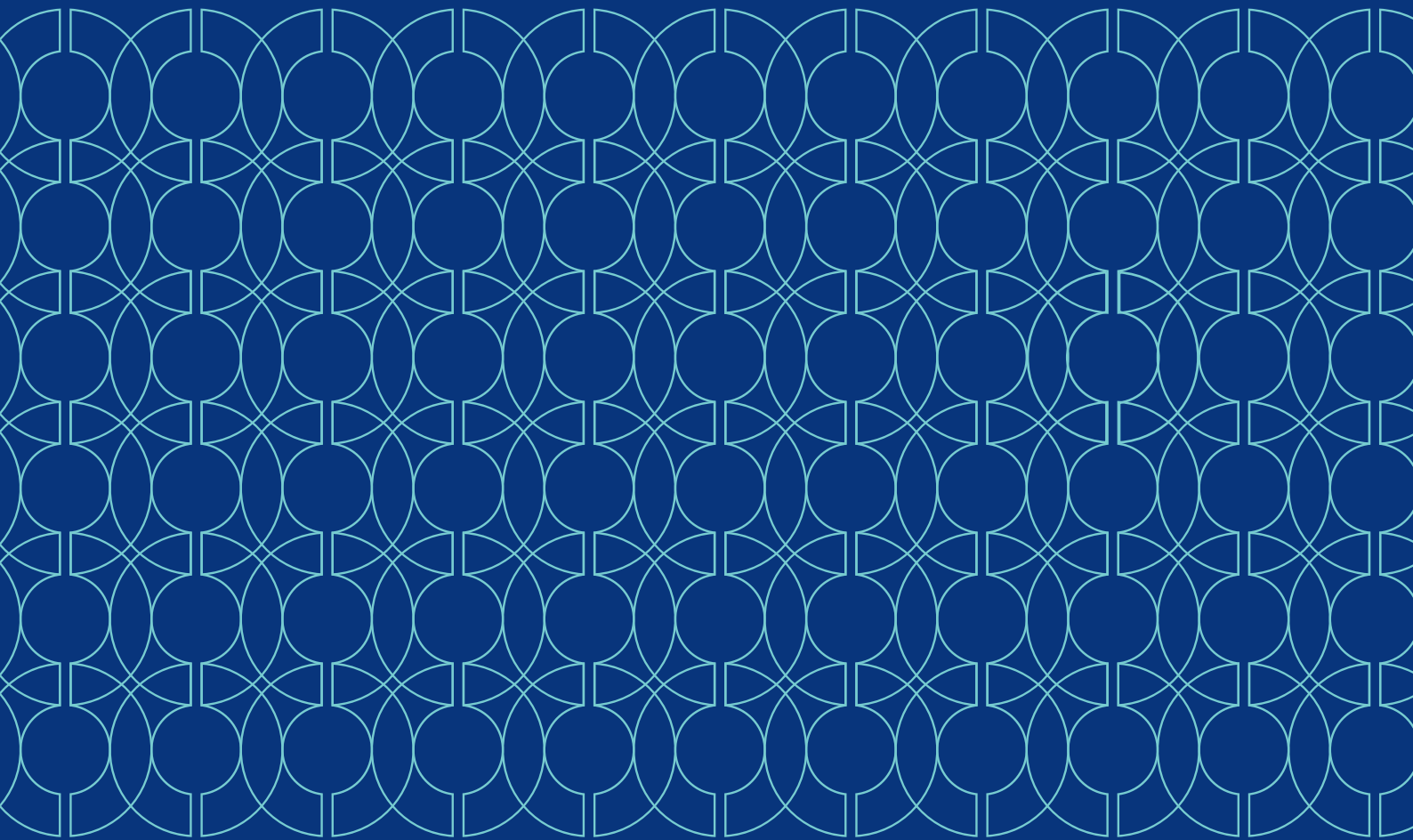


Schroders

Schroder Investment Fund  
Company

Final Report and Accounts

December 2019



## Schroder Investment Fund Company

December 2019

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<sup>1</sup> Collectively these comprise the Authorised Corporate Director's report.

# Company Information

## General information

Schroder Investment Fund Company (SIFCo or the Company) is an umbrella Company comprising eleven sub funds which have their own investment objectives and policies. As at 31 December 2019 the Company had the following sub funds available:

**Schroder UK Opportunities Fund**  
**Schroder UK Dynamic Smaller Companies Fund**  
**Schroder Sterling Corporate Bond Fund**  
**Schroder European Recovery Fund**  
**Schroder Core UK Equity Fund**  
**Schroder UK Alpha Income Fund**  
**Schroder Strategic Credit Fund**  
**Schroder European Alpha Income Fund**  
**Schroder Global Recovery Fund**  
**Schroder Multi-Asset Total Return Fund**  
**Schroder India Equity Fund<sup>1</sup>**

<sup>1</sup> Schroder India Equity Fund was launched on 7 June 2019.

## Principal activities

The Company's principal activity is to carry on business as an Open Ended Investment Company. The Company is structured as an umbrella Company and different sub funds may be established by the Authorised Corporate Director from time to time with the agreement of the Depositary and approval from the Financial Conduct Authority.

The sub funds are operated separately and the assets of each sub fund are managed in accordance with the investment objective and policy applicable to that sub fund.

## Liabilities of the company

The sub funds are segregated portfolios of assets and, accordingly, the assets of each sub fund belong exclusively to that sub fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other sub fund, and shall not be available for any such purpose. Subject to the above, each sub fund will be charged with the liabilities, expenses, costs and charges attributable to that sub fund and within each sub fund charges will be allocated as far as possible according to the net asset value of that particular share class. Any assets, liabilities, expenses, costs or charges not attributable to a particular sub fund may be allocated by the Authorised Corporate Director in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant sub funds.

Shareholders are not liable for the debts of the Company.

Shareholders are not liable to make any further payments to the Company after they have paid the purchase price of the share.

# Statement of the Authorised Corporate Director's Responsibilities

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

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

The Authorised Corporate Director is responsible for the management of the Company in accordance with The Open Ended Investment Companies Regulations 2001 (SI 2001/1228) ('the OEIC Regulations'), the Company's Instrument of Incorporation, Prospectus and the Collective Investment Schemes sourcebook, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Authorised Corporate Director report and accounts for the year ended 31 December 2019 were signed on 24 April 2020 on behalf of the Authorised Corporate Director by:

**P. Chislett**  
Directors

**P. Truscott**

# Report of the Depositary

## **Statement of the Depositary's responsibilities in respect of the Scheme and report of the Depositary to the shareholders of the Schroder Investment Fund Company ('the Company') for the year ended 31 December 2019**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the regulations;
- the value of shares of the Company are calculated in accordance with the regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the regulations; and the instructions of the Authorised Corporate Director ("the ACD"), which is the UCITS Management Company, are carried out (unless they conflict with the regulations).

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

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

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

**J.P. Morgan Europe Limited**

Depositary

Bournemouth

22 January 2020

# Independent Auditors' Report

## Report on the audit of the financial statements

### Opinion

In our opinion, the financial statements of Schroder Investment Fund Company (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2019 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the respective periods then ended ("respective periods" is defined as 1 January 2019 to 31 December 2019 for all sub funds except for Schroder India Equity Fund with a period from 7 June 2019 to 31 December 2019); and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Schroder Investment Fund Company is an Open Ended Investment Company ("OEIC") with 11 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Report and Accounts (the "Annual Report"), which comprise: the balance sheets as at 31 December 2019; the statements of total return and the statements of changes in net assets attributable to shareholders for the respective periods then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

### Basis for opinion

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

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

### Reporting on other information

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

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

### Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial respective periods for which the financial statements are prepared is consistent with the financial statements.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Authorised Corporate Director for the financial statements

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



# Independent Auditors' Report (continued)

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

## Auditors' responsibilities for the audit of the financial statements

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

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

## Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

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

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

### Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

## PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh  
24 April 2020

# Statement of Cross Holdings

As at 31 December 2019 there were no sub fund cross holdings within the Company.

# Accounting policies

## 1 Accounting policies

### Basis of preparation

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

### Revenue

Dividends and real estate income distributions receivable from equity investments and distributions receivable from authorised unit trusts and other collective investment schemes are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Company. Any enhancement above the cash dividend is treated as capital. Interest receivable from bank balances, futures clearing houses and brokers is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective yield basis. Underwriting commissions are included under revenue when received except where the Company is required to take up shares. In these cases commission is deducted from the capital cost of those shares on a proportional basis. The dividend equivalent values on contracts for difference received on long positions are recognised when the underlying securities are quoted ex-dividend. These are included in Revenue as Net revenue return from derivative contracts. Option premium received by the Company is amortised to revenue over the period to maturity where the option is out of the money at the time the contract is written. Option premium is taken to capital for options that are in the money at the time of writing.

The Annual management charge and Administration charge in respect of the Schroder funds in which the Company invests are rebated to the Company so that no double charging occurs. All rebates are treated as revenue or capital based on the underlying fund's treatment.

### Special dividends

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

### Equalisation

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

### Interest on debt securities bought or sold

Interest on debt securities bought or sold is excluded from the capital cost of securities, and is dealt with as part of the revenue of the Company.

### Expenses

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

All expenses are initially charged to revenue but ultimately borne by the capital of the Schroder Sterling Corporate Bond Fund, Schroder Core UK Equity Fund, Schroder UK Alpha Income Fund, Schroder Strategic Credit Fund and Schroder European Alpha Income Fund.

The costs of establishing and maintaining the hedging programme for the hedged share classes, the liabilities, expenses and charges directly attributable to a hedged share class will be allocated to the capital of that specific hedged share class.

Interest on contracts for differences is recognised on an earned basis and is included in Interest payable and similar charges.

For Schroder Sterling Corporate Bond Fund, It has been agreed that certain expenses may be borne by the Authorised Corporate Director to ensure that the Ongoing charges figure for Q Income shares does not exceed 0.42%.

### Taxation

Schroder Sterling Corporate Bond Fund and Schroder Strategic Credit Fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distributions.

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

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

### Distributions

The revenue available for distribution is the total revenue earned by the Company, less deductible expenses and taxation charged to revenue. For Accumulation shares this revenue is not distributed but automatically reinvested in the Company and is reflected in the value of these shares. Recognised deferred tax assets are treated as revenue but do not form part of the distribution until they are utilised.

The ordinary element of scrip dividends is treated as revenue and forms part of the distribution, with the exception of the following sub funds where scrip dividends do not form part of the distribution. The distribution is in accordance with the Collective Investment Schemes sourcebook.

# Accounting policies (continued)

For the purpose of calculating the distribution, revenue on debt securities is calculated on a coupon basis where this exceeds the amount determined on an effective yield basis. As a consequence, the capital value of the Company may be eroded.

From 24 June 2019, the distribution of the Schroder Sterling Corporate Bond Fund changed from a coupon basis to an effective yield basis.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the Company.

## Dilution adjustment

In certain circumstances the Authorised Corporate Director may apply a dilution adjustment on subscriptions and redemptions of shares. If applied, the dilution adjustment is paid to the Company. See Prospectus for further details.

## Valuation

All investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions. Non-exchange traded derivatives, including swaps and contracts for difference, are priced at fair value using valuation models and data sourced from market data providers and/or information provided by the relevant third party brokers. Dual priced authorised unit trusts have been valued at cancellation price. Single priced authorised unit trusts have been valued at the dealing price. Open ended investment companies have been valued at the latest available bid price at 18:00 on the balance sheet date. All investments are valued net of any accrued interest which is included in the balance sheet as a revenue related item. Unquoted, illiquid and suspended investments are valued by the Investment Manager at a best assessment of fair value. Suspended securities which have previously been reported as having no value and expected to have no value in the future, are not included within the Portfolio Statement.

## Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date.

## Sterling hedged share classes

Hedged share classes allow the Authorised Corporate Director to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portfolio currencies of the Company. Currency hedging transactions include entering into over the counter currency forward contracts and foreign exchange agreements.

Where undertaken, the effect of hedging will be reflected in the net asset value and therefore, in the performance of the relevant hedged share class. Any benefits or losses of the hedging transactions will accrue to shareholders in that hedged share class only.

The Authorised Corporate Director will aim to hedge the capital currency exposure of the net asset value attributable to a hedged share class, however, the hedge may not always be at 100%. This is to avoid the transaction costs of making small and frequent adjusting transactions. The Authorised Corporate Director will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect any change in currency exposure and the flow of shareholder issue and cancellation of shares.

## Credit default swaps

The upfront fees received on a mark to market basis are split between capital and revenue as appropriate. For sell protections, periodic premiums are accounted for on an accruals basis and are included under Net revenue return from derivative contracts.

## Total return swaps

Any revenue is calculated by reference to the quoted yield of the index upon which the total return swap is based compared to the London Interbank Offer Rate and may be revenue or an expense in relation to whether the Company held a net long or short position over the period. The revenue and expense position would be reversed if the London Interbank Offer Rate exceeds the quoted yield of the relevant index.

## Contracts for difference

Open contracts for difference are shown in the Portfolio Statement and are priced at fair value using valuation models and data sourced from market data providers. The upfront fees received on a mark to market basis are split between capital and revenue as appropriate.

Interest on contracts for differences is recognised on an earned basis and is included in Interest payable and similar charges.

# Schroder UK Opportunities Fund

## Fund Information

### Investment objective and policy

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

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 30 to 50 companies.

The Fund's approach is grounded in the belief that sentiment drives share prices in the short term, such that companies with strong long-term prospects often become undervalued by the market. The Investment Manager looks to invest in the undervalued companies that have scope for positive change thereby realising the valuation anomaly over the medium to long term.

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

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

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

The Fund aims to achieve capital growth and income by investing in equity and equity related securities of companies in the UK.

The Fund invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 40 to 50 companies.

The Fund aims to take advantage of investment opportunities in varying market conditions. The Fund follows an investment approach based around the business cycle, where the Investment Manager attempts to identify turning points in the cycle and then focuses on the types of companies that will benefit from this.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share (Gross Total Return) index, and compared against the Investment Association UK All Companies sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 18.53%. In comparison, the FTSE<sup>1</sup> All Share Index generated a total return of 19.17%<sup>2</sup>.

Set against a backdrop of low expectations (recession fears) coming into 2019 and supportive monetary policy from global central banks, last year proved to be a very good one for global equity markets. Despite Brexit/political uncertainty weighing for much of the year, UK equities also made strong double-digit gains but lagged most major global equity markets. Consequently the UK remains at a c.30 year valuation low relative to global equities.

The management of your Fund transferred in December 2019 to a new portfolio manager, Alex Breese. The changes are now complete in line with the manager's focus on out of favour or misunderstood companies where there is scope for positive change (e.g. management turnarounds, cyclical recovery stocks, unrecognised growth, etc...). The manager expects to profit from these situations as positive change is realised, driving an improvement in earnings, cash flow and dividend growth over the medium term. Top contributors included the London Stock Exchange Group, Games Workshop Group, B&M European Value Retail and easyJet. Not owning HSBC was another key positive contributor. On the negative side, the largest detractors included Just Group, XLMedia, Huntsworth, BP and Sherborne Investors.

