pressure on the UK pensions and fixed income market (LDI), prompting an intervention by the Bank of England. The market recovered as many of the policies announced were reversed, and the new chancellor Jeremy Hunt used his Autumn Statement to promise that the country would tighten its belt in the future.

While last year's market turmoil in the UK was, to some extent, self-inflicted, other countries have since seen their government bond yields rise sharply and experienced their own crises. This has occurred against the backdrop of persistent global inflationary pressures, expectations of higher for longer policy interest rates and concerns around the sustainability of government budgets. Rising bond yields, for instance, have exposed management issues at US regional banks and forced the rescue of the investment bank Credit Suisse by rival UBS, in a deal facilitated by the Swiss authorities. It would seem as though change is afoot, in terms of the economic regime we have now entered, compared with the "lowflation" years following the 2007/08 GFC and, indeed, the three decade period of moderating inflation and rates starting in the 1990s.

Against this backdrop, equity markets and domestically focused sectors, in particular, have been sentiment driven and consequently very volatile. Valuations have fluctuated depending on whether macro-economic data indicated whether policy rates might be close to a peak for this cycle, or not. In this regard, the recovery in UK small and mid-caps over the period lost some momentum following the initial rebound from the lows of September 2022. More positively, towards the period end, market interest rates were relatively stable as the sell-off in UK government bonds moderated (while it accelerated in other territories, and in particular the US amid political disagreement over levels of government borrowing) and mortgage rates fell. This reflected hopes that near-term inflation pressures may be moderating, and UK base interest rates may have peaked for now, with the Bank of England's chief economist Huw Pill, guiding the market to a "Table Mountain" rather than, previously, a "Matterhorn" shape for interest rates.

Portfolio performance

Your Investment Managers are pleased, as shareholders ourselves in Schroder UK Mid Cap Fund plc, to report outperformance of the benchmark index, via an inflation-beating return of 17.6%, in the 12 months ending 30 September 2023.

Stocks held – significant positive and negative contributions versus the benchmark

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative perfor-mance[2] (%)	Impact[3] (%)
Games Workshop	3.7	+2.4	78.4	+1.5
4Imprint	3.5	+2.9	52.3	+1.3
Dunelm	3.7	+3.2	41.6	+1.1
Cranswick	3.0	+2.3	22.2	+0.5
Computacenter	2.9	+2.2	21.1	+0.5

Negative contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative perfor-mance[2] (%)	Impact[3] (%)
NCC	0.7	+0.5	–65.6	–0.8
Victrex	2.7	+2.1	–26.5	–0.7
Ecora Resources	1.0	+1.0	–38.1	–0.6
Future	1.4	+0.8	–46.1	–0.5
Telecom Plus	2.8	+2.2	–23.8	–0.5

Source: Schroders, Factset, close 30 September 2022 to close 30 September 2023.

[1]Weights are averages.
[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.
[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index.

Strong stock picks in consumer facing companies **Games Workshop** (the company behind the Warhammer franchise), **Dunelm** (the leader in UK homeware retail) and **Cranswick** (food manufacturer specialising in pork and chicken) underpinned this outperformance. This is not the first year that Dunelm and Games Workshop have appeared in the top contributors' table, and this is a testament to the strong "operational grip" – as Dunelm management would put it – exercised at both companies.

Games Workshop performed very well on the back of news it had struck an agreement in principle with Amazon to develop its intellectual property into film and TV productions. We have long seen scope for the company to selectively licence its intellectual property to grow the fan base and create a truly global franchise. The Amazon deal has brought this potential to the attention of the wider market.

Dunelm has bounced back, somewhat, from its oversold position at the end of September 2022, when concern around consumer-focused stocks was at peak levels. It has continued to trade strongly, driven by volume, and taking market share in both its core homewares sector and in furniture. The company is continuing to benefit from people spending increased time in their homes, partly driven by more home-working, and also, presumably, because of a desire to save money, where the price points sit very close to those of IKEA, for example. The announced 40p special dividend demonstrates the cash generative nature of the business model.

4Imprint, the promotional products business with over 98% of revenues coming from North America, continues to enjoy rapid post-pandemic growth, and appears in our top five contributors table for the second year in a row. 2022 results revealed 45% revenue growth and record operating profit. With just 6% market share of an industry that is transitioning online, 4Imprint's leading digital and TV marketing skills position it well for further market share gains.

Similar to what was reported at the time of the interim results, the most significant detractor to performance was cyber security business, NCC. In the second half of its financial year 2023, NCC experienced softening demand for its services, as large US West Coast technology customers deferred buying decisions. Margins were also being squeezed from cheaper overseas competition, and although the resilience of NCC's profitable escrow business could be expected to mitigate some of the pressure, on balance, we decided to exit this small position. We retain exposure to the exciting structural growth market of cybersecurity via our holdings in defence stocks **QinetiQ** and **Chemring**, for example.

High performance polymer business **Victrex** also underperformed. The company saw substantial inflation in raw material and energy costs, which it was only able to pass through at a lag. We continue to think the business is well-placed, with a 50% capacity share of the niche, high margin polyetheretherketone ("PEEK") market, reflected in high gross margins (of 54%). It has a strong balance sheet and an attractive valuation, relative to its history and the broader market.

Mining royalties business **Ecora Resources**, also detracted from performance. The returns from its steelmaking coal exposure began to decline, as expected, and commodity prices weakened. In the last two years, the business has begun to move away from being a predominantly steelmaking coal business, using the supernormal profits from this commodity to successfully pivot towards commodities that will enable the energy transition. Meanwhile, the stock trades at a significant discount to its net asset value per share.

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

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Tui	–	–1.0	–41.7	+0.8
Spirent Comms	–	–0.6	–59.1	+0.5
Drax	–	–1.1	–37.9	+0.5
Pennon	–	–0.9	–35.0	+0.4
LXI Reit	–	–0.7	–35.8	+0.3

Negative contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Marks & Spencer	–	–1.3	109.0	–1.0
Howden Joinery	–	–1.5	38.7	–0.5
IMI	–	–1.2	35.6	–0.5
Hikma Pharma	–	–1.2	41.8	–0.4
Intermediate Capital	–	–1.3	11.7	–0.4

Source: Schroders, Factset, close 30 September 2022 to close 30 September 2023.

[1]Weights are averages.
[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index return.
[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index.

We had a significant positive contribution from our underweight to the travel and leisure sector, demonstrated most clearly by not owning travel company TUI. Not owning shares in telecommunications testing and assurance equipment company Spirent Communications, which disappointed the market several times during the year, as an expected bounce back in capital expenditure spend from its telecoms customers failed to materialise, was also helpful for performance, as was not owning renewable energy company Drax. The National Audit Office announced that they would produce a report in response to the Government's Biomass Strategy which dented the share price, given Drax's reliance on biomass.

Not holding Marks & Spencer (we focussed our attention elsewhere in the general retail sector, broadly successfully) and Hikma Pharmaceuticals, both of which were promoted to the FTSE 100, detracted from our performance. Neither did we hold trade kitchen supplier company Howden Joinery, which is one of the larger companies in the benchmark, and which outperformed. We prefer to hold Grafton Group, whose shares we see as attractively priced. It is exposed to broadly similar verticals (building materials and home improvement), and is well diversified, with around half its operations in the UK and half in other European countries.

Portfolio activity

Our portfolio consists of a combination of attractively priced structural growth opportunities (*unique* companies) in market niches (see Outlook), together with "flex" stocks, which can be in more cyclical areas, or might be at a strategic crossroads of some sort.

We established a new holding in **Babcock International**, where we see growing demand for the company's defence and nuclear services, combined with an improved balance sheet, following several disposals.

We added a holding in **Britvic**, the international soft drinks business with brands such as Robinsons, Tango and J2O. The company also acts as a bottling partner for PepsiCo in Great Britain, signing a 20-year agreement on carbonated brands in 2020. The soft drinks industry is attractive, with companies able to pass through price increases ahead of inflation to customers desiring an affordable treat. Britvic has successfully managed the recent spike in inflation, delivering operating margin improvements in financial years 2021 and 2022. We expect the business to continue to be resilient.

We also added speciality chemicals company **Elementis** to the portfolio, following the disposal of its chromium business, which should improve the company's balance sheet and sustainability profile.

We established a new holding in Israeli gas company, **Energean**, on the expectation of a near doubling of its gas production by the end of 2024, and a return of value to shareholders of at least $1bn by the end of 2025. Post period end, heightened geopolitical risk has impacted the shares, causing a steep fall in value, followed by a subsequent recovery (as at 11 December 2023) to 13.4% below their value at 30 September 2023, and we continue to monitor the situation. Energean has long-term fixed price contracts with independent power producers that have over 10 years left to run.

Following the disposals of its cigarette filters and packaging businesses, **Essentra** has emerged as a focused business concentrated on the attractive industrial components space. With a strengthened balance sheet, the business should be able to make value enhancing acquisitions to consolidate a fragmented sector, while continuing to grow organically. It has already made one such acquisition, even as management continues to buy back shares in line with its £60m buyback commitment. Although recent trading has been weak, in line with the broader industrials sector, it is reasonable to expect the reported numbers to improve as annual comparisons begin to ease. Management has recently confirmed that this year's profit will be within the range of expectations.

We bought shares in specialty chemicals company **Johnson Matthey**, which manufactures catalysts for emission controls systems, and which is also, excitingly, heavily involved in the energy transition, through its Hydrogen Technologies businesses.

We purchased a stake in **Senior**, the specialist fluid conveyance and thermal management engineering company, which, we expect, will benefit from recovery and structural growth in the commercial aerospace sector, and continue to win share in the heavy truck market. An improved balance sheet provides additional comfort.

We bought shares in challenger bank **Virgin Money**, where we expect significant improvement in its net interest income in the medium term. It is in the process of returning a significant amount of capital (£175m, just under 10% of its market capitalisation at the time of writing) to shareholders via share buybacks, and we see the shares as attractively priced.

Our new holding in **WH Smith** is our main exposure to the Travel sector. WH Smith's airport concessions are well placed to benefit from improving trends in this sub sector. The company has been successful in winning new locations in US airports, and has a large backlog of stores won but not opened that will drive growth in the future.

We sold our holdings in specialist mining engineer Weir and distributor Diploma on their promotion to the FTSE 100, in line with our stated policy.

We disposed of our residual holdings in gaming company, 888, and events, media and marketing company Ascential, following a period of share price recovery. We also sold our small holding in housebuilder Crest Nicholson, and our remaining position in cyber security and escrow business NCC, as described above. With the investment case having played out, we exited Investec and reinvested some of the proceeds in Virgin Money, also as described above. We exited our residual position in Ted Baker, following its acquisition by the US private company American Brands Group.

We disposed of our holding in oil services company Petrofac following news of the CEO's departure. We exited our residual position in PZ Cussons and reinvested the proceeds into drinks manufacturer and Irn Bru owner AG Barr, which made an interesting entry into the growing energy drinks market via its acquisition of energy, sports and protein drinks manufacturer Boost Drinks. Finally, we sold our position in speciality chemicals company Synthomer, following a recovery in the share price, seeing stronger balance sheets elsewhere in the sector.

Outlook and strategy

The year ended September 2023 yielded a welcome return to the long-term trend of outperformance for Your Company, with a positive, inflation-beating total return. We have analysed the stock specific reasons for this above.

That the UK market, particularly Mid-Caps, has had a difficult time, driven partly by bad PR (including incorrect GDP data from the ONS, which had masked the economy's complete recovery from the COVID pandemic, corrected only in September), and partly by more stubborn than expected inflation and a return to interest rates last seen around the time of the Global Financial Crisis, is unlikely to be a topic of hot debate. Geopolitical risk has increased since we wrote our mid-year outlook, but this fact does not seem to have put much of a dent in the market's confidence in the "Magnificent Seven", which have streaked ahead on a cloud of AI (recall that by the end of the film, only three of the seven were still alive).

We see opportunity in the fact that UK mid cap aggregate valuations are now sitting at a discount to where they started in autumn 2022. Most strikingly, they are on a discount to UK large caps, and the yield of the dividend payers in the Mid 250 index is now at an aggregate 5.3% for the 12 months ahead, vs 4.6% for the FTSE 100[1]. Inflation is slowly, but mechanically, easing, and although interest rates are higher than we might have hoped a year ago, the Bank of England would appear to be showing a more dovish stance at this point.

Our response, in this environment, is to stick to our strategy of choosing resilient businesses which can deliver high risk-adjusted returns with rising cash flows and earnings. We have maintained our focus on two categories of investment. First, those *unique* assets with scarcity value and franchise power that allow management teams to raise prices without noticeably impacting demand. We can logically expect to be able to buy more of these types of assets if the current indiscriminatory selloff continues. The other category (*flex*) takes in more cyclical businesses or industries that are undergoing some sort of change, or that might be at some form of a strategic crossroads. This could be industry consolidation, management change or supply retreating out of the market. As a result of this change, we believe these companies will deliver better returns on capital in the future, rewarding shareholders. Additionally, portfolio companies tend to be net cash, or to have low levels of debt. This is important as refinancing costs have increased sharply, hurting profitability, and increasing risks for equity holders.