The clear Conservative Party majority following the UK general election removes one of the main negative overhangs facing UK equities. It provides much more certainty from a political point of view for the next five years and should also give a much needed confidence boost for both the UK consumer and UK corporates. Although the timeline for Brexit has become clearer following the PM's commitment to leave by the end of 2020, the outcome of trade talks and the future relationship remains uncertain. Any further progress with Brexit/trade negotiations is likely to close the relative valuation gap between UK and global equities, but we should expect spells of volatility along the way.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

**Fund Manager:**  
**Alex Breese**



Joined Schroders in July 2013 to manage the Schroder UK Equity & ISF UK Equity Funds

Previously Head of UK Equities and Investment Director at Neptune, having joined as an Investment Analyst in May 2005

Became Fund Manager of the Neptune UK Special Situations Fund at the end of 2006, and Assistant Fund Manager of the Neptune Income and Neptune Quarterly Income Funds

Prior to this, Alex gained nearly three years' experience as an engineering consultant

First class honours in Mechanical Engineering, CFA charterholder

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2 Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Accumulation shares			C Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	374.96	447.51	388.39	279.58	340.48	300.29
Return before operating charges*	71.85	(65.28)	66.07	53.39	(49.18)	50.86
Operating charges	(6.84)	(7.27)	(6.95)	(3.56)	(3.82)	(3.74)
<b>Return after operating charges*</b>	<b>65.01</b>	<b>(72.55)</b>	<b>59.12</b>	<b>49.83</b>	<b>(53.00)</b>	<b>47.12</b>
Distributions <sup>1</sup>	(10.06)	(8.13)	(6.92)	(8.98)	(7.90)	(6.93)
Retained distributions <sup>1</sup>	10.06	8.13	6.92	–	–	–
<b>Closing net asset value</b>	<b>439.97</b>	<b>374.96</b>	<b>447.51</b>	<b>320.43</b>	<b>279.58</b>	<b>340.48</b>
*after direct transaction costs of	(1.10)	(1.47)	(1.59)	(0.82)	(1.11)	(1.22)
<b>Performance</b>						
Return after charges (%)	17.34	(16.21)	15.22	17.82	(15.57)	15.69
<b>Other information</b>						
Closing net asset value (£000's)	20,955	24,556	55,482	3,727	4,458	6,123
Closing number of shares	4,762,893	6,548,872	12,397,866	1,162,927	1,594,531	1,798,294
Operating charges (%)	1.67	1.67	1.67	1.17	1.17	1.17
Direct transaction costs (%)**	0.27	0.34	0.38	0.27	0.34	0.38
<b>Prices</b>						
Highest dealing price (p)	447.20	464.80	445.80	330.00	354.30	341.80
Lowest dealing price (p)	372.80	366.50	389.60	277.90	276.10	301.30



# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			D Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	417.68	495.96	428.30	45.16	54.98	48.49
Return before operating charges*	80.23	(72.67)	73.03	8.64	(7.94)	8.21
Operating charges	(5.36)	(5.61)	(5.37)	(0.42)	(0.46)	(0.43)
<b>Return after operating charges*</b>	<b>74.87</b>	<b>(78.28)</b>	<b>67.66</b>	<b>8.22</b>	<b>(8.40)</b>	<b>7.78</b>
Distributions <sup>1</sup>	(13.54)	(11.58)	(9.96)	(1.61)	(1.42)	(1.29)
Retained distributions <sup>1</sup>	13.54	11.58	9.96	–	–	–
<b>Closing net asset value</b>	<b>492.55</b>	<b>417.68</b>	<b>495.96</b>	<b>51.77</b>	<b>45.16</b>	<b>54.98</b>
*after direct transaction costs of	(1.24)	(1.62)	(1.75)	(0.13)	(0.18)	(0.19)
<b>Performance</b>						
Return after charges (%)	17.93	(15.78)	15.80	18.20	(15.28)	16.04
<b>Other information</b>						
Closing net asset value (£000's)	6,942	6,755	9,308	40	39	262
Closing number of shares	1,409,307	1,617,271	1,876,831	76,137	86,137	475,903
Operating charges (%)	1.17	1.17	1.17	0.85	0.84	0.84
Direct transaction costs (%)**	0.27	0.34	0.38	0.27	0.34	0.38
<b>Prices</b>						
Highest dealing price (p)	500.60	516.10	494.00	53.40	57.29	55.28
Lowest dealing price (p)	415.20	408.20	429.80	44.90	44.68	48.66

# Comparative Table (continued)

Financial year to 31 December	D Accumulation shares			S Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	51.73	61.23	52.70	43.58	53.10	46.82
Return before operating charges*	(51.40)	(8.99)	9.01	8.34	(7.69)	7.95
Operating charges	(0.33)	(0.51)	(0.48)	(0.26)	(0.28)	(0.27)
<b>Return after operating charges*</b>	<b>(51.73)</b>	<b>(9.50)</b>	<b>8.53</b>	<b>8.08</b>	<b>(7.97)</b>	<b>7.68</b>
Distributions <sup>1</sup>	(0.96)	(1.61)	(1.41)	(1.70)	(1.55)	(1.40)
Retained distributions <sup>1</sup>	0.96	1.61	1.41	–	–	–
<b>Closing net asset value</b>	<b>0.00</b>	<b>51.73</b>	<b>61.23</b>	<b>49.96</b>	<b>43.58</b>	<b>53.10</b>
*after direct transaction costs of	(0.15)	(0.20)	(0.21)	(0.13)	(0.17)	(0.20)
<b>Performance</b>						
Return after charges (%)	N/A <sup>2</sup>	(15.52)	16.19	18.54	(15.01)	16.40
<b>Other information</b>						
Closing net asset value (£000's)	0	99	313	13,512	30,694	40,430
Closing number of shares	0	192,087	511,894	27,046,092	70,427,540	76,144,318
Operating charges (%)	0.85	0.84	0.84	0.55	0.54	0.54
Direct transaction costs (%)**	0.27	0.34	0.38	0.27	0.34	0.38
<b>Prices</b>						
Highest dealing price (p)	59.05	63.80	60.99	51.61	55.39	53.46
Lowest dealing price (p)	51.43	50.56	52.90	43.32	43.19	47.00

## D Accumulation shares

2 The share class was closed on 3 September 2019.

# Comparative Table (continued)

Financial year to 31 December	Z Income shares			Z Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	372.94	454.24	400.60	443.54	525.36	452.54
Return before operating charges*	71.29	(65.64)	67.91	85.30	(77.14)	77.29
Operating charges	(3.73)	(4.03)	(3.93)	(4.48)	(4.68)	(4.47)
<b>Return after operating charges*</b>	<b>67.56</b>	<b>(69.67)</b>	<b>63.98</b>	<b>80.82</b>	<b>(81.82)</b>	<b>72.82</b>
Distributions <sup>1</sup>	(13.03)	(11.63)	(10.34)	(15.61)	(13.54)	(11.75)
Retained distributions <sup>1</sup>	–	–	–	15.61	13.54	11.75
<b>Closing net asset value</b>	<b>427.47</b>	<b>372.94</b>	<b>454.24</b>	<b>524.36</b>	<b>443.54</b>	<b>525.36</b>
*after direct transaction costs of	(1.09)	(1.48)	(1.62)	(1.31)	(1.72)	(1.85)
<b>Performance</b>						
Return after charges (%)	18.12	(15.34)	15.97	18.22	(15.57)	16.09
<b>Other information</b>						
Closing net asset value (£000's)	6,907	8,112	13,864	83,952	93,219	143,963
Closing number of shares	1,615,879	2,175,179	3,052,002	16,010,447	21,016,896	27,402,967
Operating charges (%)	0.92	0.92	0.92	0.92	0.92	0.92
Direct transaction costs (%)**	0.27	0.34	0.38	0.27	0.34	0.38
<b>Prices</b>						
Highest dealing price (p)	440.80	473.20	456.50	532.90	547.30	523.30
Lowest dealing price (p)	370.70	368.80	402.00	441.00	433.50	454.20

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Collective Investment Schemes 0.97% (0.92%)</b>			

<b>Equity Funds 0.97% (0.92%)</b>			
Sherborne Investors Guernsey C <sup>s</sup>	2,210,000	1,315	0.97
		<b>1,315</b>	<b>0.97</b>

<b>Collective Investment Schemes total</b>		<b>1,315</b>	<b>0.97</b>
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<b>Equities 97.03% (91.96%)</b>			
<b>Oil &amp; Gas 12.12% (16.67%)</b>			
BP	1,680,374	7,925	5.83
Royal Dutch Shell B	382,112	8,557	6.29
		<b>16,482</b>	<b>12.12</b>

<b>Basic Materials 7.04% (7.53%)</b>			
Anglo American	226,749	4,925	3.62
BHP Group	261,787	4,652	3.42
		<b>9,577</b>	<b>7.04</b>

<b>Industrials 14.82% (10.11%)</b>			
Aggreko	160,005	1,332	0.98
BAE Systems	464,950	2,626	1.93
Balfour Beatty	1,166,927	3,048	2.24
Capita	1,687,809	2,770	2.03
QinetiQ Group	1,550,000	5,546	4.08
Smiths Group	201,898	3,402	2.50
Weir Group	95,575	1,442	1.06
		<b>20,166</b>	<b>14.82</b>

<b>Consumer Goods 6.23% (9.15%)</b>			
Associated British Foods	52,406	1,361	1.00
British American Tobacco	105,197	3,399	2.50
Imperial Brands	198,978	3,719	2.73
		<b>8,479</b>	<b>6.23</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Health Care 10.15% (10.53%)</b>			
AstraZeneca	44,572	3,390	2.49
GlaxoSmithKline	466,954	8,305	6.10
Sanofi	27,795	2,117	1.56
		<b>13,812</b>	<b>10.15</b>

<b>Consumer Services 20.33% (11.88%)</b>			
Daily Mail & General Trust A	240,590	1,995	1.47
easyJet	177,900	2,533	1.86
ITV	1,379,815	2,082	1.53
Next	39,713	2,786	2.05
Pearson	206,692	1,317	0.97
RELX	180,042	3,430	2.52
Tesco	2,309,785	5,890	4.33
Wm Morrison Supermarkets	1,571,057	3,139	2.31
WPP	420,015	4,479	3.29
		<b>27,651</b>	<b>20.33</b>

<b>Telecommunications 1.08% (0.00%)</b>			
BT Group	761,898	1,466	1.08
		<b>1,466</b>	<b>1.08</b>

<b>Financials 25.26% (20.64%)</b>			
Ashmore Group	274,532	1,419	1.04
Aviva	996,417	4,172	3.07
Barclays	782,151	1,405	1.03
Close Brothers Group	45,694	730	0.54
Legal & General Group	1,624,942	4,924	3.62
Lloyds Banking Group	7,544,363	4,715	3.46
OneSavings Bank	258,654	1,115	0.82
Provident Financial	318,247	1,455	1.07
Royal Bank of Scotland Group	1,369,866	3,292	2.42
RSA Insurance Group	311,852	1,763	1.29
Standard Chartered	801,750	5,712	4.20

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Financials (continued)</b>			
TP ICAP	897,582	3,668	2.70
		<b>34,370</b>	<b>25.26</b>
<b>Technology 0.00% (5.45%)</b>			
<b>Equities total</b>			
		<b>132,003</b>	<b>97.03</b>
Portfolio of investments		<b>133,318</b>	<b>98.00</b>
Net other assets		2,717	2.00
<b>Net assets attributable to shareholders</b>		<b>136,035</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

§ Closed ended fund.

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	20,900	(39,117)
Revenue	3	6,172	7,978
Expenses	4	(1,499)	(2,209)
Net revenue before taxation		<b>4,673</b>	<b>5,769</b>
Taxation	5	(11)	(15)
Net revenue after taxation		<b>4,662</b>	<b>5,754</b>
<b>Total return before distributions</b>		<b>25,562</b>	<b>(33,363)</b>
Distributions	6	(4,666)	(5,756)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>20,896</b>	<b>(39,119)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	167,932	269,745
Amounts receivable on issue of shares	371	462
Amounts payable on cancellation of shares	(56,599)	(67,098)
	<b>(56,228)</b>	<b>(66,636)</b>
Dilution adjustment	21	22
Change in net assets attributable to shareholders from investment activities	20,896	(39,119)
Retained distribution on Accumulation shares	3,412	3,919
Unclaimed distributions	2	1
<b>Closing net assets attributable to shareholders</b>	<b>136,035</b>	<b>167,932</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		133,318	155,982
<b>Current assets</b>			
Debtors	8	268	598
Cash and bank balances		3,140	12,445
<b>Total assets</b>		<b>136,726</b>	<b>169,025</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(374)	(579)
Other creditors	9	(317)	(514)
<b>Total liabilities</b>		<b>(691)</b>	<b>(1,093)</b>
<b>Net assets attributable to shareholders</b>		<b>136,035</b>	<b>167,932</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder UK Opportunities Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	20,902	(39,111)
Foreign currency gains	3	0
Transaction costs	(5)	(6)
<b>Net capital gains/(losses)</b>	<b>20,900</b>	<b>(39,117)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	5,958	7,439
Overseas dividends	192	507
Scrip dividends	0	17
Bank interest	22	15
<b>Total revenue</b>	<b>6,172</b>	<b>7,978</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	1,248	1,840
Administration charge	224	334
	<b>1,472</b>	<b>2,174</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	16	24
Safe custody fees	1	1
	<b>17</b>	<b>25</b>
<b>Other expenses:</b>		
Audit fee	10	10
<b>Total expenses</b>	<b>1,499</b>	<b>2,209</b>



# Notes to the Accounts (continued)

## 5 Taxation

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

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	11	15
<b>Total current tax (Note 5(b))</b>	<b>11</b>	<b>15</b>

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>4,673</b>	<b>5,769</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	935	1,154
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,230)	(1,593)
Movement in excess management expenses	295	439
Irrecoverable overseas withholding tax	11	15
<b>Current tax charge for the year (Note 5(a))</b>	<b>11</b>	<b>15</b>

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

At the balance sheet date, there is a potential deferred tax asset of £14,215,599 (2018 – £13,920,268) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2019 £000's	2018 £000's
Interim Dividend distribution	2,402	3,529
Final Dividend distribution	1,900	1,939
	<b>4,302</b>	<b>5,468</b>
Add: Revenue deducted on cancellation of shares	368	291
Deduct: Revenue received on issue of shares	(4)	(3)
<b>Distributions</b>	<b>4,666</b>	<b>5,756</b>
Net revenue after taxation	4,662	5,754
Equalisation on conversions	4	2
<b>Distributions</b>	<b>4,666</b>	<b>5,756</b>

Details of the distributions per share are set out in the Distribution Table on pages 30 and 31.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	133,318	155,982
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>133,318</b>	<b>155,982</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	9	53
Sales awaiting settlement	0	151
Accrued revenue	259	394
<b>Total debtors</b>	<b>268</b>	<b>598</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	189	258
Purchases awaiting settlement	0	90
Accrued expenses	128	166
<b>Total other creditors</b>	<b>317</b>	<b>514</b>

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 11 Related party transactions

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

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

# Notes to the Accounts (continued)

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 10.58% (2018 – 18.70%).

## 12 Share classes

The fund currently has seven share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Accumulation shares	1.50%
C Income shares	1.00%
C Accumulation shares	1.00%
D Income shares	0.675%
S Income shares	0.375%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 16 to 19. The distributions per share class are given in the Distribution Table on pages 30 and 31. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

### Liquidity risk

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

### Interest rate risk

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

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

As at the year end date 2.31% (2018: 7.41%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

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

### Fair value of financial assets and financial liabilities

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

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

# Notes to the Accounts (continued)

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

## Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.16%	0.01%	0.00%	0.00%	2.79%	0.05%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	70,882	30	331	71,243	0.04	0.47
Corporate actions purchases:						
Equities	288	0	0	288	0.00	0.00
	<b>71,170</b>	<b>30</b>	<b>331</b>	<b>71,531</b>		
<b>Sales</b>						
Equities	115,072	(47)	0	115,025	(0.04)	0.00
Total cost of the fund's average net asset value (%)		<b>0.05</b>	<b>0.22</b>			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	142,976	65	587	143,628	0.05	0.41
Corporate actions purchases:						
Equities	2,178	0	0	2,178	0.00	0.00
	<b>145,154</b>	<b>65</b>	<b>587</b>	<b>145,806</b>		
<b>Sales</b>						
Equities	217,921	(103)	0	217,818	(0.05)	0.00
Total cost of the fund's average net asset value (%)		<b>0.08</b>	<b>0.26</b>			

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2018 – 0.55%).

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

# Notes to the Accounts (continued)

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Accumulation shares	6,548,872	15,218	(1,311,337)	(489,860)	4,762,893
C Income shares	1,594,531	815	(226,982)	(205,437)	1,162,927
C Accumulation shares	1,617,271	16,020	(179,094)	(44,890)	1,409,307
D Income shares	86,137	0	(10,000)	0	76,137
D Accumulation shares	192,087	0	(192,087)	0	0
S Income shares	70,427,540	10,482	(43,144,743)	(247,187)	27,046,092
Z Income shares	2,175,179	9,253	(719,273)	150,720	1,615,879
Z Accumulation shares	21,016,896	39,075	(5,527,128)	481,604	16,010,447

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	4,762,893	4,426,441	(7.06)	440.2	308.5	(29.92)
C Accumulation units	1,409,307	1,352,781	(4.01)	492.8	345.9	(29.81)
C Income units	1,162,927	1,142,400	(1.77)	324.9	225.1	(30.72)
D Income units	76,137	76,137	0.00	52.57	36.4	(30.76)
S Income units	27,046,092	25,208,446	(6.79)	50.81	35.16	(30.80)
Z Accumulation units	16,010,447	14,852,763	(7.23)	524.6	368.5	(29.76)
Z Income units	1,615,879	1,483,778	(8.18)	433.9	300.5	(30.74)

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

# Distribution Table

## Interim distribution for the six months ended 30 June 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Accumulation shares</b>				
Group 1	5.3114	–	5.3114	5.3309
Group 2	2.9893	2.3221	5.3114	5.3309
<b>C Income shares</b>				
Group 1	4.6960	–	4.6960	4.9440
Group 2	3.6914	1.0046	4.6960	4.9440
<b>C Accumulation shares</b>				
Group 1	7.0333	–	7.0333	7.2130
Group 2	1.9588	5.0745	7.0333	7.2130
<b>D Income shares</b>				
Group 1	0.8391	–	0.8391	0.8679
Group 2	0.8391	0.0000	0.8391	0.8679
<b>D Accumulation shares</b>				
Group 1	0.9616	–	0.9616	0.9807
Group 2	0.9616	0.0000	0.9616	0.9807
<b>S Income shares</b>				
Group 1	0.8791	–	0.8791	0.9376
Group 2	0.3838	0.4953	0.8791	0.9376
<b>Z Income shares</b>				
Group 1	6.7827	–	6.7827	7.1598
Group 2	4.2602	2.5225	6.7827	7.1598
<b>Z Accumulation shares</b>				
Group 1	8.0606	–	8.0606	8.2841
Group 2	3.9038	4.1568	8.0606	8.2841

# Distribution Table (continued)

## Final distribution for the six months ended 31 December 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Accumulation shares</b>				
Group 1	4.7474	–	4.7474	2.8022
Group 2	1.7112	3.0362	4.7474	2.8022
<b>C Income shares</b>				
Group 1	4.2873	–	4.2873	2.9565
Group 2	1.5057	2.7816	4.2873	2.9565
<b>C Accumulation shares</b>				
Group 1	6.5047	–	6.5047	4.3652
Group 2	1.4823	5.0224	6.5047	4.3652
<b>D Income shares</b>				
Group 1	0.7754	–	0.7754	0.5500
Group 2	0.7754	0.0000	0.7754	0.5500
<b>D Accumulation shares</b>				
Group 1	–	–	–	0.6252
Group 2	–	–	–	0.6252
<b>S Income shares</b>				
Group 1	0.8217	–	0.8217	0.6169
Group 2	0.8217	0.0000	0.8217	0.6169
<b>Z Income shares</b>				
Group 1	6.2426	–	6.2426	4.4699
Group 2	2.4550	3.7876	6.2426	4.4699
<b>Z Accumulation shares</b>				
Group 1	7.5491	–	7.5491	5.2557
Group 2	3.2181	4.3310	7.5491	5.2557

## Equalisation

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

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

# Schroder UK Dynamic Smaller Companies Fund

## Fund Information

### Investment objective and policy

The Schroder UK Dynamic Smaller Companies Fund (the 'fund') aims to provide capital growth in excess of the FTSE Small Cap ex Investment Trust (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of small-sized UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

The Fund may also invest in companies headquartered or incorporated outside the UK which derive a significant proportion of their revenues or profits from the UK.

The small cap universe is an extensive, diverse and constantly changing area of the UK market. Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms.

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

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

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

The Fund aims to provide capital growth by investing in equity and equity related securities of small-sized UK companies.

The Fund invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

The Fund may also invest in companies headquartered or incorporated outside the UK which derive a significant proportion of their revenues or profits from the UK.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE Small Cap ex Investment Trust (Gross Total Return) index, and compared against the Investment Association UK Smaller Companies sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.



# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 21.67%. In the same period, the FTSE<sup>1</sup> Small Cap ex Investment Trust Index generated a total return of 17.68%<sup>2</sup>.

Set against a backdrop of low expectations (recession fears) coming into 2019 and supportive monetary policy from global central banks, last year proved to be a very good one for global equity markets. Despite Brexit/political uncertainty weighing for much of the year, UK equities also made strong double-digit gains but lagged most major global equity markets. Consequently the UK remains attractively valued relative to global equities.

Our top contributors included waste specialist Augean, infrastructure engineering services group Renew Holdings and piping manufacturer Polypipe Group. All of these companies performed well in line with domestically focused areas of UK equity. Domestically-focused equities outperformed following the easing of political uncertainty after December's landslide general election victory for the Conservative Party. Augean performed particularly well amid good progress with its management-led turnaround. Hobby and crafting business Games Workshop Group was another top contributor on the back of further earnings upgrades – 2019 transpired to be another record one for the group in terms of constant currency sales, profit, cash generation and shareholder returns. Not owning tour operator Thomas Cook was beneficial after the company went into liquidation.

On the negative side, gaming technology specialist Quixant performed poorly amid further evidence of tough trading conditions in the global casino industry and their particular customer base. We will remain patient but closely monitor the market backdrop as the level of industry volatility has surprised us. Our sizeable position in equipment rental provider Vp detracted after the shares sold off very sharply in response to provisional findings by the Competition and Markets Authority of pricing collusion in a part of its business. The shares subsequently recovered most of these losses, supporting our contention the market had overacted. Other detractors included smart meter specialist Smart Metering Systems, independent cinema group Everyman Media Group and industrial chain manufacturer Renold.

Against a constrained macro-economic backdrop, smaller companies offer great potential for stockpicking by providing concentrated access to "super cycle" themes. Economic and market cycles may wax and wane, but technological advances and demographic change will continue to create new markets and opportunities for smaller companies.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

## Co-Fund Manager:

Luke Biermann



European Smaller Company Fund Manager, based in London

Luke has more than 13 years' experience on the European Smaller Companies team, having joined in 2006. For the majority of this tenure Luke has specialised on Continental Europe

CFA Charterholder

Investment Management Certificate (IMC)

First-class BSc (Hons) in Computer Science, University of Bath

## Co-Fund Manager:

Iain Staples



Joined Schroders in 2012 from Altium, the UK mid-cap broker, where he led the UK Generalist equity research product

Previously worked on the sell-side for 15 years' having co-founded Clear Capital, the independent equity research house

Broking career commenced in 1999 at Hoare Govett in the technology team

Iain started his career at L.E.K. Consulting, the global management consulting firm, in 1995

MA in Mathematics, Cambridge University and MSc in Theoretical Physics, Manchester University

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

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Accumulation shares			C Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	380.99	437.68	349.45	365.84	422.65	337.73
Return before operating charges*	87.53	(49.37)	95.17	84.00	(47.54)	91.94
Operating charges	(6.91)	(7.32)	(6.94)	(4.64)	(4.94)	(4.65)
<b>Return after operating charges*</b>	<b>80.62</b>	<b>(56.69)</b>	<b>88.23</b>	<b>79.36</b>	<b>(52.48)</b>	<b>87.29</b>
Distributions <sup>1</sup>	(2.90)	(2.28)	(0.42)	(4.80)	(4.33)	(2.37)
Retained distributions <sup>1</sup>	2.90	2.28	0.42	–	–	–
<b>Closing net asset value</b>	<b>461.61</b>	<b>380.99</b>	<b>437.68</b>	<b>440.40</b>	<b>365.84</b>	<b>422.65</b>
*after direct transaction costs of	(0.17)	(0.26)	(0.84)	(0.16)	(0.25)	(0.79)
<b>Performance</b>						
Return after charges (%)	21.16	(12.95)	25.25	21.69	(12.42)	25.85
<b>Other information</b>						
Closing net asset value (£000's)	75,953	84,912	115,143	2,460	2,483	4,479
Closing number of shares	16,453,720	22,287,173	26,307,773	558,597	678,683	1,059,762
Operating charges (%)	1.67	1.67	1.67	1.17	1.17	1.17
Direct transaction costs (%)**	0.04	0.06	0.20	0.04	0.06	0.20
<b>Prices</b>						
Highest dealing price (p)	467.70	469.80	452.00	447.70	452.70	437.50
Lowest dealing price (p)	388.40	383.80	354.70	373.00	370.30	342.90

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			S Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	417.70	477.44	379.33	64.17	74.16	59.24
Return before operating charges*	96.24	(54.14)	103.33	14.77	(8.36)	16.16
Operating charges	(5.31)	(5.60)	(5.22)	(0.38)	(0.40)	(0.38)
<b>Return after operating charges*</b>	<b>90.93</b>	<b>(59.74)</b>	<b>98.11</b>	<b>14.39</b>	<b>(8.76)</b>	<b>15.78</b>
Distributions <sup>1</sup>	(5.49)	(4.91)	(2.71)	(1.28)	(1.23)	(0.86)
Retained distributions <sup>1</sup>	5.49	4.91	2.71	–	–	–
<b>Closing net asset value</b>	<b>508.63</b>	<b>417.70</b>	<b>477.44</b>	<b>77.28</b>	<b>64.17</b>	<b>74.16</b>
*after direct transaction costs of	(0.18)	(0.29)	(0.89)	(0.03)	(0.04)	(0.14)
<b>Performance</b>						
Return after charges (%)	21.77	(12.51)	25.86	22.42	(11.81)	26.64
<b>Other information</b>						
Closing net asset value (£000's)	4,428	5,339	7,738	10,241	11,725	15,531
Closing number of shares	870,619	1,278,081	1,620,649	13,252,765	18,272,183	20,943,674
Operating charges (%)	1.17	1.17	1.17	0.54	0.54	0.54
Direct transaction costs (%)**	0.04	0.06	0.20	0.04	0.06	0.20
<b>Prices</b>						
Highest dealing price (p)	515.30	514.30	492.70	78.79	79.52	76.93
Lowest dealing price (p)	425.90	420.70	385.10	65.44	65.18	60.15

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			Z Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	69.32	78.74	62.17	418.33	483.35	386.19
Return before operating charges*	16.03	(8.99)	16.97	96.13	(54.39)	105.30
Operating charges	(0.41)	(0.43)	(0.40)	(4.17)	(4.45)	(4.20)
<b>Return after operating charges*</b>	<b>15.62</b>	<b>(9.42)</b>	<b>16.57</b>	<b>91.96</b>	<b>(58.84)</b>	<b>101.10</b>
Distributions <sup>1</sup>	(1.39)	(1.31)	(0.91)	(6.63)	(6.18)	(3.94)
Retained distributions <sup>1</sup>	1.39	1.31	0.91	–	–	–
<b>Closing net asset value</b>	<b>84.94</b>	<b>69.32</b>	<b>78.74</b>	<b>503.66</b>	<b>418.33</b>	<b>483.35</b>
*after direct transaction costs of	(0.03)	(0.05)	(0.15)	(0.18)	(0.29)	(0.91)
<b>Performance</b>						
Return after charges (%)	22.53	(11.96)	26.65	21.98	(12.17)	26.18
<b>Other information</b>						
Closing net asset value (£000's)	5,687	7,051	8,928	14,256	15,143	21,020
Closing number of shares	6,696,127	10,172,381	11,339,772	2,830,444	3,619,904	4,348,818
Operating charges (%)	0.54	0.54	0.54	0.92	0.92	0.92
Direct transaction costs (%)**	0.04	0.06	0.20	0.04	0.06	0.20
<b>Prices</b>						
Highest dealing price (p)	86.05	85.18	81.18	512.60	517.90	500.80
Lowest dealing price (p)	70.68	69.82	63.12	426.60	424.00	392.10

# Comparative Table (continued)

## Z Accumulation shares

Financial year to 31 December	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>			
Opening net asset value	445.31	507.71	402.34
Return before operating charges*	102.75	(57.71)	109.78
Operating charges	(4.46)	(4.69)	(4.41)
<b>Return after operating charges*</b>	<b>98.29</b>	<b>(62.40)</b>	<b>105.37</b>
Distributions <sup>1</sup>	(7.08)	(6.51)	(4.13)
Retained distributions <sup>1</sup>	7.08	6.51	4.13
<b>Closing net asset value</b>	<b>543.60</b>	<b>445.31</b>	<b>507.71</b>
*after direct transaction costs of	(0.19)	(0.31)	(0.97)
<b>Performance</b>			
Return after charges (%)	22.07	(12.29)	26.19
<b>Other information</b>			
Closing net asset value (£000's)	170,299	169,937	246,159
Closing number of shares	31,327,751	38,161,918	48,483,739
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)**	0.04	0.06	0.20
<b>Prices</b>			
Highest dealing price (p)	550.70	547.80	523.70
Lowest dealing price (p)	454.00	448.50	408.50

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 99.14% (99.15%)</b>			
<b>Oil &amp; Gas 1.33% (0.72%)</b>			
Tekmar Group <sup>#</sup>	2,680,318	3,752	1.33
		<b>3,752</b>	<b>1.33</b>
<b>Basic Materials 1.87% (1.97%)</b>			
Treant	1,177,408	5,298	1.87
		<b>5,298</b>	<b>1.87</b>
<b>Industrials 44.30% (41.22%)</b>			
Alpha Financial Markets Consulting <sup>#</sup>	3,249,678	8,124	2.87
Augean <sup>#</sup>	5,106,131	11,131	3.93
Boku <sup>#</sup>	8,436,404	7,171	2.53
Capita	1,647,224	2,703	0.95
DiscoverIE Group	714,770	4,003	1.41
Electrocomponents	305,049	2,055	0.73
Eurocell	2,303,258	5,528	1.95
Gooch & Housego <sup>#</sup>	404,665	5,625	1.99
IWG	1,021,851	4,450	1.57
Johnson Service Group <sup>#</sup>	3,722,570	7,237	2.55
Macfarlane Group	1,674,670	1,767	0.62
Midwich Group <sup>#</sup>	1,122,383	6,083	2.15
Polypipe Group	718,240	3,864	1.36
Renew Holdings <sup>#</sup>	2,031,662	10,971	3.87
Renold <sup>#</sup>	12,345,777	2,099	0.74
Robert Walters	660,972	3,675	1.30
Simplybiz Group <sup>#</sup>	1,409,074	3,452	1.22
Speedy Hire	2,866,817	2,150	0.76
Strix Group <sup>#</sup>	2,203,247	4,296	1.52
Thruvision Group <sup>#</sup>	19,212,761	5,226	1.84
Vitec Group	138,439	1,481	0.52
Vp	1,200,051	11,281	3.98
Wincanton	1,552,025	4,656	1.64
Xaar	1,145,104	616	0.22