Our cautious approach has meant that, in aggregate, around 80% of our portfolio holdings are geared at 1.0x net debt: EBITDA or less[2], which means that they are far less indebted than the aggregate of the underlying index. This also means that they are in a position to invest for growth, organic or acquired, to pay dividends (ordinary or special – we have had five portfolio companies pay special dividends this year) and/or to carry out share buybacks, where appropriate. Provided this activity can be done generating a return which beats the company's opportunity cost of capital, shareholders will benefit. This year, fifteen of our fifty-two portfolio companies have carried out a share buyback programme and twelve programmes are ongoing at the time of writing. Companies such as asset manager Man Group ($1bn of shares bought back over 5 years) are typical of the cash generative business models which we favour in our portfolios.

And what of M&A? It would seem that the prospect of more settled credit markets, together with eye catching valuations, has spurred acquirors into action post a summer lull, particularly in the small cap arena, with recent bids for property listings company On The Market, media company Kin & Carta and The Restaurant Group, the owner of Wagamama. After a protracted negotiation period, media mid cap Ascential has announced the disposal of two of its three business divisions, one to private equity and one to a US corporate. It seems logical to us that, if so many UK Mid Caps continue to be priced below their intrinsic value, we will see more bid approaches.

We would like to remind readers that we are fishing in an attractive pond. In terms of the long-term potential of UK equities, we suggest that investors willing to look beyond the ongoing negative headlines will find the UK punches above its weight. This can be seen in terms of multi-baggers relative to the US. (See our recent article "30-baggers":

[1]Source: Peel Hunt
[2]Excluding financials and real estate holdings.

why the UK has more than its fair share, and our podcast on the topic, both available on the Company's web pages), and this is why the Benchmark has beaten the S&P 500 return over the 25 years to 30 September 2023, when measured in local currency. In US dollar terms, it has very nearly matched the popular US index. The Mid 250 is populated by multiple "unique" companies, with strong growth prospects, generating cash and delivering attractive returns on capital.

As stock pickers, we are confident that the collective strength of our holdings' balance sheets will continue to provide resilience in a challenging economic environment. We are sticking to our sell discipline, avoiding companies whose business models are in danger of being disrupted while seeking out companies which have the ability to reinvent themselves, or which might be the next mid cap disruptor.

Ten largest overweight positions

Description	Market Value %	Benchmark Absolute Market Value %	Active Market Value %	FTSE Industry
4Imprint Group plc	4.20%	0.70%	3.50%	Consumer Discretionary
Dunelm Group plc	4.00%	0.60%	3.50%	Consumer Discretionary
Computacenter plc	3.80%	0.80%	2.90%	Technology
Oxford Instruments plc	3.50%	0.60%	2.90%	Industrials
Cranswick plc	3.80%	0.90%	2.90%	Consumer Staples
Man Group plc	4.10%	1.30%	2.80%	Financials
Inchcape plc	4.10%	1.30%	2.80%	Industrials
Spectris plc	4.40%	1.70%	2.70%	Industrials
Telecom Plus plc	3.10%	0.50%	2.60%	Telecommunications
Games Workshop Group plc	4.00%	1.60%	2.40%	Consumer Discretionary

Schroder Investment Management Limited

12 December 2023

Past Performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

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

Investment Portfolio as at 30 September 2023

Stocks in bold are the 20 largest investments, which by value account for 59.4% (30 September 2022: 61.4%) of total investments. Investment are all equities.

	£'000	%
Industrials		
Spectris	**9,503**	**4.1**
Oxford Instruments	**7,448**	**3.3**
QinetiQ	**6,376**	**2.8**
Grafton	**5,424**	**2.4**
Redrow	**4,651**	**2.0**
Babcock	**4,465**	**2.0**
Tyman	4,046	1.8
Redde Northgate	3,887	1.7
Chemring	3,843	1.7
Bodycote International	3,589	1.6
Senior	2,722	1.2
Clarkson	2,708	1.2
Keller	2,704	1.2
Paypoint	2,616	1.1
International Workplace	1,981	0.9
Essentra	1,780	0.8
XP Power	1,770	0.8
James Fisher	507	0.2
Total Industrials	**70,020**	**30.8**
Consumer Services		
4Imprint	**8,925**	**3.9**
Inchcape	**8,874**	**3.9**
Dunelm	**8,602**	**3.7**
WH Smith	**5,779**	**2.5**
Pets At Home	4,015	1.8
Watches of Switzerland	3,257	1.4
Future	2,667	1.2
Total Consumer Services	**42,120**	**18.4**
Financials		
Man Group	**8,713**	**3.8**
Safestore	**5,296**	**2.3**
Paragon	**4,920**	**2.2**
IG Group	**4,919**	**2.2**
Savills	3,979	1.7
Just Group	2,948	1.3

	£'000	%
OSB	2,848	1.2
Londonmetric Property	2,683	1.2
Virgin Money	1,991	0.9
Sirius	1,981	0.9
Bridgepoint	1,310	0.6
Total Financials	**41,588**	**18.3**
Consumer Goods		
Games Workshop	**8,659**	**3.8**
Cranswick	**8,170**	**3.6**
Vistry	4,104	1.8
A.G. Barr	3,683	1.6
Photo-Me	3,629	1.6
Britvic	1,875	0.8
Total Consumer Goods	**30,120**	**13.2**
Basic Materials		
Victrex	**5,901**	**2.6**
Johnson Matthey	3,175	1.4
Elementis	2,198	1.0
Anglo Pacific	2,044	0.9
Total Basic Materials	**13,318**	**5.9**
Technology		
Computacenter	**8,096**	**3.5**
IP Group	3,214	1.4
Total Technology	**11,310**	**4.9**
Healthcare		
Spire Healthcare	4,273	1.9
Genus	4,188	1.8
Total Healthcare	**8,461**	**3.7**
Telecommunications		
Telecom Plus	**6,556**	**2.8**
Total Telecommunications	**6,556**	**2.8**
Oil & Gas		
Energean Oil and Gas	**4,458**	**2.0**
Total Oil & Gas	**4,458**	**2.0**
Total investments	**227,950**	**100.0**

Ten Year Financial Record

Definitions of terms and Alternative Performance Measures are provided on page 64.

At 30 September	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shareholders' funds (£'000)	161,739	173,327	184,260	192,718	226,577	229,734	226,424	199,524	277,569	187,393	213,823
NAV per share (pence)	447.5	479.6	509.8	533.2	632.0	640.8	633.5	569.0	791.6	541.9	618.3
Share price (pence)	420.0	448.9	462.5	435.4	524.5	538.0	540.0	458.5	730.0	480.0	544.0
Share price discount to NAV per share* (%)	6.1	6.4	9.3	18.3	17.0	16.0	14.8	19.4	7.8	11.4	12.0
Gearing/(net cash)* (%)	2.0	(4.4)	(6.1)	1.5	(0.5)	(3.0)	4.3	5.3	7.7	10.8	6.8

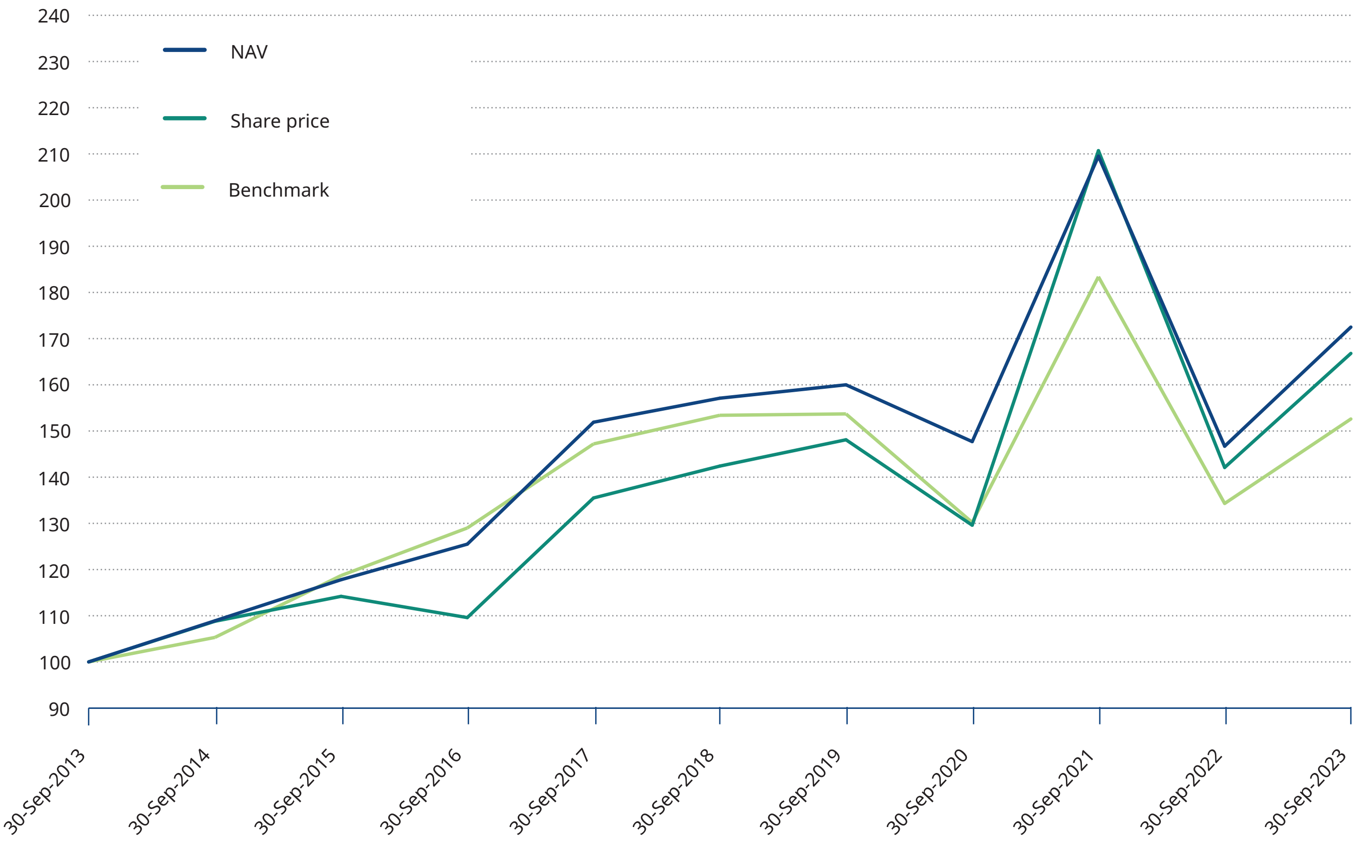
For the year ended 30 September	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net revenue return after taxation (£'000)	3,096	3,506	3,549	4,455	5,031	6,015	7,325	3,155	5,322	7,823	7,842
Revenue return per share (pence)	8.57	9.70	9.82	12.33	13.96	16.78	20.43	8.92	15.18	22.43	22.68
Dividends per share (pence)	7.70	8.50	9.20	11.25	13.10	16.00	18.50	13.30	14.80	19.00	20.5
Ongoing Charges* (%)	1.01	0.94	0.93	0.95	0.92	0.90	0.90	0.90	0.90	0.89	0.97

Performance[1]	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NAV total return*	100.0	108.9	117.8	125.5	151.9	157.1	160.0	147.7	209.5	146.7	172.5
Share price total return*	100.0	108.8	114.2	109.6	135.5	142.4	148.1	129.6	210.7	142.1	166.8
Benchmark	100.0	105.3	118.7	129.0	147.2	153.4	153.7	130.2	183.4	134.3	152.6

[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2013.
*Alternative performance measures.

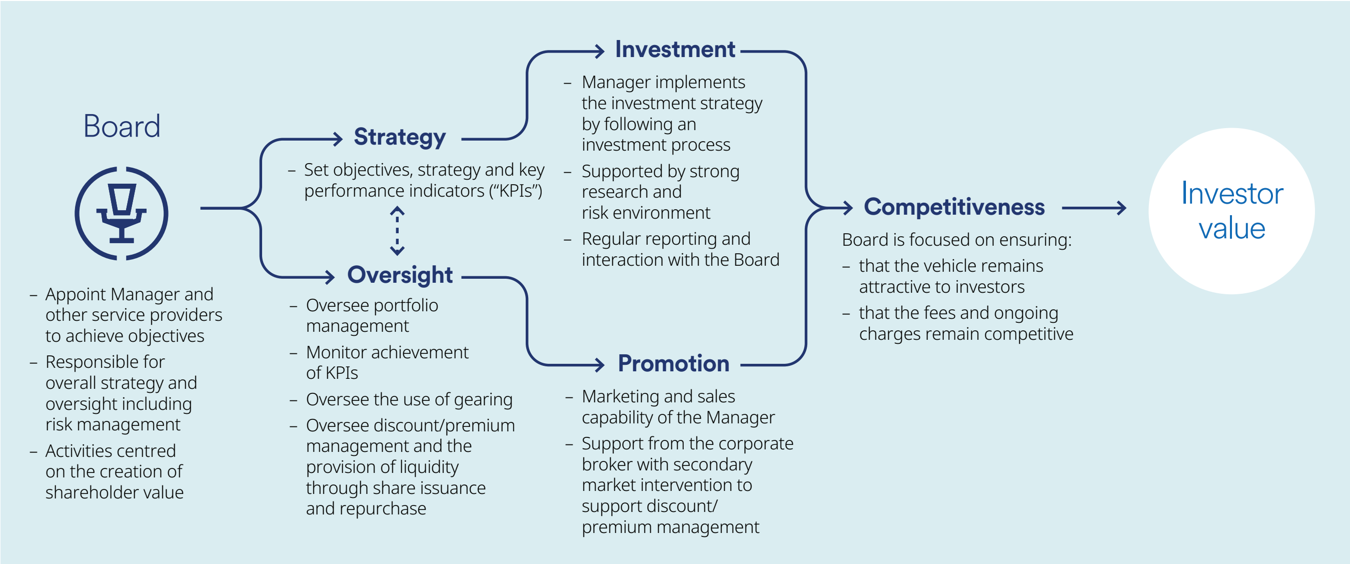
NAV per share, share price and Benchmark total returns for the 10 years ended 30 September 2023.

10 Year NAV, share price and Benchmark total returns



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2013.

Business model



The Company is a listed investment trust, that has outsourced its operations to third party service providers.

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

The terms of the appointment are described more completely in the Directors' Report including delegation to the portfolio managers and their team. The Manager also promotes the Company using its sales and marketing teams. The Board and Manager work together to deliver the Company's investment objective, as demonstrated in the diagram above.

Investment objective

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

Investment policy

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

Status

The Company is domiciled in the UK and is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company carries on business as an investment trust. Its shares are listed and admitted to trading on the premium segment of the main market of the London Stock Exchange. It has been approved by HM Revenue & Customs as an investment trust in accordance with section 1158 of the Corporation Tax Act 2010, by way of a one-off application and it is intended that the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is not a "close" company for taxation purposes.

Purpose, values and culture

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

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

Acting with high standards of integrity and transparency, the Board is committed to encouraging a culture that is responsive to the views of shareholders and its wider stakeholders.

As the Company has no employees and acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to encourage a culture of constructive challenge with the key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations. The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its outsourced service providers to safeguard the Company's interests. As part of this ongoing monitoring, the Board receives reporting from its service providers with respect to their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy usage reporting. The Company is required to obtain the prior approval of the Ordinary Shareholders to any material change to its published investment policy.

Key performance indicators ("KPIs")

The investment objective

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

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

At each meeting, the Board considers a number of performance indicators to assess the Company's success in achieving its investment objective. These are as follows: NAV total return; share price total return; share price discount/premium to NAV per share and ongoing charges. These are classed as Alternative Performance Measures ("APMs") and their calculations are explained in more detail on pages 64 and 65.

Performance against these indicators is reported on page 11.

NAV and share price total return

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

Share price discount/premium to NAV per share

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

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

Ongoing charges

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

Revenue and dividends

The Board considers the payment of an interim and final dividend annually, taking into account revenue generated during the year. The net revenue return for the year, after finance costs and taxation, was £7,842,000 (2022: £7,823,000), equivalent to a revenue return per share of 22.68 pence (2022: 22.43 pence). The Board was pleased to announce on 28 June 2023 an interim dividend of 5.5 pence per share for the year ending 30 September 2023. The directors have recommended the payment of a final dividend for the year of 15.0 pence per share (2022: 14.0 pence) payable on 15 March 2024. The dividend will be payable to shareholders on the register on 16 February 2024 and the ex-dividend date will be 15 February 2024.

Risk factors

In addition to the performance indicators set out above, the Board monitors risk factors relating to investment performance on a quarterly basis.

Stock selection and portfolio construction

Investment process

In order to meet the investment objective, the Manager applies a high conviction approach, managing a focused portfolio of high quality companies that are all capable of delivering excess risk-adjusted returns with rising cash flows and earnings. These returns can come from "disruptors", which change the status quo within the marketplace, or from established companies which can grow sustainably by reinventing themselves in response to the disruption.

High conviction: We only invest where we believe there is a very strong case to do so. We don't carry any stocks where we are not convinced that they will make a positive impact on performance. This is reflected in a high active share.

Resilient: resilience goes hand in hand with sustainability. When we say resilience, we mean the ability of a business to thrive for many years into the future. It is a driver of investment returns and an approach for reducing risk. With that in mind, we seek well-managed companies, where management has a long-term vision, so that the business is capable of generating risk adjusted returns in excess of cost of capital. We are aiming for good quality longer-term returns rather than risking money on a short-term anomaly.

The diagram below details the Manager's investment process.

Challenging the status quo: Whether it be a service or a product, or the delivery of this, the company is "doing it a different way". An example of this in the portfolio is fund management company Man Group, which uses quantitative methods to deliver novel investment ideas.

Growing sustainably: Sustainability in investment has multiple facets. We seek out companies which are exposed to a structural growth market and have a strong or potentially strong position in this market. The company could also be creating a new market (a "disruptor"). While the Company does not automatically exclude sectors or particular companies based on specific ESG metrics, ESG factors are incorporated into the Managers' investment decision making process. Another form of sustainability comes from acting responsibly, ethically and in an environmentally sound way and Schroders' proprietary Sustainability tools, SustainEx and Context, assist us in examining whether companies are targeting the correct behaviours. Examples in the portfolio which tick both boxes include Victrex and Oxford Instruments.

Reinvent: Established companies which do not continually reinvent themselves are exposed to an existential threat in the Manager's view. Examples of companies which are avoiding this threat in the portfolio include Grafton, which has moved away from commodity products and into high value niche markets, and Inchcape, which is assisting its suppliers (the original equipment manufacturers), using its technology and vast store of data, thus helping to modernise the car distribution industry.

Sustainable growth is key to the investment strategy

As Manager of the Company, we are stewards of capital, focusing on the long-term prospects of the assets in which we invest. We analyse each investment's ability to create, sustain and protect value to ensure that it can deliver returns in line with our shareholders' objectives. Sustainability is key and that is reflected in our approach to investing. Sustainable companies can continue for an extended period or without interruption. They will possess many, if not all, of the following characteristics:

- Capable of compound growth, often due to exposure to a structural growth market, or gaining significant share in a static or declining market
- Possessing a unique or rare business model, relative to the investment universe
- Led by a proven, strong, management team, or one where we see potential for this
- With business practices which are transparent, clearly laid out and explained
- Having accounting practices which are of a high standard
- Generating cash which allows the business to grow
- Underpinned by a strong or strengthening (thanks to cash conversion) balance sheet
- Management will not destroy value, e.g. by making frequent or unsuitable acquisitions or over gearing the balance sheet

ESG and sustainability benchmarking

Internal accreditation

- Sustainability is a building block of the investment process and can be clearly evidenced
- The investment process applied by the portfolio managers of Schroder UK Mid Cap Fund plc is ESG "integrated"

In 2019 Schroders rolled out an internal ESG accreditation process. As part of this, the portfolio's integration process has been reviewed and approved every year since 2020. This means that sustainability is a building block of the investment process and can be clearly evidenced.

External benchmarking

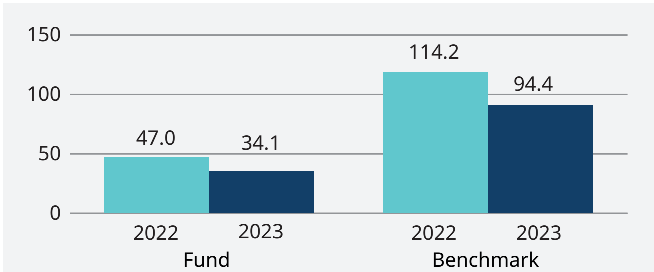
The Manager is pleased to report that the Company has been given a Morningstar Sustainability Rating ("Globe" rating) of 5, out of a maximum of 5. This means that it is in the top 10% of Morningstar's UK Equity Mid/Small Cap global category.

This fund-level rating evaluates how much ESG risk is embedded in a fund relative to its Morningstar peer group, i.e. the risk of something going wrong in an ESG context. Under the widely accepted premise that the world is transitioning to a more sustainable economy, Morningstar's view is that a risk-based evaluation is the best available technique to assess the ESG characteristics of a fund.

Morningstar Sustainability Rating

If we look specifically at carbon intensity, one measure of this, which we source from MSCI data, indicates that the Company's carbon intensity is around half that of the benchmark. For this we use Scope 1+2 Carbon Intensity – which is the average carbon intensity (tonnes CO2e/$ million of revenues) of portfolio companies, weighted by position size.

Carbon intensity
Tonnes of CO2 per $million sales



Source: MSCI.
2022: Fund coverage: 92%, Benchmark coverage: 96%
2023: Fund coverage: 98%, Benchmark coverage: 99%

Extensive engagement with portfolio companies

The Manager believes that, as external research on mid cap companies is limited in scope and often in quality, this provides an opportunity to deliver excess returns to shareholders. Detailed analysis of company reports and accounts, company meetings and visits, ESG analysis and engagements and the use of industry experts are all a vital part of the Manager's research process. It is the application of experience to these varied inputs, coupled with an extensive global in-house analytical resource that the Board believes gives the team the potential to deliver attractive returns.

As part of our process, we meet with company management teams in advance of investing, as well as meeting with the management of all portfolio companies at least once a year. In many cases, we meet with them more often than this, as well as engaging with board members. In addition, we will attend meetings with most management teams of companies in this dynamic Benchmark over the course of a year as we regularly review the investment cases of companies not held in the portfolio. We believe it is just as important to understand why you don't hold something as it is to know why you do.

Dedicated team of ESG specialists

We have always taken pride in our level of engagement with companies. Our brand, as well as extensive analytical resource, affords us the ability to regularly engage with companies on all aspects of corporate strategy, including specific ESG/sustainability matters.

We are fortunate at Schroders to have access to a dedicated team of over 50 ESG/sustainability specialists. Their role is to research ESG/sustainability themes within sectors, provide proprietary analytics and tools, as well as to analyse and engage with individual companies on these issues. We engage with the output of this team regularly to ensure that these factors inform the investment process.

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

Proxy voting	Year ended 30 September 2023	3 years to 30 September 2023
Meetings	63	188
Resolutions	1,087	3,144
Voted against management	1.7%	5.2%
Did not vote	0	0

Source: Schroders

Responsible investment

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

Further detail on engagement and stewardship can be found on pages 14 and 15.

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

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

Investment restrictions and spread of investment risk

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

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

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

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

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

(e) no holding may represent 20% or more of the equity capital of any company. No breaches of these investment restrictions took place during the financial year.

The investment portfolio on page 10 demonstrates that, as at 30 September 2023, the Company held 52 investments spread over a range of industry sectors. The Board therefore believes that the objective of spreading investment risk has been achieved and will continue to be achieved as the Manager moves towards its target focused portfolio of around 40-50 investments.

The Company's financial instruments comprise its investment portfolio, cash balances, including those held in money market funds, bank borrowings and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 20 on pages 54 to 57.

Use of gearing

The Company currently has in place a three year £10 million revolving credit facility, which expires on 14 February 2025. The Company also has a £20 million 1-year revolving credit facility expiring on 27 February 2024. The Board of directors is in the process of renewing the revolving credit facililty expiring on 27 February 2024, and intends to do the same with the facility expiring on 14 February 2025, subject to this being in shareholders' interests at the time of renewal.

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

Promotion and shareholder relations

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long-term supporters of the investment strategy. The Board seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, webinars, regional road shows and attendances at conferences. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors. This includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website.

Shareholder relations are given high priority by both the Board and the Manager. The Board also seeks active engagement with investors and meetings with the Chairman are offered where appropriate. In addition to the engagement and meetings held during the year the Chairs of the Board and committees, as well as the other directors, attend the AGM and are available to respond to queries and concerns from shareholders.

Shareholders are also encouraged to sign up to the Manager's Investment Trusts update, to receive information on the Company directly. https://www.schroders.com/en/uk/private-investor/fundcentre/funds-in-focus/investment-trusts/schroders-investmenttrusts/never-miss-an-update

Further disclosures

Diversity

The below tables set out the gender and ethnic diversity composition of the Board (as at 30 September 2023 and at the date of this report):

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
White British or other White (including minority-white groups)	5	100%	2
Mixed/multiple ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and Chair)
Men	3	60%	2
Women	2	40%	0
Not specified/prefer not to say	–	–	–

Given that the Company is an investment trust with no executive Board members, the prescribed columns and references regarding executive management have not been included in the above table.