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Industrials (continued)</b>			
XP Power	191,476	5,878	2.08
		<b>125,522</b>	<b>44.30</b>
<b>Consumer Goods 15.02% (18.01%)</b>			
Codemasters Group Holdings <sup>#</sup>	2,103,696	5,848	2.06
Fevertree Drinks <sup>#</sup>	60,827	1,269	0.45
Games Workshop Group	114,506	6,991	2.47
IG Design Group <sup>#</sup>	973,378	6,911	2.44
Mar City <sup>^</sup>	12,242,500	0	0.00
Nichols <sup>#</sup>	168,644	2,614	0.92
Team17 Group <sup>#</sup>	1,722,820	6,461	2.28
Walker Greenbank <sup>#</sup>	4,915,851	4,129	1.46
Warpaint London <sup>#</sup>	1,092,937	754	0.27
Watkin Jones <sup>#</sup>	2,606,579	6,321	2.23
Wynnstay Group <sup>#</sup>	426,660	1,259	0.44
		<b>42,557</b>	<b>15.02</b>
<b>Health Care 3.24% (3.24%)</b>			
Medica Group	2,364,856	3,760	1.33
Sensyne Health <sup>#</sup>	1,759,428	1,196	0.42
Spire Healthcare Group	2,969,307	4,217	1.49
		<b>9,173</b>	<b>3.24</b>
<b>Consumer Services 13.59% (15.41%)</b>			
4imprint Group	49,149	1,710	0.60
Everyman Media Group <sup>#</sup>	3,571,856	6,608	2.33
Hollywood Bowl Group	1,903,919	5,426	1.92
Loungers <sup>#</sup>	1,618,987	3,400	1.20
Marshall Motor Holdings <sup>#</sup>	3,037,402	4,647	1.64
On the Beach Group	737,090	3,593	1.27
Quiz <sup>#</sup>	1,774,198	305	0.11
TEN Entertainment Group	1,738,435	5,198	1.83

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Consumer Services (continued)</b>			
Wizz Air Holdings	34,443	1,342	0.47
XLMedia <sup>#</sup>	3,579,386	1,575	0.56
Young & Co's Brewery <sup>#</sup>	254,593	3,132	1.11
Young & Co's Brewery A <sup>#</sup>	95,713	1,555	0.55
		<b>38,491</b>	<b>13.59</b>
<b>Utilities 0.30% (0.60%)</b>			
Fulcrum Utility Services <sup>#</sup>	3,813,696	858	0.30
		<b>858</b>	<b>0.30</b>
<b>Financials 8.40% (8.30%)</b>			
Arrow Global Group	1,377,579	3,499	1.23
Brooks Macdonald Group <sup>#</sup>	183,719	3,876	1.37
CMC Markets	2,589,742	3,797	1.34
Distribution Finance Capital Holdings <sup>#</sup>	2,411,111	2,098	0.74
Record	11,475,098	4,360	1.54
Secure Income REIT <sup>#</sup>	1,310,501	5,688	2.01
Trufin <sup>#</sup>	1,224,011	490	0.17
		<b>23,808</b>	<b>8.40</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Technology 11.09% (9.68%)</b>			
Blackbird <sup>#</sup>	24,246,786	4,001	1.41
CML Microsystems	879,592	3,061	1.08
dotdigital group <sup>#</sup>	4,664,588	4,385	1.55
NCC Group	2,901,849	6,544	2.31
Quartix Holdings <sup>#</sup>	772,898	2,705	0.95
Quixant <sup>#</sup>	3,450,263	7,590	2.68
Tracsis <sup>#</sup>	264,393	1,851	0.65
Zoo Digital Group <sup>#</sup>	2,052,249	1,293	0.46
		<b>31,430</b>	<b>11.09</b>
<b>Equities total</b>			
		<b>280,889</b>	<b>99.14</b>
<b>Portfolio of investments</b>			
		<b>280,889</b>	<b>99.14</b>
<b>Net other assets</b>			
		2,435	0.86
<b>Net assets attributable to shareholders</b>			
		<b>283,324</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Security traded on another regulated market.

^ Unlisted, suspended or delisted security.



# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	52,869	(46,699)
Revenue	3	6,787	8,231
Expenses	4	(3,144)	(4,188)
Net revenue before taxation		<b>3,643</b>	<b>4,043</b>
Taxation	5	0	0
Net revenue after taxation		<b>3,643</b>	<b>4,043</b>
<b>Total return before distributions</b>		<b>56,512</b>	<b>(42,656)</b>
Distributions	6	(3,660)	(4,046)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>52,852</b>	<b>(46,702)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	296,590	418,998
Amounts receivable on issue of shares	2,027	3,957
Amounts payable on cancellation of shares	(71,237)	(83,056)
	<b>(69,210)</b>	<b>(79,099)</b>
Dilution adjustment	41	0
Change in net assets attributable to shareholders from investment activities	52,852	(46,702)
Retained distribution on Accumulation shares	3,051	3,393
<b>Closing net assets attributable to shareholders</b>	<b>283,324</b>	<b>296,590</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		280,889	294,077
<b>Current assets</b>			
Debtors	8	588	719
Cash and bank balances		2,475	3,009
<b>Total assets</b>		<b>283,952</b>	<b>297,805</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(140)	(210)
Other creditors	9	(488)	(1,005)
<b>Total liabilities</b>		<b>(628)</b>	<b>(1,215)</b>
<b>Net assets attributable to shareholders</b>			
		<b>283,324</b>	<b>296,590</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder UK Dynamic Smaller Companies Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	52,876	(46,693)
Transaction costs	(7)	(6)
<b>Net capital gains/(losses)</b>	<b>52,869</b>	<b>(46,699)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	6,090	7,644
Overseas dividends	430	140
Real estate income distributions	253	413
Interest distributions	0	19
Bank interest	14	15
<b>Total revenue</b>	<b>6,787</b>	<b>8,231</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	2,674	3,569
Administration charge	428	566
	<b>3,102</b>	<b>4,135</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	31	41
Safe custody fees	1	2
	<b>32</b>	<b>43</b>
<b>Other expenses:</b>		
Audit fee	10	10
<b>Total expenses</b>	<b>3,144</b>	<b>4,188</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>3,643</b>	<b>4,043</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	729	809
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,304)	(1,557)
Movement in excess management expenses	575	748
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

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

At the balance sheet date, there is a potential deferred tax asset of £10,577,990 (2018 – £10,002,625) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2019 £000's	2018 £000's
Interim Dividend distribution	2,406	2,344
Final Dividend distribution	1,068	1,546
	<b>3,474</b>	<b>3,890</b>
Add: Revenue deducted on cancellation of shares	189	164
Deduct: Revenue received on issue of shares	(3)	(8)
<b>Distributions</b>	<b>3,660</b>	<b>4,046</b>
Net revenue after taxation	3,643	4,043
Equalisation on conversions	17	3
<b>Distributions</b>	<b>3,660</b>	<b>4,046</b>

Details of the distributions per share are set out in the Distribution Table on pages 49 and 50.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	280,889	294,077
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>280,889</b>	<b>294,077</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	110	0
Sales awaiting settlement	77	0
Accrued revenue	393	711
Overseas withholding tax recoverable	8	8
<b>Total debtors</b>	<b>588</b>	<b>719</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	216	683
Accrued expenses	272	322
<b>Total other creditors</b>	<b>488</b>	<b>1,005</b>

# Notes to the Accounts (continued)

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 6.38% (2018 – 6.94%).

The revenue earned from these investments of Nil (2018 – £19,036) is included under Revenue in the Notes to the Accounts.

## 12 Share classes

The fund currently has seven share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Accumulation shares	1.50%
C Income shares	1.00%
C Accumulation shares	1.00%
S Income shares	0.375%
S Accumulation shares	0.375%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 35 to 38. The distributions per share class are given in the Distribution Table on pages 49 and 50. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

At the year end date, the majority of the fund's financial assets and liabilities were denominated in sterling. As a result, the fund has no material exposure to currency movements.

### Liquidity risk

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

### Interest rate risk

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

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

At the year end date 0.87% (2018: 1.01%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

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

# Notes to the Accounts (continued)

## Fair value of financial assets and financial liabilities

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

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	34,080	14	58	34,152	0.04	0.17
<b>Sales</b>						
Equities	100,264	(47)	0	100,217	(0.05)	0.00
Total cost of the fund's average net asset value (%)		<b>0.02</b>	<b>0.02</b>			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	70,975	27	127	71,129	0.04	0.18
<b>Sales</b>						
Equities	135,651	(72)	(1)	135,578	(0.05)	0.00
Funds	4,189	0	0	4,189	0.00	0.00
	<b>139,840</b>	<b>(72)</b>	<b>(1)</b>	<b>139,767</b>		
Total cost of the fund's average net asset value (%)		<b>0.03</b>	<b>0.03</b>			

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 2.49% (2018 – 3.29%).

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

# Notes to the Accounts (continued)

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Accumulation shares	22,287,173	396,030	(3,530,321)	(2,699,162)	16,453,720
C Income shares	678,683	1,925	(108,526)	(13,485)	558,597
C Accumulation shares	1,278,081	1,630	(328,287)	(80,805)	870,619
S Income shares	18,272,183	0	(5,019,418)	0	13,252,765
S Accumulation shares	10,172,381	0	(3,384,587)	(91,667)	6,696,127
Z Income shares	3,619,904	29,005	(830,251)	11,786	2,830,444
Z Accumulation shares	38,161,918	42,678	(9,270,757)	2,393,912	31,327,751

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	16,453,720	15,025,879	(8.68)	467.7	344.6	(26.32)
C Accumulation units	870,619	834,579	(4.14)	515.3	380.3	(26.20)
C Income units	558,597	519,781	(6.95)	447.7	329.3	(26.45)
S Accumulation units	6,696,127	6,114,898	(8.68)	86.05	63.63	(26.05)
S Income units	13,252,765	11,087,756	(16.34)	78.79	57.9	(26.51)
Z Accumulation units	31,327,751	29,263,171	(6.59)	550.7	406.8	(26.13)
Z Income units	2,830,444	2,843,782	0.47	512.6	376.9	(26.47)

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



# Distribution Table

## Interim distribution for the six months ended 30 June 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Accumulation shares</b>				
Group 1	2.3606	–	2.3606	1.5164
Group 2	2.0402	0.3204	2.3606	1.5164
<b>C Income shares</b>				
Group 1	3.2666	–	3.2666	2.5346
Group 2	2.7874	0.4792	3.2666	2.5346
<b>C Accumulation shares</b>				
Group 1	3.7253	–	3.7253	2.8620
Group 2	3.2627	0.4626	3.7253	2.8620
<b>S Income shares</b>				
Group 1	0.7873	–	0.7873	0.6781
Group 2	0.7873	0.0000	0.7873	0.6781
<b>S Accumulation shares</b>				
Group 1	0.8499	–	0.8499	0.7200
Group 2	0.8499	0.0000	0.8499	0.7200
<b>Z Income shares</b>				
Group 1	4.2940	–	4.2940	3.5036
Group 2	3.2656	1.0284	4.2940	3.5036
<b>Z Accumulation shares</b>				
Group 1	4.5710	–	4.5710	3.6812
Group 2	3.3417	1.2293	4.5710	3.6812

# Distribution Table (continued)

## Final distribution for the six months ended 31 December 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Accumulation shares</b>				
Group 1	0.5364	–	0.5364	0.7684
Group 2	0.0733	0.4631	0.5364	0.7684
<b>C Income shares</b>				
Group 1	1.5347	–	1.5347	1.7919
Group 2	0.5679	0.9668	1.5347	1.7919
<b>C Accumulation shares</b>				
Group 1	1.7658	–	1.7658	2.0498
Group 2	0.1484	1.6174	1.7658	2.0498
<b>S Income shares</b>				
Group 1	0.4938	–	0.4938	0.5506
Group 2	0.4938	0.0000	0.4938	0.5506
<b>S Accumulation shares</b>				
Group 1	0.5395	–	0.5395	0.5896
Group 2	0.5395	0.0000	0.5395	0.5896
<b>Z Income shares</b>				
Group 1	2.3398	–	2.3398	2.6741
Group 2	0.8640	1.4758	2.3398	2.6741
<b>Z Accumulation shares</b>				
Group 1	2.5138	–	2.5138	2.8264
Group 2	0.8480	1.6658	2.5138	2.8264

## Equalisation

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

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

# Schroder Sterling Corporate Bond Fund

## Fund Information

### Investment objective and policy

The Schroder Sterling Corporate Bond Fund (the 'fund') aims to provide income and capital growth in excess of the Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities issued by UK companies and companies worldwide.

The Fund is actively managed and invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) and issued by UK companies and companies worldwide.

The Fund may also invest in fixed and floating rate securities issued by governments, government agencies, and supra-nationals.

The Fund may invest up to 20% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus). The Fund may use leverage and take short positions.

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

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

The Fund invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) and issued by UK companies and companies worldwide.

The Fund may also invest in fixed and floating rate securities issued by governments and non-government agencies.

The Fund may invest up to 20% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

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

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

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index, and compared against the Investment Association Sterling Corporate Bond sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 14.61%. In comparison, the Bank of America Merrill Lynch Sterling Corporate & Collateralised Index generated a total return of 10.79%<sup>1</sup>.**

Corporate bonds performed well over the year. They rebounded strongly early on after the weakness in the final months of 2018 with sentiment lifted by central bank dovishness. The Federal Reserve (Fed) cut interest rates three times over the course of the year and the European Central Bank launched another round of stimulus measures. This outweighed concerns over geopolitical uncertainties through much of the year, notably the US-China trade war and to a lesser extent Brexit, although these abated later on in the year. Economic data was sound overall, particularly in the US, while the UK was resilient and Europe avoided recession.

The fund made strong positive returns and outperformed the benchmark. One of the main sources of returns was an overweight in UK financials, specifically medium sized banks, insurance and specialty finance companies. We also managed to take advantage of a number of improving yet unloved credits. In the second half of 2019 we reduced risk, lowering exposure to subordinated and long dated corporate bonds and increasing exposure to AAA, cash and government bonds. The fund's average credit rating increased.