As at 30 September 2023, the requirements under Listing Rules 9.8.6R(9) and (11) to disclose compliance with certain targets, have been met in relation to at least 40% of the Board being female, although the requirements that a senior position be held by a woman, and that one individual be from an ethnic group other than a white ethnic group have not been met. Upon Ms Colquhoun taking on the role of senior independent director in March 2024, the first of these requirements will have been met. The Board will have regard to the second requirement when considering future appointments.

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

The Board also considers the diversity and inclusion policies of its key service providers.

Financial crime policy

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

Greenhouse gas emissions and energy usage

As the Company outsources its operations to third parties, it consumed less than 40,000 kWh during the year and so has no greenhouse gas emissions, energy consumption or energy efficiency action to report.

Taskforce for Climate-Related Financial Disclosures

On 30 June 2023, the Company's AIFM produced a product level disclosure consistent with the Taskforce on Climate-Related Financial Disclosures ("TCFD") for the period 1 January 2022 to 31 December 2022. This can be found here:
https://mybrand.schroders.com/m/3fc5db9ace2e795d/original/TCFD-Schroder-UK-Mid-Cap-Fund-20221231.pdf

Stakeholder engagement, section 172 of the Companies Act 2006

During the year under review, the Board discharged its duty under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of all stakeholders. As an externally managed investment trust, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Manager, other service providers, the Investee companies and the Company's Lender.

Fulfilling this duty naturally supports the Company in achieving its investment objective and helps to ensure that all decisions are made in a responsible way, taking sustainability into account. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the directors explain below how they have individually and collectively discharged their duties under section 172 of the Companies Act 2006 over the course of the reporting period and key decisions made during the period and related engagement activities.

Stakeholder	Stakeholder considerations, engagement and key decisions
Shareholders	The Company welcomes attendance and participation from shareholders at the Annual General Meeting. If attending, shareholders have the opportunity to meet the directors and ask questions at the AGM. The Board values the feedback and questions which it receives from shareholders. Shareholder relations are given high priority by both the Board and the Manager and are detailed further in 'Promotion and shareholder relations' on page 15. In addition to the AGM, shareholders may also contact the Board by writing to the Company Secretary (Company Secretary, Schroder UK Mid Cap Fund plc, 1 London Wall Place, London EC2Y 5AU), or emailing amcompanysecretary@schroders.com. Shareholders are also encouraged to register for updates on the Company on the Company's website. To sign up please visit https://www.schroders.com/engb/uk/individual/nevermiss-an-update/. The annual and half year results presentations, as well as monthly updates are available on the Company's website, with results announced via a regulatory news service. Feedback and/or questions received from shareholders enable the Company to evolve its reporting which, in turn, helps to deliver transparent and understandable updates. The Manager communicates with shareholders periodically. All investors are offered the opportunity to meet the Chairman and other Board members without using the Manager or Company Secretary as a conduit, by writing to the Company's registered office. At Board meetings, the directors receive updates on the share trading activity, share price performance and any shareholders' feedback, as well as any publications or comments in the press. The Board also engages external providers, such as its broker, to obtain a more detailed view on specific aspects of shareholder communications, such as developing more effective ways to communicate with investors. The Board is responsible for discount and premium management and is cognisant of the prevailing discount to NAV. For key decisions, the Board took into account feedback from shareholders either directly or through service providers, including the Manager.
The Manager	The Manager aims to continue to achieve consistent, long-term returns in line with the investment objective and maintains a close and collaborative working relationship with the Board. The Board maintains a constructive relationship with the Manager, encouraging open discussion and recognising that the interests of shareholders and the Portfolio Managers are well aligned. The Board invites the Manager to attend all Board meetings and receives regular reports on the performance of the investments and the implementation of the investment strategy, policy and objective. The portfolio activities undertaken by the Manager and the impact of decisions affecting investment performance are set out in the Managers' Review on pages 6 to 9. The Management Engagement Committee reviews the performance of the Manager, its remuneration and the discharge of its contractual obligations at least annually.
Other service providers	The Board maintains regular contact with its key external providers, both through the Board and committee meetings, as well as outside the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account when considering relevant matters. During the period, the Management Engagement Committee continued to undertake reviews of the third-party service providers and agreed that their continued appointment remained in the best interests of the Company and its shareholders. The Committee periodically reviews the market rates for services received, to ensure that the Company continues to receive high quality service at a competitive cost. During the year, directors attended a meeting to assess the internal controls of certain service providers including the Company's Depositary and Custodian, HSBC, the Company's registrar, Equiniti, and Schroder's Group Internal Audit. These meetings enable the Board to conduct due diligence on operations and IT risks amongst service providers; and to receive up to date information about changes in regulation and market practice in the industry. The Board regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, while being mindful of how any decisions which it makes can affect its shareholders and wider stakeholders, in the short and the long-term. The Board receives reports from the Manager, Corporate Broker and Company Secretary on recent and proposed changes in regulation and market practice, as well as any likely reputational threats which, in turn, influence the Board's decision-making process.

Principal risks and uncertainties

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

The Company's principal risks and uncertainties have not changed materially since the date of the previous Annual Report and are not expected to change materially for the current financial year.

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

Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company's principal risks and uncertainties are set out in the table below.

Risk	Mitigation and management	Change (post mitigation and management)
Strategic The requirements of investors change or diverge in such a way as to diverge from the Company's investment objectives, resulting in a wide discount of the share price to underlying NAV per share.	The appropriateness of the Company's investment remit is periodically reviewed and the success of the Company in meeting its stated objectives is monitored. The share price relative to NAV per share is monitored and the use of buy back authorities is considered on a regular basis. Marketing and distribution activity is actively reviewed. The Company engages proactively with investors.	
The Company's cost base could become uncompetitive, particularly in light of open ended alternatives.	The ongoing competitiveness of all service provider fees is subject to periodic benchmarking against their competitors. Annual consideration of management fee levels is undertaken.	
Investment management The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies, leading to the Company and its objectives becoming unattractive to investors.	Review of the Manager's compliance with its agreed investment restrictions, investment performance and risk against investment objectives and strategy; relative performance; the portfolio's risk profile; and whether appropriate strategies are employed to mitigate any negative impact of substantial changes in markets. The Manager also reports on the Company's portfolio, and the market generally. Annual review of the ongoing suitability of the Manager, including resources and key personnel risk.	
Financial and market risk The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in equity markets could have an adverse impact on the market value of the Company's underlying investments.	The risk profile of the portfolio is considered and appropriate strategies to mitigate any negative impact of substantial changes in markets are discussed with the Manager. See note 20 of the notes to the accounts.	

Risk	Mitigation and management	Change (post mitigation and management)
Custody Safe custody of the Company's assets may be compromised through control failures by the depositary, including cyber hacking.	The depositary reports on the safe custody of the Company's assets, including cash and portfolio holdings which are independently reconciled with the Manager's records. The review of audited internal controls reports covering custodial arrangements is undertaken. An annual report from the depositary on its activities, including matters arising from custody operations is received.	
Gearing and leverage The Company utilises credit facilities. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of total assets. The Manager is currently in discussion with several providers to secure new borrowing facilities upon expiry of one of the Company's current facilities in February 2024. If a new loan cannot be arranged with acceptable terms, the Board is satisfied that this does not represent a significant risk to the Company since it has sufficient readily realisable assets to repay the loan. The Board also reviews the cost of gearing.	
Accounting, legal and regulatory In order to continue to qualify as an investment trust, the Company must comply with the requirements of section 1158 of the Corporation Tax Act 2010. Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes.	The confirmation of compliance with relevant laws and regulations by key service providers is reviewed. Shareholder documents and announcements, including the Company's published annual report are subject to stringent review processes. Procedures are established to safeguard against the disclosure of inside information.	
Service provider The Company has no employees and has delegated certain functions to a number of service providers. Failure of controls, including as a result of cyber hacking, and poor performance of any service provider, could lead to disruption, reputational damage or loss.	Service providers are appointed subject to due diligence processes and with clearly-documented contractual arrangements detailing service expectations. Regular reports are provided by key service providers and the quality of their services is monitored. Review of annual audited internal controls reports from key service providers, including confirmation of business continuity arrangements and IT controls is undertaken.	
Cyber The Company's service providers are all exposed to the risk of cyber attacks. Cyber attacks could lead to loss of personal or confidential information or disrupt operations.	Service providers report on cyber risk mitigation and management at least annually, which includes confirmation of business continuity capability in the event of a cyber attack.	

Risk	Mitigation and management	Change (post mitigation and management)
Political risk This includes trade wars, regional tensions and UK political risks specifically.	The Board continues to monitor relevant political and geopolitical events to the extent that they apply to the Company, including the war in Ukraine and conflict in the Middle East. The Board is also mindful that changes to public policy in the UK could impact the Company in the future.	
Climate change risk A failure to understand the pricing of assets affected by climate change or a lower demand for impacted assets could lead to poor investment decisions or more volatile pricing as asset prices adjust to reflect the increasing regulation of carbon emissions.	The Manager has developed a range of proprietary tools to better understand the impacts of climate change on the portfolio. The investment process applied by the portfolio managers is ESG "integrated". The Manager monitors the emissions of investee companies and can engage with companies to reduce their emissions or aim to invest in companies committed to reaching net zero carbon emissions. The Board receives updates from the Manager at Board meetings and continues to engage with the Manager and the Schroders sustainability team to discuss ESG matters, including climate change. The Board has challenged the Manager regarding the need to carefully consider and monitor sustainability and environmental and societal impacts when assessing investment opportunities, in addition to the well founded attention to good corporate governance principles, which have been in place for many years.	
Inflation & Global supply chain risk Rising supplier costs and availability of supply.	The Board has, in conjunction with the Manager, considered the risks relating to elevated levels of price inflation, generally, together with the evolution in the way that supply chains are operating and the concomitant risks of rising supplier costs and availability of supply. It is the Board's view that the complexion of these risks has changed over the past year in a way that requires them now to be assessed as principal risks. The key mitigation to these risks comes from diligent appraisal and monitoring of investments by the Manager, including engagement with the management of investee companies, together with a critical assessment of investee companies' ability to pass on rising costs to customers as a result of their pricing power and strong market positions alongside their ability to control costs.	

Risk assessment and internal controls review by the Board

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

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

A full analysis of the financial risks facing the Company is set out in note 20 to the accounts on pages 54 to 57.

Viability statement

The directors have assessed the viability of the Company over a five year period, taking into account the Company's position at 30 September and 12 December 2023 and the potential impact of the principal risks and uncertainties it faces for the review period. The directors have assessed the Company's operational resilience and they are satisfied that the Company's outsourced service providers will continue to operate effectively, following the implementation of their business continuity plans.

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

In its assessment of the viability of the Company, the directors have considered each of the Company's principal risks and uncertainties detailed on pages 18 to 20 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

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

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

One of the Company's two loan facilities is due to expire in February 2024 and the Company has entered into negotiations with its bankers. If acceptable terms are available from the existing bankers, or any alternative, the Company would expect to continue to access an equivalent facility. However, should these terms not be forthcoming, the outstanding borrowing attributable to this facility would be repaid through the proceeds of equity sales.

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

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

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

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

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

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

Going concern

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

12 December 2023

Governance

Governance

Robert Talbut
Status: Chairman

Length of service: 7 years

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

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

Current remuneration: £42,000 per annum

Shares held: 8,176*

Wendy Colquhoun
Status: Director

Length of service: 3 years

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

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

Current remuneration: £28,350 per annum

Shares held: 2,000*

Helen Galbraith
Status: Director

Length of service: 1 year

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

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

Current remuneration: £28,350 per annum

Shares held: 5,500*

Harry Morley
Status: Director

Length of service: 2 months

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

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

Current remuneration: £28,350 per annum

Shares held: 9,000*

Andrew Page
Status: Senior Independent Director

Length of service: 9 years

Experience: Mr Page was, until August 2014, the chief executive officer of The Restaurant Group plc ("TRG"), a FTSE 250 company which operates 460 restaurants throughout the UK. He has previously served as both Chairman and senior independent director on several listed and private equity-backed company boards. He is senior independent director of JP Morgan Emerging Markets Investment Trust plc. Prior to joining TRG in 2001, Mr Page held a number of senior positions within the leisure and hospitality sector including senior vice president with InterContinental Hotels. Before that he spent six years working in Kleinwort Benson's Corporate Finance department. Mr Page is a chartered accountant.

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

Current remuneration: £34,125 per annum

Shares held: 23,128*

* Shareholdings are as at 12 December 2023 and include the holdings of connected persons. Full details of directors' shareholdings are set out in the Directors' Remuneration Report on page 36.

Directors and officers

Chairman

The Chairman is an independent non-executive director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 24. He has no conflicting relationships.

Senior Independent Director ("SID")

The SID is responsible for the evaluation of the Chairman, and also serves as a secondary point of contact for shareholders.

Company Secretary

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

Role and operation of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible to shareholders for its long-term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to seek to ensure that the investment objective of the Company continues to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. The Strategic Report on pages 4 to 21 sets out further detail of how the Board reviews the Company's strategy, risk management and internal controls, greenhouse gas emissions, and likely future developments and also includes other information required for the Directors' Report and is incorporated by reference. Details of the Company's financial risk management objectives and exposure to risk can be found in note 20 on pages 54 to 57.

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

The Chairman ensures that all directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls.

The Board meets at least quarterly and receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

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

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

Committees

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

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

Key service providers

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

Manager

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

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

The Schroders Group manages £724.3 billion (as at 30 September 2023) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

For the financial year ended 30 September 2023, the Manager was entitled to a management fee at a rate of 0.65% per annum of chargeable assets up to £250 million and 0.60% of any amounts in excess of that. Chargeable assets are defined as total assets less current liabilities other than short-term borrowings, provided that if there are any short-term borrowings, the value of cash up to the level of such borrowings is deducted from the calculation of assets.

The management fee payable in respect of the year ended 30 September 2023 amounted to £1,504,000 (2022: £1,623,000), paid quarterly in arrears.

The Manager is also entitled to receive a fee for providing administrative, accounting and company secretarial services to the Company. For these services, for the year ended 30 September 2023 it received a fee of £162,000 (2022: £144,000), including VAT. The fee continues to be subject to annual adjustment in line with changes in the Retail Prices Index.

Details of all amounts payable to the Manager are set out in note 17 on page 54.

The Board has reviewed the performance of the Manager, and fees paid to it, during the year under review and continues to consider that it has the appropriate depth and quality of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM agreement is in the best interests of shareholders as a whole.

Safekeeping and cashflow monitoring agent

HSBC Bank plc ("HSBC Bank"), which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, has been appointed to carry out certain duties of a safekeeping and cashflow monitoring agent specified in the AIFM Directive for the Company, including:

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

HSBC Bank is liable to the Company for losses suffered by it as a result of any negligence, wilful default, fraud or fraudulent misrepresentation on its part.

The Company, the Manager and HSBC Bank may terminate the safekeeping and cashflow monitoring agent services agreement pursuant to which HSBC Bank provides these services at any time by giving 90 days' notice in writing. HSBC Bank may only be removed from office when a new safekeeping and cashflow monitoring agent is appointed by the Company.

Registrar

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

Corporate Governance Statement

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

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

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

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

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

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

Share capital and substantial share interests

As at the date of this report, the Company had 36,143,690 ordinary shares of 25p in issue. 1,562,500 shares were held in treasury. Accordingly, the total number of voting rights in the Company at the date of this report is 34,581,190. Details of changes to the Company's share capital during the year under review are given in note 14 to the accounts on page 52. All shares in issue rank equally with respect to voting, dividends and any distribution on winding up.

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

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

	Shares	% at 30 September 2023
Hargreaves Lansdown, stockbrokers	4,069,034	11.7
Interactive Investor	3,131,858	9.1
Evelyn Partners (Retail)	2,848,763	8.2
Charles Stanley	2,712,255	7.9
Redmayne Bentley, stockbrokers	1,928,056	5.5
Rathbones	1,399,749	4.1
AJ Bell, stockbrokers	1,350,464	4.0
Allspring Global Investments	1,258,579	3.9
Saba Capital Management	1,227,837	3.6

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

Provision of information to the auditors

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

Directors' attendance at meetings

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

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

[1] Mr Morley joined the Board on 1 September 2023.

In addition to the above meetings, the Board met twice on an ad-hoc basis during the year, once to approve the Company's annual report for the year ended 30 September 2022 and once to approve the Company's half year report for the period ended 31 March 2023.

Directors' and officers' liability insurance and indemnities

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

By order of the Board

Robert Talbut
Chairman

12 December 2023

Audit and Risk Committee report

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

All directors are members of the committee. Andrew Page is the Chairman of committee. The Chair of the Board is a member of the Committee, and was independent on appointment. The Board has satisfied itself that at least one of the committee's members has recent and relevant financial experience and that the committee as a whole has competence relevant to the sector in which the company operates.

Approach

The committee's key roles and responsibilities are set out below.

Risks and internal controls	Financial reports and valuation	Audit
Principal risks To establish a process for identifying, assessing, managing and monitoring emerging and principal risks of the Company.	**Financial statements** To monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and valuation. To review the half year report.	**Audit results** To discuss any matters arising from the audit and recommendations made by the auditor.
Emerging risks and uncertainties To ensure a robust assessment of the Company's emerging and principal risks and procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.	**Going concern** To review the position and make recommendations to the Board in relation to whether it considers it appropriate to adopt the going concern basis of accounting in preparing its annual and half-yearly financial statements.	**Auditor appointment, independence and performance** To make recommendations to the Board, in relation to the appointment, re-appointment, effectiveness and removal of the external auditor, to review their independence, and to approve their remuneration and terms of engagement. Reviewing the audit plan and engagement letter.

The below table sets out how the committee discharged its duties during the year. The committee met twice during the year. An evaluation of the committee's effectiveness and review of its terms of reference was completed during the year.

The committee identified one potentially significant financial reporting risk, which is unchanged from the prior year, being the valuation and existence of investments, as well as several other financial reporting risks. Each of the matters considered during the committee's review are outlined below.

Application during the year

Risks and internal controls	Financial reports and valuation	Audit
Service provider controls Reviewing the operational controls maintained by the Manager, depositary and registrar.	**Recognition of investment income** Considered dividends received against forecast and the allocation of special dividends to income or capital.	**Effectiveness of the independent audit process and auditor performance** Evaluated the effectiveness of the independent audit firm and process prior to making a recommendation that it should be re-appointed at the forthcoming AGM. Evaluated the auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence was considered, alongside feedback from the Manager on the audit process. Professional scepticism of the auditor was questioned and the committee was satisfied with the auditor's replies.

Application during the year

Risks and internal controls	Financial reports and valuation	Audit
Internal controls and risk management Consideration of several key aspects of internal control and risk management operating within the Manager, depositary and registrar, including assurance reports and presentations on these controls. It is considered that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the Committee and provide control reports on their operations annually.	**Calculation of the investment management fee and performance fee** Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM agreement.	**Auditor independence** The committee last undertook an audit tender process in 2017 when KPMG LLP was appointed as auditor in respect of the financial year ended 30 September 2017. The Company is required to tender the external audit no later than for year ending 30 September 2027. In accordance with professional and regulatory standards, the senior statutory auditor responsible for the audit is rotated at least every five years in order to protect independence and objectivity and to provide fresh challenge to the business. This is the fourth year that the senior statutory auditor, Gary Fensom, has conducted the audit of the Company's financial statements. There are no contractual obligations restricting the choice of independent auditor.
Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010 Consideration of the Manager's report confirming compliance.	**Overall accuracy of the annual report and accounts** Consideration of the draft annual report and accounts and the letter from the Manager in support of the letter of representation to the auditor.	**Audit results** Met with and reviewed a comprehensive report from the auditor which detailed the results of the audit, compliance with regulatory requirements, safeguards that have been established, and on their own internal quality control procedures.
Principal risks Reviewing the principal risks faced by the Company and the system of internal control.	**Valuation and existence of holdings** Quarterly review of portfolio holdings and assurance reports.	**Meetings with the auditor** Met the auditors without representatives of the Manager present. Representatives of the auditors attended the committee meeting at which the draft annual report and accounts was considered.
	Fair, balanced and understandable Reviewed the annual report and accounts to ensure that it was fair, balanced and understandable.	**Provision of non-audit services by the auditor** The committee has reviewed the FRC's Guidance on Audit Committees and has formulated a policy on the provision of non-audit services by the Company's auditor. The committee has determined that the Company's appointed auditor will not be considered for the provision of certain non-audit services, such as accounting and preparation of the financial statements, internal audit and custody. The auditor may, if required, provide other permissible non-audit services which will be judged on a case-by-case basis. The auditor did not provide any non-audit services to the Company during the year.
	Going concern and viability Reviewing the impact of risks on going concern and longer-term viability.	**Consent to continue as auditor** KPMG LLP indicated to the committee their willingness to continue to act as auditor.

Recommendations made to, and approved by, the Board:

As a result of the work performed, the committee has concluded that the annual report for the year ended 30 September 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Directors' Responsibilities on page 37.

Having reviewed the performance of the auditors as described above, the committee considered it appropriate to recommend the firm's re-appointment. Resolutions to re-appoint KPMG LLP as auditors to the Company, and to authorise the directors to determine their remuneration will be proposed at the AGM.

Andrew Page
Audit and Risk Committee Chairman

12 December 2023

Management Engagement Committee report

The management engagement committee is responsible for (1) the monitoring and oversight of the Manager's performance and fees, and confirming the Manager's ongoing suitability, and (2) reviewing and assessing the Company's other service providers, including reviewing their fees. All directors are members of the committee. Robert Talbut is the Chairman of the committee. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/ukmidcap.

Approach

The committee's key roles and responsibilities are set out below

Oversight of the Manager

The committee:

- reviews the Manager's performance, over the short- and long-term, against the Benchmark, peer group and the market.
- considers the reporting it has received from the Manager throughout the year, and the reporting from the Manager to the shareholders.
- assesses management fees on an absolute and relative basis, receiving input from the Company's broker, including peer group and industry figures, as well as the structure of the fees.
- reviews the appropriateness of the Manager's contract, including terms such as notice period.
- assesses whether the Company receives appropriate administrative, accounting, company secretarial and marketing support from the Manager.

Oversight of other service providers

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

- Depositary and custodian
- Corporate broker
- Registrar
- Lender

The committee also receives a report from the Company Secretary on ancillary service providers, and considers any recommendations.

Application during the year

The committee undertook a detailed review of the Manager's performance and agreed that it has the appropriate depth and quality of resource to deliver superior returns over the longer term.

The committee reviewed the management fee structure and agreed that no changes would be proposed.

The committee also reviewed the terms of the AIFM agreement and agreed they remained fit for purpose.

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

The annual review of each of the other service providers determined that their performance was satisfactory.

Recommendations made to, and approved by, the Board:

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

Nomination Committee report

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

Selection and ongoing assessment of directors

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

Approach

The committee's key roles and responsibilities are set out below

Selection and induction

- Committee prepares a job specification for each role, which is shared with an independent recruitment firm. For the Chairman and the Chairs of committees, the committee considers current Board members too.
- Job specification outlines the knowledge, professional skills, personal qualities and experience requirements.
- Potential candidates assessed against the Company's diversity policy.
- Committee discusses the long list, invites a number of candidates for interview and makes a recommendation to the Board.
- Committee reviews the induction and training of new directors. On appointment, directors receive a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars.
- The terms of directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

Board evaluation

- Committee assesses each director annually and considers whether an external evaluation should take place.
- Evaluation focuses on whether each director continues to demonstrate commitment to their role and provides a valuable contribution to the Board during the year, taking into account time commitment, independence, conflicts and training needs.
- Following the evaluation, the committee provides a recommendation to shareholders with respect to the annual re-election of directors at the AGM.
- All directors retire at the AGM and their election, or re-election, as appropriate is subject to shareholder approval.

Succession

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

For application see page 33

Application during the year

Selection and induction

- The committee commenced its search process for a new director and engaged Trust Associates, an external search firm with no other connection to the Board or individual directors.

Board evaluation and directors' fees

- The Board and committee evaluation process was undertaken in September 2023 using a comprehensive questionnaire which was completed by all directors.
- The evaluation of the Chairman was led by the senior independent director, who held a subsequent meeting with the Chairman to discuss the results.
- The committee also reviewed each director's time commitment and independence by reviewing a complete list of appointments, including pro bono not for profit roles, to ensure that each director remained free from conflict and had sufficient time available to discharge each of their duties effectively. All directors were considered to be independent in character and judgement.
- The committee considered each director's contributions, and noted that in addition to extensive experience as professionals and non-executive directors, each director had valuable skills and experience, as detailed in their biographies on pages 24 and 25, which was supported by the completion of a detailed skills matrix by each director.
- Based on its assessment, the committee provided individual recommendations for each director's election, or re-election, as appropriate.

Succession

- The committee reviewed the Board tenure policy and agreed it was still fit for purpose.
- Andrew Page informed the Board that he intended to retire as a director of the Company at the upcoming AGM, due to be held in March 2024.
- Harry Morley was appointed as a director of the company in September 2023 and will be subject to election at the upcoming AGM in accordance with the Company's Articles of Association.