The macroeconomic and geopolitical backdrop has brightened, particularly in terms of progressing negotiations between the US and China. In the UK the risk of a no-deal Brexit has subsided for now and the government intends to increase fiscal spending, which should bolster growth. The improving fundamental picture is, however, reflected in market levels. We do not know what will upset the apple cart, but it is clear to us that with low all-in yields and credit spreads, expected returns are low, leaving a narrow margin of safety. We are working hard to identify pockets of value in the market, to maintain a respectable overall yield without taking undue risk.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

**Fund Manager:**  
**Jonathan Golan**



Jonathan Golan is a Fund Manager at Schroders, which involves helping manage the European Credit Fixed Income strategy. He joined Schroders in 2013 and is based in London. Jonathan was Fixed Income Analyst at Schroders from 2013 to 2015, responsible for European Credit Fixed Income

Qualifications: MSc in Financial Economics from Oxford University; BA in Economics from The Hebrew University

<sup>1</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Income shares			A Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	59.57	63.20	60.95	72.82	74.30	68.76
Return before operating charges*	9.02	(0.54)	5.56	11.14	(0.65)	6.35
Operating charges	(0.72)	(0.70)	(0.71)	(0.89)	(0.83)	(0.81)
<b>Return after operating charges*</b>	<b>8.30</b>	<b>(1.24)</b>	<b>4.85</b>	<b>10.25</b>	<b>(1.48)</b>	<b>5.54</b>
Distributions <sup>1</sup>	(2.55)	(2.39)	(2.60)	(3.17)	(2.85)	(2.98)
Retained distributions <sup>1</sup>	–	–	–	3.17	2.85	2.98
<b>Closing net asset value</b>	<b>65.32</b>	<b>59.57</b>	<b>63.20</b>	<b>83.07</b>	<b>72.82</b>	<b>74.30</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	13.93	(1.96)	7.96	14.08	(1.99)	8.06
<b>Other information</b>						
Closing net asset value (£000's)	14,215	14,827	15,765	33,302	35,132	39,453
Closing number of shares	21,761,121	24,892,280	24,944,694	40,089,248	48,248,086	53,100,839
Operating charges (%)	1.12	1.12	1.13	1.12	1.12	1.13
<b>Prices</b>						
Highest dealing price (p)	66.63	63.66	64.36	83.91	74.87	74.65
Lowest dealing price (p)	59.86	59.98	60.62	73.17	72.57	68.39

# Comparative Table (continued)

Financial year to 31 December	C Income shares			C Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	59.14	62.59	60.22	139.77	142.26	131.34
Return before operating charges*	8.97	(0.54)	5.48	21.42	(1.25)	12.12
Operating charges	(0.55)	(0.54)	(0.54)	(1.33)	(1.24)	(1.20)
<b>Return after operating charges*</b>	<b>8.42</b>	<b>(1.08)</b>	<b>4.94</b>	<b>20.09</b>	<b>(2.49)</b>	<b>10.92</b>
Distributions <sup>1</sup>	(2.54)	(2.37)	(2.57)	(6.09)	(5.47)	(5.69)
Retained distributions <sup>1</sup>	–	–	–	6.09	5.47	5.69
<b>Closing net asset value</b>	<b>65.02</b>	<b>59.14</b>	<b>62.59</b>	<b>159.86</b>	<b>139.77</b>	<b>142.26</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	14.24	(1.73)	8.20	14.37	(1.75)	8.31
<b>Other information</b>						
Closing net asset value (£000's)	9,106	9,094	11,301	7,024	6,357	7,366
Closing number of shares	14,004,369	15,375,793	18,055,421	4,393,785	4,547,942	5,177,780
Operating charges (%)	0.87	0.87	0.88	0.87	0.87	0.88
<b>Prices</b>						
Highest dealing price (p)	66.32	63.06	63.69	161.50	143.40	142.90
Lowest dealing price (p)	59.44	59.55	59.90	140.50	139.30	130.60

# Comparative Table (continued)

## Q Income shares

## S Income shares

Financial year to 31 December	2019 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>				
Opening net asset value	50.00	52.53	55.34	52.99
Return before operating charges*	0.44	7.98	(0.48)	4.85
Operating charges	(0.03)	(0.24)	(0.23)	(0.23)
<b>Return after operating charges*</b>	<b>0.41</b>	<b>7.74</b>	<b>(0.71)</b>	<b>4.62</b>
Distributions <sup>1</sup>	(0.19)	(2.26)	(2.10)	(2.27)
Retained distributions <sup>1</sup>	–	–	–	–
<b>Closing net asset value</b>	<b>50.22</b>	<b>58.01</b>	<b>52.53</b>	<b>55.34</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00
<b>Performance</b>				
Return after charges (%)	0.82	14.73	(1.28)	8.72
<b>Other information</b>				
Closing net asset value (£000's)	1	56,765	72,113	73,862
Closing number of shares	2,000	97,856,020	137,292,003	133,481,085
Operating charges (%)	0.42	0.42	0.42	0.42
<b>Prices</b>				
Highest dealing price (p)	50.92	59.16	55.75	56.24
Lowest dealing price (p)	49.99	52.79	52.86	52.73

## Q Income shares

The share class was launched on 22 November 2019.



# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			Z Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	149.00	150.97	151.40	115.23	121.64	116.73
Return before operating charges*	22.87	(1.33)	(0.41)	17.51	(1.04)	10.65
Operating charges	(0.69)	(0.64)	(0.02)	(0.77)	(0.75)	(0.75)
<b>Return after operating charges*</b>	<b>22.18</b>	<b>(1.97)</b>	<b>(0.43)</b>	<b>16.74</b>	<b>(1.79)</b>	<b>9.90</b>
Distributions <sup>1</sup>	(6.50)	(5.82)	(1.39)	(4.95)	(4.62)	(4.99)
Retained distributions <sup>1</sup>	6.50	5.82	1.39	–	–	–
<b>Closing net asset value</b>	<b>171.18</b>	<b>149.00</b>	<b>150.97</b>	<b>127.02</b>	<b>115.23</b>	<b>121.64</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	14.89	(1.30)	(0.28)	14.53	(1.47)	8.48
<b>Other information</b>						
Closing net asset value (£000's)	9,193	8,134	8,980	130,114	44,591	43,650
Closing number of shares	5,370,496	5,459,231	5,947,881	102,439,968	38,696,143	35,883,537
Operating charges (%)	0.42	0.42	0.04	0.62	0.62	0.63
<b>Prices</b>						
Highest dealing price (p)	172.90	152.30	151.70	129.50	122.60	123.70
Lowest dealing price (p)	149.70	147.90	150.50	115.80	116.00	116.10

## S Accumulation shares

The share class was launched on 15 December 2017.

# Comparative Table (continued)

## Z Accumulation shares

Financial year to 31 December	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>			
Opening net asset value	148.69	150.96	139.02
Return before operating charges*	22.82	(1.33)	12.85
Operating charges	(1.02)	(0.94)	(0.91)
<b>Return after operating charges*</b>	<b>21.80</b>	<b>(2.27)</b>	<b>11.94</b>
Distributions <sup>1</sup>	(6.47)	(5.81)	(6.04)
Retained distributions <sup>1</sup>	6.47	5.81	6.04
<b>Closing net asset value</b>	<b>170.49</b>	<b>148.69</b>	<b>150.96</b>
*after direct transaction costs of	0.00	0.00	0.00
<b>Performance</b>			
Return after charges (%)	14.66	(1.50)	8.59
<b>Other information</b>			
Closing net asset value (£000's)	241,034	71,081	34,100
Closing number of shares	141,380,409	47,804,720	22,589,228
Operating charges (%)	0.62	0.62	0.63
<b>Prices</b>			
Highest dealing price (p)	172.20	152.10	151.70
Lowest dealing price (p)	149.40	147.90	138.30

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

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

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# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 1.59% (0.00%)</b>			
<b>United States of America 1.59% (0.00%)</b>			
Energy Transfer Operating Preference	413,467	7,938	1.59
		<b>7,938</b>	<b>1.59</b>
<b>Equities total</b>			
		<b>7,938</b>	<b>1.59</b>

<b>Government Bonds 5.53% (7.85%)</b>			
<b>Argentina 0.00% (0.31%)</b>			
<b>Mexico 0.30% (0.50%)</b>			
Mexico Government Bond 5.625% 19/03/2114	£1,380,000	1,520	0.30
		<b>1,520</b>	<b>0.30</b>
<b>Romania 0.00% (0.57%)</b>			

<b>United Kingdom 5.23% (6.47%)</b>			
UK Treasury 0.875% 22/10/2029	£2,000,000	2,012	0.40
UK Treasury 1.75% 07/09/2037	£1,305,389	1,415	0.28
UK Treasury 4.75% 07/12/2038	£3,542,231	5,674	1.14
UK Treasury 4.25% 07/09/2039	£2,095,267	3,199	0.64
UK Treasury 4.25% 07/12/2040	£1,150,171	1,779	0.36
UK Treasury 4.25% 07/12/2046	£1,000,000	1,664	0.33
UK Treasury 1.5% 22/07/2047	£9,482,088	9,877	1.97
UK Treasury 1.75% 22/01/2049	£511,000	564	0.11
		<b>26,184</b>	<b>5.23</b>
<b>Government Bonds total</b>			
		<b>27,704</b>	<b>5.53</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Corporate Bonds 83.37% (88.84%)</b>			
<b>Belgium 0.00% (0.13%)</b>			
<b>Bermuda 0.33% (0.00%)</b>			
Hiscox FRN 6.125% 24/11/2045	£1,433,000	1,625	0.33
		<b>1,625</b>	<b>0.33</b>
<b>Brazil 0.36% (0.00%)</b>			
Prumo Participacoes e Investimentos S/A 7.5% 31/12/2031	US\$2,315,152	1,814	0.36
		<b>1,814</b>	<b>0.36</b>
<b>Cayman Islands 1.03% (1.05%)</b>			
Mizzen Bondco 7% 01/05/2021	£5,210,394	5,140	1.03
		<b>5,140</b>	<b>1.03</b>
<b>Czech Republic 0.77% (0.00%)</b>			
EP Infrastructure 1.698% 30/07/2026	€2,320,000	1,969	0.40
EP Infrastructure 2.045% 09/10/2028	€2,229,000	1,864	0.37
		<b>3,833</b>	<b>0.77</b>
<b>Denmark 0.66% (0.00%)</b>			
Danske Bank 5% 12/01/2022	US\$4,178,000	3,322	0.66
		<b>3,322</b>	<b>0.66</b>
<b>France 2.81% (6.11%)</b>			
Casino Guichard Perrachon 4.561% 25/01/2023	€500,000	417	0.08
Quatrim 5.875% 15/01/2024	€540,000	484	0.10
La Financiere Atalian 4% 15/05/2024	€600,000	409	0.08
Iliad 1.875% 25/04/2025	€1,000,000	856	0.17

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>France (continued)</b>			
La Financiere Atalian 6.625% 15/05/2025	£2,987,000	2,331	0.47
TDF Infrastructure 2.5% 07/04/2026	€1,800,000	1,613	0.32
Electricite de France 4.5% 21/09/2028	US\$471,000	397	0.08
Electricite de France 5.5% 17/10/2041	£2,600,000	3,779	0.75
Electricite de France FRN 6% Perpetual	£2,000,000	2,216	0.44
Orange FRN 5.75% Perpetual	£1,437,000	1,587	0.32
		<b>14,089</b>	<b>2.81</b>

## Germany 0.00% (0.49%)

## Guernsey 0.58% (0.00%)

Summit Properties 2% 31/01/2025	€3,500,000	2,901	0.58
		<b>2,901</b>	<b>0.58</b>

## Iceland 0.90% (0.88%)

Landsbankinn 1.375% 14/03/2022	€2,600,000	2,262	0.45
Arion Banki 1% 20/03/2023	€1,000,000	859	0.17
Islandsbanki FRN 1.125% 19/01/2024	€1,622,000	1,389	0.28
		<b>4,510</b>	<b>0.90</b>

## Ireland 3.40% (1.06%)

Perrigo Finance 4.375% 15/03/2026	US\$5,700,000	4,455	0.89
Roadster Finance 1.625% 09/12/2029	€3,050,000	2,645	0.53
Roadster Finance 2.375% 08/12/2032	€2,038,000	1,794	0.36
Perrigo Finance 4.9% 15/12/2044	US\$5,413,000	3,789	0.75
Aryzta Euro Finance FRN 4.5% Perpetual	€5,352,000	4,356	0.87
		<b>17,039</b>	<b>3.40</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Italy 1.82% (2.13%)</b>			
FCA Bank 1.625% 29/09/2021	£2,146,000	2,147	0.43
UniCredit FRN 5.901% 14/01/2022	US\$2,010,000	1,595	0.32
Autostrade per l'Italia 6.25% 09/06/2022	£2,225,000	2,378	0.47
Atlantia 1.625% 03/02/2025	€1,664,000	1,352	0.27
Enel 5.75% 22/06/2037	£700,000	987	0.20
Superstrada Pedemontana Veneta, STEP 0% 30/06/2047	€800,000	670	0.13
		<b>9,129</b>	<b>1.82</b>

## Jersey 1.44% (2.24%)

Porterbrook Rail Finance 6.5% 20/10/2020	£250,000	260	0.05
AA Bond 6.269% 02/07/2043	£4,752,000	5,023	1.00
AA Bond 4.875% 31/07/2043	£1,858,000	1,893	0.38
HSBC Bank Capital Funding Sterling 2 FRN 5.862% Perpetual	£32,000	32	0.01
		<b>7,208</b>	<b>1.44</b>

## Luxembourg 3.44% (5.19%)

Gazprom 4.25% 06/04/2024	£647,000	701	0.14
ADO Properties 1.5% 26/07/2024	€2,100,000	1,763	0.35
Blackstone Property Partners Europe Holdings 1.75% 12/03/2029	€11,363,000	9,626	1.92
Medtronic Global Holdings 1.75% 02/07/2049	€2,129,000	1,765	0.35
Eurofins Scientific FRN 2.875% Perpetual	€3,000,000	2,488	0.50

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Luxembourg (continued)</b>			
Eurofins Scientific FRN 4.875% Perpetual	€1,000,000	888	0.18
		<b>17,231</b>	<b>3.44</b>

<b>Mexico 1.14% (0.69%)</b>			
Petroleos Mexicanos 8.25% 02/06/2022	£2,886,000	3,261	0.65
Petroleos Mexicanos 3.75% 16/11/2025	£2,500,000	2,440	0.49
		<b>5,701</b>	<b>1.14</b>

<b>Netherlands 3.46% (9.05%)</b>			
Volkswagen Financial Services 1.625% 30/11/2022	£6,900,000	6,888	1.38
NIBC Bank 3.125% 15/11/2023	£2,700,000	2,823	0.56
Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	€2,738,000	2,458	0.49
Koninklijke KPN 5% 18/11/2026	£2,370,000	2,745	0.55
Teva Pharmaceutical Finance Netherlands II 1.875% 31/03/2027	€3,416,000	2,392	0.48
		<b>17,306</b>	<b>3.46</b>

<b>Portugal 0.00% (0.70%)</b>			
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<b>Spain 0.86% (0.57%)</b>			
Abertis Infraestructuras 3.375% 27/11/2026	£4,100,000	4,306	0.86
		<b>4,306</b>	<b>0.86</b>

<b>Sweden 0.40% (3.14%)</b>			
Heimstaden Bostad 2.125% 05/09/2023	€2,257,000	2,016	0.40
		<b>2,016</b>	<b>0.40</b>

<b>Switzerland 0.64% (2.31%)</b>			
Aryzta FRN 0% Perpetual	CHF4,865,000	3,197	0.64
		<b>3,197</b>	<b>0.64</b>

<b>United Kingdom 52.99% (48.08%)</b>			
FCE Bank 3.25% 19/11/2020	£2,000,000	2,025	0.40
Skipton Building Society 1.75% 30/06/2022	£814,000	819	0.16
G4S International Finance 1.5% 09/01/2023	€8,821,000	7,649	1.53
EnQuest 7% 15/04/2023	£400,000	351	0.07
Anglian Water Osprey Financing 5% 30/04/2023	£1,439,000	1,484	0.30
Provident Financial 7% 04/06/2023	£5,825,000	6,044	1.21
HSBC Holdings FRN 2.175% 27/06/2023	£1,005,000	1,022	0.20
Royal Bank of Scotland Group 3.875% 12/09/2023	US\$850,000	674	0.13
EnQuest FRN 7% 15/10/2023	US\$5,000,000	3,303	0.66
National Express Group 2.5% 11/11/2023	£517,000	532	0.11
Jerrold Finco 6.125% 15/01/2024	£2,918,000	3,015	0.60
Barclays 3.125% 17/01/2024	£1,300,000	1,365	0.27
Santander UK FRN 1.441% 12/02/2024	£3,000,000	3,022	0.60
Saga 3.375% 12/05/2024	£7,100,000	6,276	1.25
Pension Insurance 6.5% 03/07/2024	£1,659,000	1,900	0.38
Ithaca Energy North Sea 9.375% 15/07/2024	US\$400,000	316	0.06
Ithaca Energy North Sea 9.375% 15/07/2024 (REGS)	US\$2,124,000	1,680	0.34