Recommendations made to, and approved by, the Board:

- That all directors continue to demonstrate commitment to their roles, provide a valuable contribution to the deliberations of the Board, contribute towards the Company's long-term success, and remain free from conflicts with the Company and its directors, so should all be recommended for election or re-election* by shareholders at the AGM.

* Mr Page will retire as a director at the forthcoming annual general meeting.

The remuneration committee is responsible for making recommendations to the Board on the remuneration of the directors. All directors are members of the committee, which is considered appropriate by the directors given that all members are independent non-executive directors and Andrew Page is the chairman. Its terms of reference are available on the Company's web pages, www.schroders.co.uk/ukmidcap.

Introduction

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

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

At the AGM held on 21 February 2023, 99.67% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the directors' remuneration report for the year ended 30 September 2022 were in favour, while 0.33% were against. 9,568 votes were withheld.

Directors' remuneration policy

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

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

The Chairman of the Board and the Chair of the Audit and Risk Committee each receives fees at a higher rate than the other directors to reflect their additional responsibilities. The fees payable to directors are not performance related. They are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long-term strategic objectives.

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

Implementation of policy

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

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

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

Directors' annual report on remuneration

This report sets out how the remuneration policy was implemented during the year ended 30 September 2023.

Consideration of matters relating to directors' remuneration

Directors' remuneration was last reviewed by the remuneration committee in September 2023. Although no external advice was sought in considering the levels of directors' fees, information on fees paid to directors of other investment trusts managed by Schroders and peer group companies was provided by the Manager and corporate broker and was taken into consideration.

Following this review, the remuneration committee recommended that with effect from 1 October 2023, the Chairman's annual fee be increased to £42,000, the chairman of the audit and risk committee's annual fee be increased to £34,125 and the annual fee for non-executive directors be increased to £28,350. Directors' fees were last increased with effect from 1 October 2022.

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

Recommendations made to, and approved by, the Board:

- That directors' fees per annum be increased to the following levels effective from 1 October 2023: Chairman £42,000, Audit and Risk. Chair: £34,125 and other directors: £28,350.

Fees paid to directors (audited)

The following amounts were paid by the Company to directors for their services in respect of the year ended 30 September 2023 and the preceding financial year. Directors' remuneration is all fixed; they do not receive any variable remuneration. The performance of the Company over the financial year is presented on page 2, under the heading "Key highlights".

	Fees		Taxable benefits[1]		Total		Change in annual fees payable years ended 30 September		
Director	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £	2023 %	2022 %	2021 %
Robert Talbut (Chairman)	40,000	38,500	302	395	40,302	38,895	3.6	18.6	29.0
Wendy Colquhoun	27,000	26,000	1,759	774	28,759	26,774	7.4	7.1	33.3
Clare Dobie[2]	–	24,917	–	–	–	24,917	N/a	N/a	(0.6)
Helen Galbraith	27,000	12,543	–	–	27,000	12,543	115.3	N/a	N/a
Andrew Page	32,500	31,250	–	–	32,500	31,250	4.0	4.2	(0.3)
Harry Morley[3]	2,250	–	161	–	2,411	–	N/a	N/a	N/a
Total	128,750	133,210	2,222	1,169	130,972	134,379			

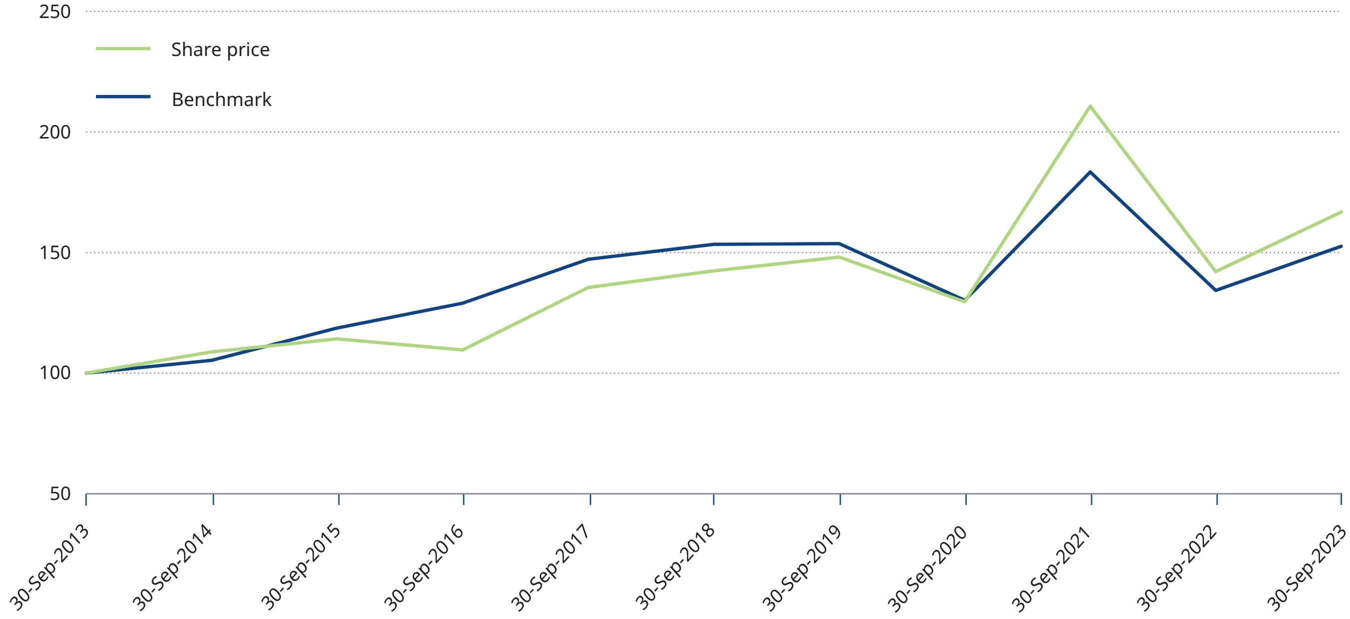
[1]Comprise amounts reimbursed for expenses incurred in carrying out business for the Company, and which have been grossed up to include PAYE and NI contributions.
[2]Retired from the Board on 15 September 2022.
[3]Appointed as a director on 1 September 2023.

Expenditure by the Company on remuneration and distributions to shareholders

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

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000	Change %
Remuneration payable to directors	131	134	(2.2)
Distributions paid to shareholders			
Dividends	6,743	5,586	
Share buybacks	–	2,675	
Total distributions paid to shareholders	6,743	8,261	(18.4)

10 Year share price and Benchmark total returns[1]



[1]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2013. Definitions of terms and Alternative Performance Measures are given on page 64.

Directors' share interests (audited)

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

	30 September 2023	30 September 2022
Wendy Colquhoun	**2,000**	2,000
Helen Galbraith	**5,500**	5,500
Harry Morley	**9,000**	N/A
Andrew Page	**23,128**	23,128
Robert Talbut	**8,176**	8,176

There have been no changes since the year end.

Andrew Page

Chairman of the Remuneration Committee

12 December 2023

Statement of Directors' Responsibilities in respect of the Annual Report and Accounts

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Statement

Each of the directors, whose names and functions are listed on pages 24 and 25, confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Robert Talbut
Chairman

12 December 2023

Financial

Financial

1 Our opinion is unmodified

We have audited the financial statements of Schroder UK Mid Cap Fund plc ("the Company") for the year ended 30 September 2023 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor by the directors on 21 June 2017. The period of total uninterrupted engagement is for the seven financial years ended 30 September 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2022), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments £228.0m; (2022: £207.3m) *Refer to page 29 (Audit and Risk Committee Report), page 48 (accounting policy) and page 51 (financial disclosures).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 96.7% (2022: 97.4%) of the Company's total assets (by value – the residual comprising of debtors and cash and cash equivalents) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the detailed tests below rather than seeking to rely on any of the Company's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. Our procedures included: – **Tests of detail:** Agreeing the valuation of 100% of the quoted investments in the portfolio to externally quoted prices; and – **Enquiry of Depositary:** Agreeing 100% of quoted investment holdings in the portfolio to independently received third party confirmations from the investment depository. **Our results:** We found the carrying amount of quoted investments to be acceptable (2022: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2.35m (2022: £2.13m), determined with reference to a benchmark of total assets, of which it represents 1% (2022: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £1.76m (2022: £1.59m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

In addition, we applied materiality of £392k (2022: £390k) and performance materiality of £294k (2022: £292k) to income (as disclosed in Note 3), for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £117k (2022: £106k), or £19k in relation to income (2022: £39k) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

- The impact of a significant reduction in the valuation of investments and the implications for the Company's debt covenants;
- The liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- The operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and liquid investment position.

We considered whether the going concern disclosure in Note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in Note 1 to be acceptable; and
- the related statement under the Listing Rules set out on page 21 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the directors, the administrator and the Company's Manager; and
- Reading Board and Audit and Risk Committee minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the relevant controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Based on these procedures, we selected journal entries for testing, which included material post-closing journal entries.

On this audit we do not believe there is fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any significant unusual transactions or additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors, the Manager and the administrator (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We assessed the legality of the distributions made by the Company in the period based on comparing the dividends paid to the distributable reserves prior to each distribution.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and the administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

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

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 21 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risk and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 21 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the audit and risk committee, including the significant issues that the audit and risk committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 37, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

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

Gary Fensom (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

12 December 2023

Income Statement
for the year ended 30 September 2023

	Note	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	2	**–**	**26,716**	**26,716**	–	(88,419)	(88,419)
Income from investments	3	**9,024**	**298**	**9,322**	8,958	88	9,046
Other interest receivable and similar income	3	**140**	**–**	**140**	10	–	10
Gross return/(loss)		**9,164**	**27,014**	**36,178**	8,968	(88,331)	(79,363)
Investment management fee	4	**(451)**	**(1,053)**	**(1,504)**	(487)	(1,136)	(1,623)
Administrative expenses	5	**(601)**	**–**	**(601)**	(542)	–	(542)
Net return/(loss) before finance costs and taxation		**8,112**	**25,961**	**34,073**	7,939	(89,467)	(81,528)
Finance costs	6	**(270)**	**(630)**	**(900)**	(116)	(271)	(387)
Net return/(loss) before taxation		**7,842**	**25,331**	**33,173**	7,823	(89,738)	(81,915)
Taxation	7	**–**	**–**	**–**	–	–	–
Net return/(loss) after taxation		**7,842**	**25,331**	**33,173**	7,823	(89,738)	(81,915)
Return/(loss) per share	9	**22.68p**	**73.25p**	**95.93p**	22.43p	(257.32)p	(234.89)p

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

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

The notes on pages 48 to 57 form an integral part of these accounts.

Statement of Changes in Equity
for the year ended 30 September 2023

	Note	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2021		9,036	13,971	220	2,184	9,908	235,367	6,883	277,569
Repurchase of the Company's own shares into treasury		–	–	–	–	(2,675)	–	–	(2,675)
Net (loss)/return after taxation		–	–	–	–	–	(89,738)	7,823	(81,915)
Dividends paid in the year	8	–	–	–	–	–	–	(5,586)	(5,586)
At 30 September 2022		9,036	13,971	220	2,184	7,233	145,629	9,120	187,393
Net return after taxation		–	–	–	–	–	25,331	7,842	33,173
Dividends paid in the year	8	–	–	–	–	–	–	(6,743)	(6,743)
At 30 September 2023		**9,036**	**13,971**	**220**	**2,184**	**7,233**	**170,960**	**10,219**	**213,823**

The notes on pages 48 to 57 form an integral part of these accounts.

Statement of Financial Position
at 30 September 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	**227,950**	207,289
Current assets			
Debtors	11	**2,515**	853
Cash and cash equivalents	12	**5,372**	4,786
		7,887	5,639
Current liabilities			
Creditors: amounts falling due within one year	13	**(22,014)**	(25,535)
Net current liabilities		**(14,127)**	(19,896)
Total assets less current liabilities		**213,823**	187,393
Net assets		**213,823**	187,393
Capital and reserves			
Called-up share capital	14	**9,036**	9,036
Share premium	15	**13,971**	13,971
Capital redemption reserve	15	**220**	220
Merger reserve	15	**2,184**	2,184
Share purchase reserve	15	**7,233**	7,233
Capital reserves	15	**170,960**	145,629
Revenue reserve	15	**10,219**	9,120
Total equity shareholders' funds		**213,823**	187,393
Net asset value per share	16	**618.32p**	541.89p

These accounts were approved and authorised for issue by the Board of directors on 12 December 2023 and signed on its behalf by:

Robert Talbut
Chairman

The notes on pages 48 to 57 form an integral part of these accounts.

Registered in Scotland as a public company limited by shares
Company registration number: SC082551

1. Accounting Policies

(a) Basis of accounting

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

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

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments held at fair value through profit or loss. The directors believe that the Company has adequate resources to continue operating for at least 12 months from the date of approval of these accounts. In forming this opinion, the directors have taken into consideration: stress testing prepared by the Manager which modelled a 50% decline in valuation of investments and investment income and demonstrated the Company's ability to comply with the covenants of its borrowing agreements and pay its operating expenses; the controls and monitoring processes in place; the Company's level of debt and other payables; the low level of operating expenses, comprising largely variable costs which would reduce pro-rata in the event of a market downturn; and that the Company's assets comprise cash and readily realisable securities quoted in active markets. In forming this opinion, the directors have also considered the loans currently in place which expire on 27 February 2024 and 14 February 2025. Further details of directors' considerations regarding this are given in the Chairman's Statement, Portfolio Managers' Review, Going Concern Statement, Viability Statement and under the Principal and Emerging risks and uncertainties heading on page 18.

The Company has not presented a statement of cash flows, as it is not required for an investment fund whose investments are highly liquid, carried at market value and which presents a statement of changes in equity.

The accounts are presented in sterling and amounts have been rounded to the nearest thousand.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2022.

Other than the directors' assessment of going concern, no significant judgements, estimates or assumptions have been required in the preparation of the accounts for the current or preceding financial year.

(b) Valuation of investments

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

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

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

(c) Accounting for reserves

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

(d) Income

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

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

(e) Expenses

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

– The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long-term split of revenue and capital return from the Company's investment portfolio.

– Expenses incidental to the purchase and sale of investments are written off to capital at the time of the transaction.

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

Details of transaction costs are given in note 10 on page 51.

(f) Finance costs

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

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

1. Accounting Policies continued

(g) Financial instruments

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

Cash equivalents are short-term maturity of three months or less, highly liquid investments that are readily convertible to known amounts of cash. The Company's investment in HSBC's Sterling Liquidity Fund of £4,438,000 (2022: Nil) is managed as part of the Company's cash and cash equivalents as defined under FRS 102 7.2.

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

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

(h) Taxation

Taxation comprises amounts expected to be received or paid.

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

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

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

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

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Dividends payable

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

(k) Repurchases of shares into treasury and subsequent reissues

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

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

2. (Losses)/gains on investments held at fair value through profit or loss

	2023 £'000	2022 £'000
(Losses)/Gains on sales of investments based on historic cost	**(1,032)**	17,274
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**9,922**	(12,932)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**8,890**	4,342
Net movement in investment holding gains and losses	**17,826**	(92,761)
Gains/(losses) on investments held at fair value through profit or loss	**26,716**	(88,419)

3. Income

	2023 £'000	2022 £'000
Revenue:		
Income from investments:		
UK dividends	**8,606**	8,533
UK property income distributions	**418**	388
Stock dividends	**–**	37
	9,024	8,958
Other interest receivable and similar income:		
Deposit interest	**140**	10
	9,164	8,968
Capital:		
Special dividends allocated to capital	**298**	88

4. Investment management fee

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Management fee	**451**	**1,053**	**1,504**	487	1,136	1,623

The bases for calculating the investment management fee and performance fee are set out in the Directors' Report on page 26 and details of all amounts payable to the Manager are given in note 17 on page 54.

5. Administrative expenses

	2023 £'000	2022 £'000
Other administrative expenses	**238**	213
Secretarial fee	**162**	144
Directors' fees	**129**	134
Auditor's remuneration for audit services[1]	**72**	51
	601	542

[1]Includes £12,000 (2022: £9,000) irrecoverable VAT.

6. Finance costs

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Interest on bank loans and overdrafts	**270**	**630**	**900**	116	271	387

7. Taxation

(a) Analysis of charge in the year:

	2023 £'000	2022 £'000
Taxation for the year	**–**	–

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2022: Higher) than the Company's applicable rate of corporation tax in for the year of 22% (2022: 19%).

The factors affecting the current tax charge for the year are as follows:

	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Net return/(loss) on ordinary activities before taxation	**7,842**	**25,331**	**33,173**	7,823	(89,738)	(81,915)
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 22% (2021: 19%)	**1,725**	**5,573**	**7,298**	1,486	(17,050)	(15,564)
Effects of:						
Capital returns on investments	**–**	**(5,877)**	**(5,877)**	–	16,800	16,800
Income not chargeable to corporation tax	**(1,893)**	**(66)**	**(1,959)**	(1,628)	(17)	(1,645)
Unrelieved expenses	**168**	**370**	**538**	142	267	409
Taxation for the year	**–**	**–**	**–**	–	–	–

(c) Deferred taxation

At 30 September 2023, the Company had surplus management expenses of £35,832,000 (2022: £34,176,000) and a non-trade loan relationship deficit of £4,041,000 (2022: £3,250,000). A deferred tax asset has not been recognised in respect of these losses because the investment portfolio of the Company is not expected to generate taxable income in future periods in excess of the deductible expenses of those future periods and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing tax losses. Accordingly, the deferred tax asset of £9,968,000 (2022: £9,357,000) has not been recognised as at 30 September 2023. The unrecognised deferred tax asset has been calculated based on the corporation tax rate in effect from 1 April 2023 of 25%, as enacted by the Finance Act 2021.

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

8. Dividends

(a) Dividends paid and declared

	2023 £'000	2022 £'000
2022 final dividend of 14.0p (2021: 11.0p) paid out of revenue profits	**4,841**	3,857
Interim dividend of 5.5p (2022: 5.0) paid out of revenue profits	**1,902**	1,729
Total dividends paid in the year	**6,743**	5,586

	2023 £'000	2022 £'000
2023 final dividend declared of 15.0p (2022: 14.0p) to be paid out of revenue profits	**5,187**	4,841

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

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £7,842,000 (2022: £7,823,000).

	2023 £'000	2022 £'000
Interim dividend of 5.5p (2022: 5.0p)	**1,902**	1,729
Final dividend of 15.0p (2022: 14.0p)	**5,187**	4,841
	7,089	6,570

9. Return/(loss) per share

	2023 £'000	2022 £'000
Revenue return	**7,842**	7,823
Capital return/(loss)	**25,331**	(89,738)
Total return/(loss)	**33,173**	(81,915)
Weighted average number of shares in issue during the year	**34,581,190**	34,874,738
Revenue return per share	**22.68p**	22.43p
Capital return/(loss) per share	**73.25p**	(257.32)p
Total return/(loss) per share	**95.93p**	(234.89)p

10. Investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Opening book cost	**223,047**	210,126
Opening investment holding (losses)/gains	**(15,758)**	89,935
Opening fair value	**207,289**	300,061
Analysis of transactions made during the year		
Purchases at cost	**57,741**	50,360
Sales proceeds	**(63,796)**	(54,713)
Gains/(losses) on investments held at fair value	**26,716**	(88,419)
Closing fair value	**227,950**	207,289
Closing book cost	**215,960**	223,047
Closing investment holding gains/(losses)	**11,990**	(15,758)
Closing fair value	**227,950**	207,289

Sales proceeds amounting to £63,796,000 (2022: £54,713,000) were receivable from disposals of investments in the year. The book cost of these investments when they were purchased was £64,828,000 (2022: £37,439,000). These investments have been revalued over time and until they were sold any unrealised gains and losses were included in the fair value of the investments.

All investments are listed on a recognised stock exchange.

10. Investments held at fair value through profit or loss continued

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

	2023 £'000	2022 £'000
On acquisitions	**305**	226
On disposals	**31**	28
	336	254

11. Debtors

	2023 £'000	2022 £'000
Securities sold awaiting settlement	**1,688**	45
Dividends and interest receivable	**813**	793
Other debtors	**14**	15
	2,515	853

12. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank	**934**	4,786
Money market funds	**4,438**	–
	5,372	4,786

As at 30 September 2023, the Company held HSBC Sterling Liquidity fund with a market value of £4,438,000 (30 September 2022: Nil), which is managed as part of the Company's cash and cash equivalents as defined under FRS 102:7.2.

13. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan	**20,000**	25,000
Securities purchased awaiting settlement	**1,465**	–
Other creditors and accruals	**549**	535
	22,014	25,535

The bank loans comprise a £10 million one-year term loan from Bank of Nova Scotia, London Branch expiring on 27 February 2024, carrying an interest rate based on the Sterling Overnight Interest Average plus a margin and a £10m three-year revolving credit facility agreement with Bank of Nova Scotia, London Branch expiring on 14 February 2025. These loans replaced the three-year term loan from Scotiabank Europe plc, which expired in February 2022 and a one year revolving credit facility agreement with Scotiabank Europe plc which expired on 28 February 2022.

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

14. Called-up share capital

	2023 £'000	2022 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 25p each:		
Opening balance of 34,581,190 (2022: 35,066,190) shares, excluding shares held in treasury	**8,645**	8,766
Repurchase of Nil (2022: 485,000) shares into treasury	**–**	(121)
Subtotal of 34,581,190 (2022: same) shares	**8,645**	8,645
1,562,500 (2022: same) shares held in treasury	**391**	391
Closing balance[1]	**9,036**	9,036

[1]Represents 36,143,690 (2022: same) shares of 25p each, including 1,562,500 (2022: same) shares held in treasury.

15. Reserves

Year ended 30 September 2023

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

Year ended 30 September 2022

					Capital reserves		
	Share premium[1] £'000	Capital redemption reserve[1] £'000	Merger reserve[1] £'000	Share purchase reserve[2] £'000	Gains and losses on sales of investments[2] £'000	Investment holding gains and losses[3] £'000	Revenue reserve[4] £'000
Opening balance	13,971	220	2,184	9,908	145,432	89,935	6,883
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	4,342	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	(92,761)	–
Transfer on disposal of investments	–	–	–	–	12,932	(12,932)	–
Management fee allocated to capital	–	–	–	–	(1,136)	–	–
Special dividend allocated to capital	–	–	–	–	88	–	–
Finance costs allocated to capital	–	–	–	–	(271)	–	–
Repurchase of shares into treasury	–	–	–	(2,675)	–	–	–
Dividends paid	–	–	–	–	–	–	(5,586)
Retained revenue for the year	–	–	–	–	–	–	7,823
Closing balance	**13,971**	**220**	**2,184**	**7,233**	**161,387**	**(15,758)**	**9,120**

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

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

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

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

16. Net asset value per share

	2023	2022
Net assets attributable to the Ordinary shareholders (£'000)	**213,823**	187,393
Shares in issue at the year end, excluding shares held in treasury	**34,581,190**	34,581,190
Net asset value per share	**618.32p**	541.89p

17. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. Details of the basis of these calculations are given in the Directors' Report on page 26. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the management fee calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2023 amounted to £1,504,000. (2022: £1,623,000) of which £374,000 (2022: £340,000) was outstanding at the year end. The secretarial fee payable for the year amounted to £162,000 (2022: £144,000) including VAT, of which £41,000 (2022: £36,000) was outstanding at the year end.

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

18. Related party transactions

Details of the remuneration payable to directors are given in the Remuneration Report on page 35 and details of directors' shareholdings are given in the Remuneration Report on page 36. Details of transactions with the Manager are given in note 17 above. There have been no other transactions with related parties during the year (2022: nil).

19. Disclosures regarding financial instruments measured at fair value

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

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

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

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

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

Details of the Company's valuation policy are given in note 1(b) on page 48.

At 30 September 2023, the Company's investments were all categorised in Level 1 (2022: same).

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

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

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

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

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

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

(a) Market risk

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

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on any variable rate borrowings when interest rates are re-set. The Company's one-year term loan carries a fixed rate of interest and does not give rise to any interest rate risk.

Management of interest rate risk

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

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

Interest rate exposure

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

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**5,372**	4,786
Total exposure	**5,372**	4,786

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

The Company's 364 day, £20 million revolving credit facility with Scotiabank Europe plc expires on 27 February 2024. The Company also has a £10 million three year facililty with Scotiabank Europe plc, which expires on 14 February 2025. The facilities are unsecured but subject to covenants and restrictions which are customary for a facility of this nature. Interest is payable at a rate of Sterling Overnight Interest Average (2022 LIBOR), or its replacement reference rate, as quoted in the market for the loan period, plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 30 September 2023, the Company had drawn down £20 million in February 2024.

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

	2023 £'000	2022 £'000
Minimum interest rate exposure during the year – net debt	**(9,957)**	(13,365)
Maximum interest rate exposure during the year – net debt	**(20,796)**	(22,681)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2022: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the accounting date with all other variables held constant.

	2023		2022	
	1.0% increase in rate £'000	1.0% decrease in rate £'000	1.0% increase in rate £'000	1.0% decrease in rate £'000
Income statement – return after taxation				
Revenue return	**54**	**(54)**	48	(48)
Capital return	**–**	**–**	–	–
Total return after taxation	**54**	**(54)**	48	(48)
Net assets	**54**	**(54)**	48	(48)

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

(ii) Other price risk

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

Management of market price risk

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

Market price risk exposure

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

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	**227,950**	207,289

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

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

Concentration of exposure to market price risk

An analysis of the Company's investments is given on page 10. The Company's investments are all listed in the United Kingdom. Accordingly there is a concentration of exposure to this country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2022: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through its investments and includes the impact on the management fee, but assumes that all other variables are held constant.