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Yorkshire Building Society FRN 1.291% 21/11/2024	£3,182,000	3,185	0.64
eG Global Finance 6.75% 07/02/2025	US\$2,000,000	1,537	0.31
Just Group 3.5% 07/02/2025	£4,000,000	3,815	0.76
Yorkshire Building Society FRN 3% 18/04/2025	£4,173,000	4,310	0.86
BAT International Finance 3.95% 15/06/2025	US\$3,543,000	2,837	0.57
Virgin Money UK FRN 3.125% 22/06/2025	£2,158,000	2,168	0.43
Tesco Personal Finance Group 3.5% 25/07/2025	£5,064,000	5,258	1.05
Next Group 3% 26/08/2025	£1,011,000	1,052	0.21
eG Global Finance 8.5% 30/10/2025	US\$1,990,000	1,599	0.32
Phoenix Group Holdings 6.625% 18/12/2025	£3,412,000	3,970	0.79
Yorkshire Building Society 3.5% 21/04/2026	£4,073,000	4,449	0.89
Virgin Money UK FRN 3.375% 24/04/2026	£7,675,000	7,788	1.56
London & Quadrant Housing Trust 2.625% 05/05/2026	£1,000,000	1,045	0.21
TSB Banking Group FRN 5.75% 06/05/2026	£2,199,000	2,253	0.45
Barclays 3% 08/05/2026	£2,594,000	2,716	0.54
Imperial Brands Finance 3.5% 26/07/2026	US\$4,479,000	3,411	0.68
Western Power Distribution 3.5% 16/10/2026	£5,147,000	5,477	1.09

	Holding at 31.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
HSBC Holdings FRN 2.256% 13/11/2026	£1,299,000	1,319	0.26
Pension Insurance 8% 23/11/2026	£2,500,000	3,142	0.63
Imperial Brands Finance 2.125% 12/02/2027	€4,000,000	3,549	0.71
Royal Bank of Scotland Group FRN 3.125% 28/03/2027	£2,679,000	2,830	0.57
Virgin Money UK FRN 4% 03/09/2027	£2,151,000	2,239	0.45
Sainsbury's Bank FRN 6% 23/11/2027	£7,859,000	8,124	1.62
London & Quadrant Housing Trust 2.625% 28/02/2028	£7,081,000	7,382	1.47
Quilter FRN 4.478% 28/02/2028	£5,107,000	5,337	1.07
Grainger 3.375% 24/04/2028	£8,905,000	9,347	1.87
Metro Bank FRN 5.5% 26/06/2028	£4,719,000	3,834	0.77
UNITE Group REIT 3.5% 15/10/2028	£2,018,000	2,173	0.43
RI Finance Bonds No. 3 6.125% 13/11/2028	£3,084,000	3,686	0.74
National Express Group 2.375% 20/11/2028	£2,364,000	2,369	0.47
Clarion Funding 2.625% 18/01/2029	£1,306,000	1,389	0.28
Notting Hill Genesis 2.875% 31/01/2029	£3,991,000	4,193	0.84
Reassure Group 5.867% 13/06/2029	£6,055,000	6,785	1.36
London & Quadrant Housing Trust 2.25% 20/07/2029	£1,406,000	1,421	0.28
Quadgas Finance 3.375% 17/09/2029	£1,290,000	1,336	0.27
Just Group 8.125% 26/10/2029	£3,000,000	3,153	0.63

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Liberty Living Finance 3.375% 28/11/2029	£3,692,000	3,929	0.78
HSBC Holdings FRN 3% 29/05/2030	£1,500,000	1,581	0.32
UNITE USAF II 3.921% 30/06/2030	£3,563,000	3,930	0.78
Pension Insurance 5.625% 20/09/2030	£1,200,000	1,332	0.27
Mitchells & Butlers Finance, Series B2 6.013% 15/12/2030	£3,675,364	4,148	0.83
Wm Morrison Supermarkets 2.5% 01/10/2031	£1,696,000	1,695	0.34
Telereal Securitisation 5.553% 10/12/2033	£73,272	89	0.02
Telereal Securitisation FRN 4.09% 10/12/2033	£800,000	824	0.16
Greene King Finance 3.593% 15/03/2035	£4,812,000	5,178	1.03
Longstone Finance, Series A 4.791% 19/04/2036	£138,971	160	0.03
Longstone Finance 4.896% 19/04/2036	£680,000	791	0.16
Morhomes 3.4% 19/02/2038	£2,500,000	2,691	0.54
Tesco Property Finance 4 5.801% 13/10/2040	£1,036,984	1,354	0.27
Tesco Property Finance 5 5.661% 13/10/2041	£1,962,557	2,533	0.51
Home Group 3.125% 27/03/2043	£2,751,000	2,922	0.58
LiveWest Treasury 2.25% 10/10/2043	£1,343,000	1,307	0.26
Yorkshire Housing Finance 4.125% 31/10/2044	£5,988,000	7,548	1.51
WPP Finance 2013 2.875% 14/09/2046	£3,728,000	3,384	0.68
Catalyst Housing 3.125% 31/10/2047	£7,665,000	8,545	1.71

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Optivo Finance 3.283% 22/03/2048	£1,861,000	2,111	0.42
Notting Hill Housing Trust 3.25% 12/10/2048	£4,040,000	4,314	0.86
Citizen Treasury 3.25% 20/10/2048	£1,674,000	1,914	0.38
Wrekin Housing Group 2.5% 22/10/2048	£1,500,000	1,489	0.30
Sovereign Housing Capital 2.375% 04/11/2048	£3,237,000	3,232	0.65
M&G FRN 3.875% 20/07/2049	£303,000	310	0.06
RL Finance Bonds NO 4 FRN 4.875% 07/10/2049	£3,238,000	3,373	0.67
London & Quadrant Housing Trust 3.75% 27/10/2049	£1,480,000	1,770	0.35
Channel Link Enterprises Finance FRN 1.761% 30/06/2050	€2,256,000	1,922	0.38
Channel Link Enterprises Finance FRN 2.706% 30/06/2050	€2,632,000	2,325	0.46
M&G FRN 5.56% 20/07/2055	£2,989,000	3,324	0.66
M&G FRN 6.25% 20/10/2068	£4,006,000	4,824	0.96
SSE FRN 4.75% 16/09/2077	US\$4,999,000	3,883	0.78
Barclays Bank FRN 5.33% Perpetual	£2,360,000	2,353	0.47
SSE FRN 3.875% Perpetual	£2,300,000	2,317	0.46
		<b>265,357</b>	<b>52.99</b>
<b>United States of America 6.34% (5.02%)</b>			
Mylan 3.125% 15/01/2023	US\$3,567,000	2,740	0.55
EnLink Midstream Partners 4.4% 01/04/2024	US\$1,500,000	1,102	0.22

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Reynolds American 4.45% 12/06/2025	US\$3,481,000	2,838	0.57
Altria Group 1.7% 15/06/2025	€6,140,000	5,412	1.08
Sotheby's 7.375% 15/10/2027	US\$1,682,000	1,289	0.26
MPT Operating Partnership REIT 3.692% 05/06/2028	£3,219,000	3,302	0.66
EnLink Midstream 5.375% 01/06/2029	US\$3,000,000	2,135	0.42
AT&T 7% 30/04/2040	£2,650,000	4,146	0.83
AT&T 4.25% 01/06/2043	£3,350,000	3,903	0.78
AT&T 4.875% 01/06/2044	£2,600,000	3,302	0.66
EnLink Midstream Partners FRN 6% Perpetual	US\$3,000,000	1,561	0.31
		<b>31,730</b>	<b>6.34</b>
<b>Corporate Bonds total</b>			
		<b>417,454</b>	<b>83.37</b>
<b>Convertible Bonds 1.94% (0.88%)</b>			
<b>Jersey 1.12% (0.88%)</b>			
Intu Jersey 2 REIT 2.88% 01/11/2022	£8,200,000	5,631	1.12
		<b>5,631</b>	<b>1.12</b>
<b>Luxembourg 0.82% (0.00%)</b>			
ADO Properties 1.25% 23/11/2023	€4,900,000	4,108	0.82
		<b>4,108</b>	<b>0.82</b>
<b>Convertible Bonds total</b>			
		<b>9,739</b>	<b>1.94</b>
<b>Swaps 0.00% ((0.48%))</b>			
Credit Default Swap J.P. Morgan Buy BP 4.2% 15/06/2018 20/12/2021	EUR 970,000	(15)	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap BNP Paribas Buy Standard Chartered Bank 5.875% 26/09/2017 20/12/2021	EUR 1,530,000	(21)	0.00
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/06/2022	EUR 246,812	(4)	0.00
Credit Default Swap Barclays Buy Wendel 3.75% 21/01/2021 20/06/2023	EUR 5,000,000	(693)	(0.14)
Credit Default Swap BNP Paribas Buy BASF 2% 05/12/2022 20/06/2024	EUR 1,900,000	(59)	(0.01)
Credit Default Swap Citigroup Buy Rexel 2.125% 15/06/2025 20/06/2024	EUR 3,000,000	(483)	(0.10)
Credit Default Swap Merrill Lynch Buy Rexel 2.125% 15/06/2025 20/06/2024	EUR 1,000,000	(161)	(0.03)
Credit Default Swap Citigroup Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 2,482,300	(29)	(0.01)
Credit Default Swap Credit Suisse Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 2,000,000	(23)	0.00
Credit Default Swap Goldman Sachs Buy BNP Paribas 5% 28/06/2016 20/06/2024	EUR 3,044,733	(35)	(0.01)
Credit Default Swap Citigroup Buy Societe Generale 5.875% 21/12/2016 20/06/2024	EUR 720,261	(6)	0.00



# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap BNP Paribas Buy HSBC Holdings 6% 10/06/2019 20/06/2024	EUR 3,765,000	(24)	(0.01)
Credit Default Swap Citigroup Sell Iberdrola 2.875% 11/11/2020 20/06/2021	EUR 484,147	6	0.00
Credit Default Swap J.P. Morgan Sell Next 5.375% 26/10/2021 20/06/2022	EUR 3,000,000	43	0.01
Credit Default Swap J.P. Morgan Sell Heathrow Funding 1.875% 23/05/2024 20/06/2023	EUR 1,338,091	17	0.00
Credit Default Swap Barclays Sell Heathrow Funding 1.875% 23/05/2024 20/12/2023	EUR 379,856	5	0.00
Credit Default Swap Citigroup Sell Heathrow Funding 1.875% 23/05/2024 20/12/2023	EUR 879,280	11	0.00
Credit Default Swap J.P. Morgan Sell Heathrow Funding 1.875% 23/05/2024 20/12/2023	EUR 2,461,994	30	0.00
Credit Default Swap Credit Suisse Sell Imperit 1.375% 27/01/2025 20/06/2024	EUR 2,500,000	23	0.01
Credit Default Swap BNP Paribas Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 3,000,000	30	0.01
Credit Default Swap Citigroup Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 3,129,032	31	0.01

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap J.P. Morgan Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 1,129,032	11	0.00
Credit Default Swap Merrill Lynch Sell Wendel 3.75% 21/01/2021 20/06/2024	EUR 5,000,000	853	0.17
Credit Default Swap Citigroup Sell British Telecommunications 5.75% 07/12/2028 20/06/2024	EUR 5,000,000	74	0.02
Inflation Rate Swap Morgan Stanley Pay floating UKRPI 1 month Receive fixed 3.658% 15/06/2024	GBP 5,000,000	137	0.03
Inflation Rate Swap Morgan Stanley Pay floating UKRPI 1 month Receive fixed 3.775% 15/09/2029	GBP 2,000,000	99	0.02
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 0.99% 06/07/2022	GBP 4,670,000	21	0.00
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 0.69% 23/08/2022	GBP 10,000,000	(31)	(0.01)
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 1.309% 06/02/2023	GBP 4,540,000	68	0.01
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 0.678% 23/08/2024	GBP 6,500,000	(57)	(0.01)

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Interest Rate Swap Morgan Stanley Pay fixed 0.719% Receive floating EURIBOR 6 month 27/06/2049	EUR 424,307	(9)	0.00
Interest Rate Swap Morgan Stanley Pay fixed 0.79% Receive floating LIBOR 6 month 23/08/2049	GBP 2,200,000	185	0.04
<b>Swaps total</b>		<b>(6)</b>	<b>0.00</b>
<b>Forward Foreign Currency Contracts 0.41% ((0.24)%)</b>			
Buy CHF 27,937 Sell GBP 22,016 30/01/2020	CHF 27,937	0	0.00
Buy EUR 3,668,715 Sell GBP 3,092,376 30/01/2020	EUR 3,668,715	29	0.01
Buy EUR 13,539,160 Sell GBP 11,632,814 30/01/2020	EUR 13,539,160	(114)	(0.03)
Buy USD 1,219,023 Sell GBP 921,588 30/01/2020	USD 1,219,023	1	0.00
Buy USD 4,319,858 Sell GBP 3,336,009 30/01/2020	USD 4,319,858	(68)	(0.01)
Sell CHF 3,611,455 Buy GBP 2,835,637 30/01/2020	CHF (3,611,455)	5	0.00
Sell CHF 343,000 Buy GBP 264,948 30/01/2020	CHF (343,000)	(4)	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell EUR 92,761,474 Buy GBP 80,176,649 30/01/2020	EUR (92,761,474)	1,258	0.24
Sell EUR 11,524,402 Buy GBP 9,709,999 30/01/2020	EUR (11,524,402)	(95)	(0.01)
Sell USD 71,457,168 Buy GBP 55,127,035 30/01/2020	USD (71,457,168)	1,074	0.22
Sell USD 5,845,892 Buy GBP 4,371,789 30/01/2020	USD (5,845,892)	(50)	(0.01)
<b>Forward Foreign Currency Contracts total</b>		<b>2,036</b>	<b>0.41</b>
<b>Futures (0.04)% (0.03%)</b>			
Euro-Bobl March 2020	(158)	90	0.02
Euro-Bund March 2020	(91)	165	0.03
Long Gilt March 2020	290	(326)	(0.07)
US 10 Year Note March 2020	142	(119)	(0.02)
<b>Futures total</b>		<b>(190)</b>	<b>(0.04)</b>
Portfolio of investments		<b>464,675</b>	<b>92.80</b>
Net other assets		36,079	7.20
<b>Net assets attributable to shareholders</b>		<b>500,754</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	32,358	(11,527)
Revenue	3	13,998	9,160
Expenses	4	(2,315)	(1,684)
Net revenue before taxation		<b>11,683</b>	<b>7,476</b>
Taxation	5	0	0
Net revenue after taxation		<b>11,683</b>	<b>7,476</b>
<b>Total return before distributions</b>		<b>44,041</b>	<b>(4,051)</b>
Distributions	6	(13,994)	(9,558)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>30,047</b>	<b>(13,609)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	261,329	234,477
Amounts receivable on issue of shares	234,151	59,904
Amounts payable on cancellation of shares	(33,003)	(23,651)
	<b>201,148</b>	<b>36,253</b>
Dilution adjustment	293	12
Change in net assets attributable to shareholders from investment activities	30,047	(13,609)
Retained distribution on Accumulation shares	7,931	4,188
Unclaimed distributions	6	8
<b>Closing net assets attributable to shareholders</b>	<b>500,754</b>	<b>261,329</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		467,101	255,392
<b>Current assets</b>			
Debtors	8	16,397	3,844
Cash and bank balances	9	22,844	6,263
<b>Total assets</b>		<b>506,342</b>	<b>265,499</b>
<b>Liabilities</b>			
Investment liabilities		(2,426)	(2,209)
<b>Creditors</b>			
Bank overdrafts	10	(732)	(162)
Distributions payable		(2,038)	(1,469)
Other creditors	11	(392)	(330)
<b>Total liabilities</b>		<b>(5,588)</b>	<b>(4,170)</b>
<b>Net assets attributable to shareholders</b>		<b>500,754</b>	<b>261,329</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder Sterling Corporate Bond Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	27,342	(9,795)
Derivative contracts	(247)	(911)
Forward foreign currency contracts	5,875	(658)
Foreign currency losses	(584)	(149)
Transaction costs	(28)	(14)
<b>Net capital gains/(losses)</b>	<b>32,358</b>	<b>(11,527)</b>

## 3 Revenue

	2019 £000's	2018 £000's
Overseas dividends	143	0
Interest on debt securities	13,002	8,864
Bank interest	29	18
Net revenue return from derivative contracts	824	278
<b>Total revenue</b>	<b>13,998</b>	<b>9,160</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	1,907	1,388
Administration charge	349	248
	<b>2,256</b>	<b>1,636</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	34	25
Safe custody fees	12	9
	<b>46</b>	<b>34</b>
<b>Other expenses:</b>		
Audit fee	9	11
Interest payable	4	3
	<b>13</b>	<b>14</b>
<b>Total expenses</b>	<b>2,315</b>	<b>1,684</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>11,683</b>	<b>7,476</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	2,337	1,495
<b>Effects of:</b>		
Revenue not subject to corporation tax	(29)	0
Interest distributions deductible for tax purposes	(2,308)	(1,495)
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

## 6 Distributions

The distributions, which are on an effective yield/coupon basis, take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £000's	2018 £000's
Quarterly Interest distribution	2,742	2,176
Interim Interest distribution	3,379	2,358
Quarterly Interest distribution	4,123	2,491
Final Interest distribution	4,829	2,717
	<b>15,073</b>	<b>9,742</b>
Add: Revenue deducted on cancellation of shares	174	108
Deduct: Revenue received on issue of shares	(1,253)	(292)
<b>Distributions</b>	<b>13,994</b>	<b>9,558</b>
Net revenue after taxation	11,683	7,476
Expenses taken to capital	2,311	1,681
Adjustment for coupon distributions	0	401
<b>Distributions</b>	<b>13,994</b>	<b>9,558</b>

Details of the distributions per share are set out in the Distribution Table on pages 79 to 83.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	35,897	(445)	17,041	(56)
Level 2: Observable market data	431,204	(1,981)	238,351	(2,153)
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>467,101</b>	<b>(2,426)</b>	<b>255,392</b>	<b>(2,209)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	11,743	568
Sales awaiting settlement	34	0
Accrued revenue	4,595	3,260
Amounts receivable on derivative contracts	25	16
<b>Total debtors</b>	<b>16,397</b>	<b>3,844</b>

## 9 Cash and bank balances

	2019 £000's	2018 £000's
Cash and bank balances	19,460	3,002
Amounts held at futures clearing houses and brokers	3,384	3,261
<b>Total cash and bank balances</b>	<b>22,844</b>	<b>6,263</b>

## 10 Bank overdrafts

	2019 £000's	2018 £000's
Amounts overdrawn at futures clearing houses and brokers	732	162
<b>Total bank overdrafts</b>	<b>732</b>	<b>162</b>

# Notes to the Accounts (continued)

## 11 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	102	145
Amounts payable on derivative contracts	8	1
Accrued expenses	282	184
<b>Total other creditors</b>	<b>392</b>	<b>330</b>

## 12 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 13 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 14.13% (2018 – 32.67%).

## 14 Share classes

The fund currently has nine share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Income shares	1.00%
A Accumulation shares	1.00%
C Income shares	0.75%
C Accumulation shares	0.75%
Q Income shares	0.42%
S Income shares	0.30%
S Accumulation shares	0.30%
Z Income shares	0.50%
Z Accumulation shares	0.50%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 54 to 58. The distributions per share class are given in the Distribution Table on pages 79 to 83. All classes have the same rights on winding up.

## 15 Derivative and other financial instruments

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

### Market price risk

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

### Derivative risk

Where a fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.



# Notes to the Accounts (continued)

## Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

## Liquidity risk

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

## Credit risk

Certain transactions in securities that the fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities. The fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

## Interest rate risk

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

The fund may invest in fixed and floating rate securities. The revenue of the fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities. The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Sterling denominated floating rate stocks bear interest at rates referenced to the Retail Price Index. Sterling denominated floating rate bonds, foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on the London Interbank Offer Rate or its international equivalent. Euro denominated floating rate notes/bonds bear interest at rates based on Euro Interbank Offer Rate. US dollar denominated floating rate notes/bonds bear interest at rates based on US London Interbank Offer Rate.

## Fair value of financial assets and financial liabilities

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

## Derivatives

During the year the fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

## Global risk exposure

### Relative VaR approach

This approach is used for the funds whose risk can be managed in relation to a defined benchmark.

### Regulatory VaR limit utilisation

	2019			2018		
	Lowest	Highest	Average	Lowest	Highest	Average
	40.75%	51.15%	44.63%	47.36%	52.98%	49.45%

### Information on VaR model

Model type	Length of data history	2019		Length of data history	2018	
		Confidence interval	Holding period		Confidence interval	Holding period
Monte Carlo Simulation	All available history	99%	20 days	All available history	99%	20 days

# Notes to the Accounts (continued)

## Leverage

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

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the fund. The figure is not representative of the maximum amount that a fund could lose, as it includes the derivatives used to protect the Net Asset Value of a fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a fund and is expressed as a percentage of the fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
55.70%	125.00%	71.81%	63.70%	42.75%	102.89%	60.35%	61.49%

- Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.
- Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

## 16 Debt security credit analysis

	2019 £000's	2018 £000's
Investment grade securities	367,205	136,021
Below investment grade securities	57,374	106,013
Unrated securities	30,318	12,954
<b>Total debt securities</b>	<b>454,897</b>	<b>254,988</b>

The fund invests in credit default swaps to adjust the credit risk profile of the fund. The notional exposure of these swaps has been included in the above table.

## 17 Direct transaction costs

The transaction costs on the purchase and sale of investments incurred by the fund during 2019 were immaterial. The total purchases for the year amounted to £474,492,929 (2018 – £305,425,176) and the total sales amounted to £293,873,437 (2018 – £264,626,744).

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.85% (2018 – 0.72%).

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

# Notes to the Accounts (continued)

## 18 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Income shares	24,892,280	6,579,799	(3,214,353)	(6,496,605)	21,761,121
A Accumulation shares	48,248,086	7,362,401	(6,228,874)	(9,292,365)	40,089,248
C Income shares	15,375,793	204,777	(1,376,302)	(199,899)	14,004,369
C Accumulation shares	4,547,942	111,577	(252,217)	(13,517)	4,393,785
Q Income shares	0	2,000	0	0	2,000
S Income shares	137,292,003	11,528,280	(10,074,593)	(40,889,670)	97,856,020
S Accumulation shares	5,459,231	232,999	(231,829)	(89,905)	5,370,496
Z Income shares	38,696,143	51,535,506	(9,985,730)	22,194,049	102,439,968
Z Accumulation shares	47,804,720	92,970,249	(3,952,712)	4,558,152	141,380,409

## 19 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts, credit default swaps, interest rate swaps and inflation linked swaps. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Inflation linked swaps £000's	Total £000's
<b>ANZ</b>					
2019	26	0	0	0	26
2018	(9)	0	0	0	(9)
<b>Bank of America</b>					
2019	753	0	0	0	753
2018	0	(5)	0	0	(5)
<b>Barclays Capital</b>					
2019	0	(688)	0	0	(688)
2018	0	(937)	0	0	(937)
<b>BNP Paribas</b>					
2019	(63)	(74)	0	0	(137)
2018	6	(169)	0	0	(163)
<b>Canadian Imperial Bank of Commerce</b>					
2019	13	0	0	0	13
2018	0	0	0	0	0
<b>Citibank</b>					
2019	44	(400)	0	0	(356)
2018	(3)	(78)	0	0	(81)

# Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Inflation linked swaps £000's	Total £000's
<b>Credit Suisse</b>					
2019	0	0	0	0	0
2018	0	4	0	0	4
<b>Goldman Sachs</b>					
2019	0	(35)	0	0	(35)
2018	0	59	0	0	59
<b>HSBC</b>					
2019	(17)	0	0	0	(17)
2018	(3)	0	0	0	(3)
<b>JPMorgan Chase</b>					
2019	0	86	0	0	86
2018	(623)	(34)	0	0	(657)
<b>Merrill Lynch</b>					
2019	0	692	0	0	692
2018	0	0	0	0	0
<b>Morgan Stanley</b>					
2019	0	0	177	236	413
2018	3	0	(95)	0	(92)
<b>RBC</b>					
2019	(12)	0	0	0	(12)
2018	(16)	0	0	0	(16)
<b>Standard Chartered</b>					
2019	32	0	0	0	32
2018	0	0	0	0	0
<b>State Street</b>					
2019	1,254	0	0	0	1,254
2018	13	0	0	0	13
<b>UBS</b>					
2019	6	0	0	0	6
2018	0	0	0	0	0

Previously futures contracts were disclosed in the table above. The prior comparative year figures have not been amended.

# Notes to the Accounts (continued)

The collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
Barclays Capital	(700)	(950)
BNP Paribas	(280)	(200)
Citibank	(410)	0
JPMorgan Chase	0	(1,250)
Morgan Stanley	(50)	(184)
<b>Total</b>	<b>(1,440)</b>	<b>(2,584)</b>

The nature of collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
Cash	(1,440)	(2,584)
<b>Total</b>	<b>(1,440)</b>	<b>(2,584)</b>

## 20 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	40,089,248	40,640,791	1.38	83.34	80.72	(3.14)
A Income units	21,761,121	22,949,653	5.46	66.17	62.85	(5.02)
C Accumulation units	4,393,785	4,454,026	1.37	160.4	155.5	(3.05)
C Income units	14,004,369	13,365,773	(4.56)	65.86	62.62	(4.92)
S Income units	97,856,020	314,087,099	220.97	58.76	55.93	(4.82)
Z Accumulation units	141,380,409	141,100,662	(0.20)	171	165.9	(2.98)
Z Income units	102,439,968	216,238,922	111.09	128.7	122.4	(4.90)
S Accumulation units	5,370,496	5,402,776	0.60	171.7	166.7	(2.91)
Q Income units	2,000	13,776,118	688,705.91	50.57	48.43	(4.23)

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

# Securities Financing Transactions

The fund has not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2019.

# Distribution Table

## Quarterly distribution for the three months ended 31 March 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.5.19 p per share	Distribution paid 31.5.18 p per share
<b>A Income shares</b>				
Group 1	0.5727	–	0.5727	0.5761
Group 2	0.2627	0.3100	0.5727	0.5761
<b>A Accumulation shares</b>				
Group 1	0.6999	–	0.6999	0.6772
Group 2	0.2879	0.4120	0.6999	0.6772
<b>C Income shares</b>				
Group 1	0.5688	–	0.5688	0.5712
Group 2	0.1359	0.4329	0.5688	0.5712
<b>C Accumulation shares</b>				
Group 1	1.3440	–	1.3440	1.2977
Group 2	0.5983	0.7457	1.3440	1.2977
<b>S Income shares</b>				
Group 1	0.5057	–	0.5057	0.5050
Group 2	0.2022	0.3035	0.5057	0.5050
<b>S Accumulation shares</b>				
Group 1	1.4334	–	1.4334	1.3782
Group 2	1.4334	0.0000	1.4334	1.3782
<b>Z Income shares</b>				
Group 1	1.1083	–	1.1083	1.1106
Group 2	0.5644	0.5439	1.1083	1.1106
<b>Z Accumulation shares</b>				
Group 1	1.4301	–	1.4301	1.3753
Group 2	0.5284	0.9017	1.4301	1.3753

# Distribution Table (continued)

## Interim distribution for the three months ended 30 June 2019

**Group 1** Shares purchased prior to 1 April 2019

**Group 2** Shares purchased on or after 1 April 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Income shares</b>				
Group 1	0.6475	–	0.6475	0.5946
Group 2	0.2759	0.3716	0.6475	0.5946
<b>A Accumulation shares</b>				
Group 1	0.7995	–	0.7995	0.7052
Group 2	0.3950	0.4045	0.7995	0.7052
<b>C Income shares</b>				
Group 1	0.6443	–	0.6443	0.5895
Group 2	0.2359	0.4084	0.6443	0.5895
<b>C Accumulation shares</b>				
Group 1	1.5352	–	1.5352	1.3515
Group 2	0.1900	1.3452	1.5352	1.3515
<b>S Income shares</b>				
Group 1	0.5733	–	0.5733	0.5219
Group 2	0.2904	0.2829	0.5733	0.5219
<b>S Accumulation shares</b>				
Group 1	1.6412	–	1.6412	1.4366
Group 2	1.6412	0.0000	1.6412	1.4366
<b>Z Income shares</b>				
Group 1	1.2522	–	1.2522	1.1466
Group 2	0.6386	0.6136	1.2522	1.1466
<b>Z Accumulation shares</b>				
Group 1	1.6257	–	1.6257	1.4354
Group 2	0.8947	0.7310	1.6257	1.4354



# Distribution Table (continued)

## Quarterly distribution for the three months ended 30 September 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 30.11.19 p per share	Distribution paid 30.11.18 p per share
<b>A Income shares</b>				
Group 1	0.6974	–	0.6974	0.5981
Group 2	0.4115	0.2859	0.6974	0.5981
<b>A Accumulation shares</b>				
Group 1	0.8687	–	0.8687	0.7162
Group 2	0.5626	0.3061	0.8687	0.7162
<b>C Income shares</b>				
Group 1	0.6935	–	0.6935	0.5932
Group 2	0.1803	0.5132	0.6935	0.5932
<b>C Accumulation shares</b>				
Group 1	1.6701	–	1.6701	1.3735
Group 2	0.7214	0.9487	1.6701	1.3735
<b>S Income shares</b>				
Group 1	0.6176	–	0.6176	0.5260
Group 2	0.4219	0.1957	0.6176	0.5260
<b>S Accumulation shares</b>				
Group 1	1.7855	–	1.7855	1.4618
Group 2	1.4017	0.3838	1.7855	1.4618
<b>Z Income shares</b>				
Group 1	1.3534	–	1.3534	1.1548
Group 2	0.6667	0.6867	1.3534	1.1548
<b>Z Accumulation shares</b>				
Group 1	1.7796	–	1.7796	1.4597
Group 2	0.9025	0.8771	1.7796	1.4597

# Distribution Table (continued)

## Final distribution for the three months ended 31 December 2019

**Group 1** Shares purchased prior to 1 October 2019

**Group 2** Shares purchased on or after 1 October 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Income shares</b>				
Group 1	0.6339	–	0.6339	0.6227
Group 2	0.2792	0.3547	0.6339	0.6227
<b>A Accumulation shares</b>				
Group 1	0.7983	–	0.7983	0.7531
Group 2	0.2870	0.5113	0.7983	0.7531
<b>C Income shares</b>				
Group 1	0.6308	–	0.6308	0.6181
Group 2	0.4521	0.1787	0.6308	0.6181
<b>C Accumulation shares</b>				
Group 1	1.5357	–	1.5357	1.4451
Group 2	1.2877	0.2480	1.5357	1.4451
<b>S Income shares</b>				
Group 1	0.5624	–	0.5624	0.5485
Group 2	0.3127	0.2497	0.5624	0.5485
<b>S Accumulation shares</b>				
Group 1	1.6435	–	1.6435	1.5397
Group 2	1.6435	0.0000	1.6435	1.5397
<b>Z Income shares</b>				
Group 1	1.2318	–	1.2318	1.2038
Group 2	0.6539	0.5779	1.2318	1.2038
<b>Z Accumulation shares</b>				
Group 1	1.6372	–	1.6372	1.5368
Group 2	0.5961	1.0411	1.6372	1.5368

# Distribution Table (continued)

## Final distribution for the three months ended 31 December 2019

**Group 1** Shares purchased on 22 November 2019

**Group 2** Shares purchased on or after 22 November 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share
<b>Q Income shares</b>			
Group 1	0.1910	–	0.1910
Group 2	0.1910	0.0000	0.1910

## Equalisation

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

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

# Schroder European Recovery Fund

## Fund Information

### Investment objective and policy

The Schroder European Recovery Fund (the 'fund') aims to provide capital growth by investing in equity and equity related securities of European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of European companies, excluding the UK.