	2023 20% increase in fair value £'000	2023 20% decrease in fair value £'000	2022 20% increase in fair value £'000	2022 20% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	**(89)**	**89**	(81)	81
Capital return	**45,382**	**(45,382)**	41,269	(41,269)
Total return after taxation and net assets	**45,293**	**(45,293)**	41,188	(41,188)
Percentage change in net asset value	**21.2**	**(21.2)**	22.0	(22.0)

(b) Liquidity risk

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

Management of the risk

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

Liquidity risk exposure

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

	2023 Within one year £'000	2023 Total £'000	2022 Within one year £'000	2022 Total £'000
Creditors: amounts falling due within one year				
Securities purchased awaiting settlement	**1,465**	**1,465**	–	–
Other creditors and accruals	**542**	**542**	502	502
Other payables: drawings on the revolving credit facility (including interest)	**20,530**	**20,530**	25,160	25,160
	22,537	**22,537**	25,662	25,662

(c) Credit risk

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

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

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

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

Exposure to the Custodian

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

Credit risk exposure

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

	2023 Balance sheet £'000	2023 Maximum exposure £'000	2022 Balance sheet £'000	2022 Maximum exposure £'000
Current assets				
Debtors – securities sold awaiting settlement, dividends and interest receivable and other debtors	**2,515**	**2,501**	853	838
Cash and cash equivalents	**5,372**	**5,372**	4,786	4,786
	7,887	**7,873**	5,639	5,624

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

(d) Fair values of financial assets and financial liabilities

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

21. Capital management policies and procedures

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

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

	2023 £'000	2022 £'000
Debt		
Bank loan	**20,000**	25,000
Equity		
Called-up share capital	**9,036**	9,036
Reserves	**204,787**	178,357
	213,823	187,393
Total debt and equity	**233,823**	212,393

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

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

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash and cash equivalents	**14,628**	20,214
Net assets	**213,823**	187,393
Gearing	**6.8%**	10.8%

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

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

Other Information (unaudited)

Other Information (unaudited)

The Annual General Meeting ("AGM") of the Company will be held on Friday, 8 March 2024 at 12.00 noon. The formal Notice of Meeting is set out on page 61.

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

Attendance at the meeting

The meeting will be held at the Manager's office at 1 London Wall Place, London EC2Y 5AU.

It will also be available to watch online and the details are set out below. Shareholders watching online will be able to submit questions in writing during the meeting. Shareholders will also be able to watch the Manager's presentation. To sign up to watch the meeting and presentation, please click on this link https://schroders.zoom.us/webinar/register/WN_IWa5BSGZRruLlzK9DGyxbg. After registering, you will receive a confirmation email containing information about how to join.

Ordinary business

Resolutions 1 to 9 are all proposed as ordinary resolutions

Resolution 1 is a required resolution. Resolution 2 invites shareholders to approve the final dividend. Resolutions 3 concerns the Directors' Remuneration Report, on pages 34 to 36. Resolutions 4 to 7 invite shareholders to elect or re-elect each of the directors who have put themselves forward for re-election for another year, following the recommendations of the Nomination Committee, set out on page 33 (their biographies are set out on pages 24 and 25). Resolutions 8 and 9 concern the re-appointment and remuneration of the Company's auditor, discussed in the Audit and Risk Committee Report on pages 29 and 30.

Special business

Resolution 10: Directors' authority to allot shares (ordinary resolution) and resolution 11 – power to disapply pre-emption rights (special resolution)

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

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

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

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

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

At the AGM held on 21 February 2023, the Company was granted authority to make market purchases of up to 5,417,939 ordinary shares of 25p each for cancellation or holding in treasury. No shares have been bought back into treasury under this authority and the Company therefore has remaining authority to purchase up to 5,417,939 ordinary shares. This authority will expire at the forthcoming AGM.

The directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The directors will exercise this authority only if the directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2024 AGM will lapse at the conclusion of the AGM in 2025 unless renewed, varied or revoked earlier.

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

Resolution 13 set out in the Notice of AGM is a special resolution and will, if passed, allow the Company to hold general meetings (other than annual general meetings) on a minimum notice period of 14 clear days, rather than 21 clear days as required by the Companies Act 2006. The approval will be effective until the Company's next AGM to be held in 2024. The Directors will only call general meetings on 14 clear days' notice when they consider it to be in the best interests of the Company's shareholders and will only do so if the Company offers facilities for all shareholders to vote by electronic means and when the matter needs to be dealt with expediently.

Recommendations

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

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder UK Mid Cap Fund plc will be held at 1 London Wall Place, London EC2Y 5AU on Friday, 8 March 2024 at 12.00 noon to consider the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited accounts for the year ended 30 September 2023.
2. To approve a final dividend of 15.00 pence per share for the financial year ended 30 September 2023.
3. To approve the Directors' Remuneration Report for the year ended 30 September 2023.
4. To elect Harry Morley as a director of the Company.
5. To re-elect Wendy Colquhoun as a director of the Company.
6. To re-elect Helen Galbraith as a director of the Company.
7. To re-elect Robert Talbut as a director of the Company.
8. To re-appoint KPMG LLP as auditor to the Company.
9. To authorise the directors to determine the remuneration of KPMG LLP as auditor to the Company.
10. To consider, and if thought fit, pass the following resolution as an ordinary resolution:

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

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

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

    (a) the maximum number of Shares which may be purchased is 5,183,720 representing 14.99% of the Company's issued ordinary share capital as at the date of this Notice, excluding shares held in treasury;

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

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

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

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

    (d) this authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2025 (unless previously renewed, varied or revoked by the Company prior to such date);

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

    (f) any Shares so purchased will be cancelled or held in treasury for potential reissue."
13. To consider and, if thought fit, to pass the following resolution as a special resolution:

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

By order of the Board

Schroder Investment Management Limited
Company Secretary

12 December 2023
Registered number: SC082551

Registered office:
9 Haymarket Square
Edinburgh
Scotland EH3 8FY

Explanatory Notes to the Notice of Meeting

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

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

   Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 or +44(0) 121 415 0207 for overseas callers, or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

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

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

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

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting, excluding non-working days. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID & Shareholder Reference Number set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12.00 noon on 6 March 2024. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 (or +44(0) 121 415 0207 for overseas callers).

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

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

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

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

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

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.30 p.m. on 6 March 2024, or 6.30 p.m. two days prior to the date of an adjourned meeting, excluding non-working days, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.30 p.m. on 6 March 2024 shall be disregarded in determining the right of any person to attend and vote at the meeting.

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

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

6. The biographies of the directors offering themselves for election or re-election are set out on pages 24 and 25 of the Company's annual report and accounts for the year ended 30 September 2023.

7. As at 12 December 2023, 36,143,690 ordinary shares of 25p each were in issue and 1,562,500 shares were held in treasury. Therefore the total number of voting rights of the Company as at 12 December 2023 was 34,581,190.
8. A copy of this Notice of Meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available from the website dedicated to the Company: www.schroders.co.uk/ukmidcap.
9. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
10. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's Accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the Meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
11. Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
12. Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
13. The Company's privacy policy is available on its website. Shareholders can contact Equiniti for details of how Equiniti processes their personal information as part of the AGM.

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

Net asset value ("NAV") per share

The NAV per share of 618.32p (2022: 541.89p) represents the net assets attributable to equity shareholders of £213,823,000 (2022: £187,393,000) divided by the number of shares in issue, excluding any shares held in treasury, of 34,581,190 (2022: 34,581,190). The NAV calculation shows performance, after any management fees or other expenses have been deducted.

The change in the NAV amounted to 14.10% (2022: -30%) over the year. However this performance measure excludes the positive impact of dividends paid out by the Company during the year. When these dividends are factored into the calculation, the resulting performance measure is termed the "total return". Total return calculations and definitions are given below. The methodology demonstrated below can also be used to reconcile the 3-, 5- and 10-year total return performance information shown in the annual report.

Total return*

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

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

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

Dividend	XD date	NAV on XD date	Factor	Cumulative factor
14.0p	12/1/2023	652.14p	1.0215	1.0215
5.5p	13/7/2023	610.45p	1.0090	1.0307

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

The NAV total return for the year ended 30 September 2022 is calculated as follows:

NAV at 30/9/21	791.56p
NAV at 30/9/22	541.89p

Dividend	XD date	Nav on XD date	Factor	Cumulative factor
9.5p	13/1/2022	764.79p	1.0144	1.0144
3.8p	14/7/2022	612.27p	1.0082	1.0227

NAV total return, being the closing NAV, multiplied by the cumulative factor, expressed as a percentage change in the opening NAV	-30.0%

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

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

Dividend	XD date	Share price on XD date	Factor	Cumulative factor
14.0p	12/1/2023	560.00p	1.0250	1.0250
5.5p	13/7/2023	524.00p	1.0104	1.0357

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

The share price total return for the year ended 30 September 2022 is calculated as follows:

Share price at 30/9/21	730.00p
Share price at 30/9/22	480.00p

Dividend	XD date	Share price on XD date	Factor	Cumulative factor
11.0p	13/1/2022	686.00p	1.0160	1.0160
9.5p	14/7/2022	510.00p	1.0098	1.0260

Share price total return, being the closing share price, multiplied by the cumulative factor, expressed as a percentage change in the opening share price	-32.5%

Annualised total return*

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

Benchmark

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

Discount/premium*

The amount by which the share price of an investment trust is lower (discount) or higher (premium) than the NAV per share. If shares are trading at a discount, investors would be paying less than the value attributable to the shares by reference to the underlying assets. A premium or discount is generally the consequence of supply and demand for the shares on the stock market. The discount or premium is expressed as a percentage of the NAV per share. The discount at the year end amounted to 12.0% (2022: discount of 11.4%), as the closing share price at 544.00p (2022: 480.00p) was 12.0% (2022: 11.4%) lower than the closing NAV of 618.32p (2022: 541.89p).

Gearing*

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

	2023 £'000	2022 £'000
Borrowings used for investment purposes, less cash	14,628	20,214
Net assets	213,823	187,393
Gearing	6.8%	10.8%

Ongoing Charges*

Ongoing Charges is calculated in accordance with the AIC's recommended methodology and represents the management fee and all other operating expenses excluding finance costs and transaction costs amounting to £2,105,000 (2022: £2,165,000), expressed as a percentage of the average daily net asset values during the year of £217,010,000 (2022: £243,523,000).

Leverage*

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

Webpages and share price information

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

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

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

The Manager publishes monthly and quarterly updates on the Company and other Schroders investment trusts, which may be found under the "Literature" section on the Company's webpages.

Association of Investment Companies

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

Individual Savings Account ("ISA") status

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

Non-Mainstream Pooled Investments status

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

Financial calendar

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

Alternative Investment Fund Managers Regulations ("UK AIFMD") disclosures

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

Leverage

The Company's leverage policy and details of its leverage ratio calculation and exposure limits as required by the AIFMD are published on the Company's webpages and within this report. The Company is also required to periodically publish its actual leverage exposures. As at 30 September 2023 these were:

Leverage exposure	Maximum ratio	Actual ratio
Gross Method	2.00	1.19
Commitment Method	2.00	1.09

Illiquid assets

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

Remuneration disclosures

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

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

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

How to invest

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

Warning to shareholders

Companies are aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares or investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive. Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

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

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

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

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

Dividends

Paying dividends into a bank or building society account helps reduce the risk of fraud and will provide you with quicker access to your funds than payment by cheque. Applications for an electronic mandate can be made by contacting the Registrar, Equiniti. This is the most secure and efficient method of payment and ensures that you receive any dividends promptly.

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

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

Information about the Company

Directors

Robert Talbut (Chairman)
Andrew Page
Harry Morley
Helen Galbraith
Wendy Colquhoun

Advisers

Alternative investment fund manager (the "Manager")

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

Investment Manager and Company Secretary

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU
Telephone: 020 7658 3136
Email: amcompanysecretary@schroders.com

Shareholder enquiries

General enquiries about the Company should be addressed to the Company Secretary at the address set out above.

Registered office

9 Haymarket Square
Edinburgh
Scotland EH3 8FY

Depositary and custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Lending bank

Scotiabank Europe plc
201 Bishopsgate
6th Floor
London EC2M 3NS

Corporate broker

Panmure Gordon & Co
1 New Change
London EC4M 9AF

Independent auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk

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

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

Dealing Codes

ISIN: GB0006108418
SEDOL: 0610841
Ticker: SCP

Global intermediary identification number (GIIN)

9GN3DU.99999.SL.826

Legal entity identifier (LEI)

549300SOEWCYZTK2SP87

Privacy notice

The Company's privacy notice is available on its webpages

Schroders

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