The Fund applies a disciplined value investment approach, seeking to invest in a select portfolio of companies that the Investment Manager believes are significantly undervalued relative to their long-term earnings potential.

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

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

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

The Fund aims to provide capital growth by investing in equity and equity related securities of European companies, excluding the UK.

The Fund invests at least 80% of its assets in equity and equity related securities of European companies, excluding the UK. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund applies a disciplined value investment approach, seeking to invest in a selected portfolio of companies that the Investment Manager believes are significantly undervalued relative to their long-term earnings potential.

The Fund may also invest in other equity and equity related securities including UK companies, collective investment schemes, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund does not have a target benchmark. The Fund's performance should be compared against the FTSE World Series Europe ex UK (Gross Total Return) index and the Investment Association Europe ex UK sector average return. The comparator benchmarks have been selected because the Investment Adviser and the ACD believe that these benchmarks are suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of A Accumulation shares on a dealing price to dealing price basis rose 14.61%. In comparison, the FTSE<sup>1</sup> World European ex UK Index generated a total return of 20.45%<sup>2</sup> in sterling terms and the Investment Association Europe ex UK sector average generated a total return of 20.35%<sup>2</sup>.

The fund uses the Schroders Value Team's bottom-up, deep-value approach to identify recovery stocks. The approach seeks to take advantage of investors' low tolerance for short-term bad news and a tendency to extrapolate current trends when forming future expectations. It enables us to identify companies that have become significantly undervalued relative to their long-term earnings potential.

The value style underperformed higher growth areas of the market over the year and the fund lagged behind the index. Mining stock South32 was among the detractors. Miners in general have come under pressure amid lower commodity prices and worries over slowing demand from China. South32 announced that it is in talks to sell its South African coal business, saying this should strengthen its balance sheet. South32 also increased its share buyback programme. Dutch bank ABN AMRO Bank was another detractor. The market responded poorly to the Q4 results amid cautious guidance on future dividends. September brought news that the bank is being investigated by the Dutch public prosecutor in relation to the prevention of money laundering. ABN AMRO Bank has sufficient capital strength to pay a fine and maintain its dividend.

On the positive side, natural gas producer Gazprom ADR supported fund returns. The company proposed a 2018 dividend of 16.61 roubles per share, more than double the dividend for 2017. This new higher payment puts Gazprom ADR on a pay-out ratio for 2018 of c.25%. However, this is still considerably below the government mandated pay-out ratio for state owned companies of 50% and it may be that Gazprom ADR will ultimately have to follow suit.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

## Co-Fund Manager:

Andrew Lyddon



Co-manager of European Income, European Recovery and Global Recovery strategies, with 14 years' investment experience

Past Specialist Value UK equities fund manager

UK equity analyst responsible for Telecommunications and Support Services

Joined Schroders in October 2005 as an Equity Analyst with the Pan European Industrials desk

CFA Charterholder

MSc in Intellectual Property Law, Queen Mary College

Degree in Chemistry, Bath University

## Co-Fund Manager:

Andrew Evans



Co-Fund Manager of Schroder ISF European Value and Schroder ISF European Equity Yield

Joined Schroders' Global Value Team in June 2015

Investment career commenced in 2001

Worked at Threadneedle in UK research and Dresdner Kleinwort as an analyst for the Pan European transport sector

CFA Charterholder

Degree in Economics, Exeter University

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

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Accumulation shares			C Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	675.91	776.77	673.81	658.49	776.46	681.10
Return before operating charges*	107.71	(88.11)	115.40	105.15	(88.41)	116.87
Operating charges	(12.54)	(12.75)	(12.44)	(8.69)	(8.99)	(8.79)
<b>Return after operating charges*</b>	<b>95.17</b>	<b>(100.86)</b>	<b>102.96</b>	<b>96.46</b>	<b>(97.40)</b>	<b>108.08</b>
Distributions <sup>1</sup>	(19.59)	(16.75)	(9.74)	(23.52)	(20.57)	(12.72)
Retained distributions <sup>1</sup>	19.59	16.75	9.74	–	–	–
<b>Closing net asset value</b>	<b>771.08</b>	<b>675.91</b>	<b>776.77</b>	<b>731.43</b>	<b>658.49</b>	<b>776.46</b>
*after direct transaction costs of	(0.22)	(1.05)	(1.04)	(0.22)	(1.05)	(1.05)
<b>Performance</b>						
Return after charges (%)	14.08	(12.98)	15.28	14.65	(12.54)	15.87
<b>Other information</b>						
Closing net asset value (£000's)	81,719	110,627	160,141	290	263	393
Closing number of shares	10,597,964	16,367,042	20,616,387	39,587	40,034	50,625
Operating charges (%)	1.71	1.69	1.68	1.21	1.19	1.18
Direct transaction costs (%)	0.03	0.14	0.14	0.03	0.14	0.14
<b>Prices</b>						
Highest dealing price (p)	788.90	810.30	788.00	770.80	810.30	800.00
Lowest dealing price (p)	673.40	668.30	674.40	657.20	671.40	682.30

# Comparative Table (continued)

Financial year to 31 December	C Accumulation shares			L Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	730.95	835.79	721.39	60.18	70.99	62.33
Return before operating charges*	116.72	(95.15)	123.78	9.63	(8.10)	10.70
Operating charges	(9.62)	(9.69)	(9.38)	(0.58)	(0.61)	(0.58)
<b>Return after operating charges*</b>	<b>107.10</b>	<b>(104.84)</b>	<b>114.40</b>	<b>9.05</b>	<b>(8.71)</b>	<b>10.12</b>
Distributions <sup>1</sup>	(26.07)	(22.14)	(14.31)	(2.37)	(2.10)	(1.46)
Retained distributions <sup>1</sup>	26.07	22.14	14.31	–	–	–
<b>Closing net asset value</b>	<b>838.05</b>	<b>730.95</b>	<b>835.79</b>	<b>66.86</b>	<b>60.18</b>	<b>70.99</b>
*after direct transaction costs of	(0.24)	(1.13)	(1.11)	(0.02)	(0.10)	(0.09)
<b>Performance</b>						
Return after charges (%)	14.65	(12.54)	15.86	15.04	(12.27)	16.24
<b>Other information</b>						
Closing net asset value (£000's)	15,562	17,433	25,951	986	980	2,377
Closing number of shares	1,856,924	2,385,074	3,104,994	1,474,060	1,628,292	3,348,820
Operating charges (%)	1.21	1.19	1.18	0.88	0.87	0.87
Direct transaction costs (%)	0.03	0.14	0.14	0.03	0.14	0.14
<b>Prices</b>						
Highest dealing price (p)	855.60	872.20	847.20	70.58	74.10	73.43
Lowest dealing price (p)	728.20	722.70	722.60	60.06	61.58	62.47



# Comparative Table (continued)

Financial year to 31 December	L Accumulation shares			S Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	66.66	75.98	65.37	56.53	66.71	58.57
Return before operating charges*	10.66	(8.68)	11.23	9.05	(7.63)	10.08
Operating charges	(0.64)	(0.64)	(0.62)	(0.36)	(0.37)	(0.36)
<b>Return after operating charges*</b>	<b>10.02</b>	<b>(9.32)</b>	<b>10.61</b>	<b>8.69</b>	<b>(8.00)</b>	<b>9.72</b>
Distributions <sup>1</sup>	(2.62)	(2.25)	(1.54)	(2.40)	(2.18)	(1.58)
Retained distributions <sup>1</sup>	2.62	2.25	1.54	–	–	–
<b>Closing net asset value</b>	<b>76.68</b>	<b>66.66</b>	<b>75.98</b>	<b>62.82</b>	<b>56.53</b>	<b>66.71</b>
*after direct transaction costs of	(0.02)	(0.10)	(0.10)	(0.02)	(0.09)	(0.09)
<b>Performance</b>						
Return after charges (%)	15.03	(12.27)	16.23	15.37	(11.99)	16.60
<b>Other information</b>						
Closing net asset value (£000's)	26,607	30,528	47,380	12,217	13,879	21,779
Closing number of shares	34,698,716	45,794,593	62,360,959	19,449,104	24,550,064	32,645,610
Operating charges (%)	0.88	0.87	0.86	0.58	0.57	0.55
Direct transaction costs (%)	0.03	0.14	0.14	0.03	0.14	0.14
<b>Prices</b>						
Highest dealing price (p)	78.18	79.31	77.00	66.41	69.65	69.21
Lowest dealing price (p)	66.42	65.91	65.51	56.42	58.04	58.73

# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			Z Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	735.76	836.02	830.50	643.16	758.61	666.18
Return before operating charges*	117.80	(95.63)	5.68	102.82	(86.45)	114.47
Operating charges	(4.69)	(4.63)	(0.16)	(6.73)	(7.06)	(6.85)
<b>Return after operating charges*</b>	<b>113.11</b>	<b>(100.26)</b>	<b>5.52</b>	<b>96.09</b>	<b>(93.51)</b>	<b>107.62</b>
Distributions <sup>1</sup>	(31.37)	(27.29)	(14.67)	(24.77)	(21.94)	(15.19)
Retained distributions <sup>1</sup>	31.37	27.29	14.67	–	–	–
<b>Closing net asset value</b>	<b>848.87</b>	<b>735.76</b>	<b>836.02</b>	<b>714.48</b>	<b>643.16</b>	<b>758.61</b>
*after direct transaction costs of	(0.24)	(1.13)	(1.18)	(0.21)	(1.03)	(1.03)
<b>Performance</b>						
Return after charges (%)	15.37	(11.99)	0.66	14.94	(12.33)	16.15
<b>Other information</b>						
Closing net asset value (£000's)	31,365	34,763	51,067	6,064	6,349	19,951
Closing number of shares	3,694,959	4,724,769	6,108,308	848,748	987,036	2,629,925
Operating charges (%)	0.58	0.57	0.05	0.96	0.94	0.93
Direct transaction costs (%)	0.03	0.14	0.14	0.03	0.14	0.14
<b>Prices</b>						
Highest dealing price (p)	864.40	872.80	847.20	753.90	791.80	784.20
Lowest dealing price (p)	733.10	727.40	830.50	641.90	657.50	667.60

## S Accumulation shares

The share class was launched on 15 December 2017.

# Comparative Table (continued)

## Z Accumulation shares

Financial year to 31 December	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>			
Opening net asset value	771.22	879.62	757.35
Return before operating charges*	123.28	(100.32)	130.04
Operating charges	(8.06)	(8.08)	(7.77)
<b>Return after operating charges*</b>	<b>115.22</b>	<b>(108.40)</b>	<b>122.27</b>
Distributions <sup>1</sup>	(29.68)	(25.46)	(17.26)
Retained distributions <sup>1</sup>	29.68	25.46	17.26
<b>Closing net asset value</b>	<b>886.44</b>	<b>771.22</b>	<b>879.62</b>
*after direct transaction costs of	(0.25)	(1.19)	(1.17)
<b>Performance</b>			
Return after charges (%)	14.94	(12.32)	16.14
<b>Other information</b>			
Closing net asset value (£000's)	103,956	107,322	163,434
Closing number of shares	11,727,357	13,915,912	18,580,019
Operating charges (%)	0.96	0.94	0.93
Direct transaction costs (%)	0.03	0.14	0.14
<b>Prices</b>			
Highest dealing price (p)	904.10	918.10	891.50
Lowest dealing price (p)	768.40	762.50	758.90

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 98.49% (93.70%)</b>			
<b>Australia 3.32% (2.57%)</b>			
South32	6,447,367	9,248	3.32
		<b>9,248</b>	<b>3.32</b>

<b>Belgium 9.28% (9.03%)</b>			
Ageas	170,205	7,621	2.74
bpost	685,704	6,003	2.15
EVS Broadcast Equipment	256,717	4,735	1.70
Orange Belgium	426,198	7,499	2.69
		<b>25,858</b>	<b>9.28</b>

<b>Canada 4.30% (2.65%)</b>			
Lundin Mining	2,607,756	11,990	4.30
		<b>11,990</b>	<b>4.30</b>

<b>Denmark 3.75% (1.16%)</b>			
D/S Norden	336,614	4,078	1.47
Drilling Co. of 1972	127,075	6,364	2.28
		<b>10,442</b>	<b>3.75</b>

<b>Finland 0.00% (1.35%)</b>			
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<b>France 16.68% (24.73%)</b>			
AXA	272,758	5,819	2.09
BNP Paribas	243,785	10,947	3.93
Coface	187,881	1,741	0.62
Publicis Groupe	162,447	5,573	2.00
Sanofi	189,764	14,452	5.18
Television Francaise 1	1,267,893	7,975	2.86
		<b>46,507</b>	<b>16.68</b>

<b>Germany 12.83% (4.24%)</b>			
Allianz	66,876	12,440	4.46
Continental	53,189	5,219	1.87
Deutsche Bank	496,572	2,923	1.05

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Germany (continued)</b>			
Schaeffler Preference	1,020,582	8,323	2.99
Software	259,502	6,853	2.46
		<b>35,758</b>	<b>12.83</b>

<b>Greece 1.54% (1.30%)</b>			
Alpha Bank	2,657,932	4,295	1.54
		<b>4,295</b>	<b>1.54</b>

<b>Italy 12.57% (11.08%)</b>			
Danieli & C Officine Meccaniche	499,639	4,255	1.53
Eni	1,165,019	13,711	4.92
Intesa Sanpaolo	4,756,004	9,492	3.40
UniCredit	684,935	7,580	2.72
		<b>35,038</b>	<b>12.57</b>

<b>Jersey 0.00% (1.74%)</b>			
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<b>Luxembourg 2.43% (3.68%)</b>			
RTL Group	181,183	6,782	2.43
		<b>6,782</b>	<b>2.43</b>

<b>Netherlands 9.55% (10.65%)</b>			
ABN AMRO Bank	470,855	6,492	2.33
ING Groep	1,148,149	10,428	3.74
Koninklijke Ahold Delhaize	221,266	4,193	1.50
PostNL	3,229,592	5,523	1.98
		<b>26,636</b>	<b>9.55</b>

<b>Norway 5.25% (4.97%)</b>			
DNB	532,658	7,526	2.70
Yara International	226,324	7,121	2.55
		<b>14,647</b>	<b>5.25</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Poland 1.81% (1.91%)</b>			
Orange Polska	3,556,352	5,046	1.81
		<b>5,046</b>	<b>1.81</b>
<b>Romania 4.00% (3.41%)</b>			
OMV Petrom	62,205,106	4,937	1.77
Societatea Nationala de Gaze Naturale ROMGAZ	941,165	6,206	2.23
		<b>11,143</b>	<b>4.00</b>
<b>Russia 5.70% (4.38%)</b>			
Gazprom ADR	1,023,240	6,367	2.28
LUKOIL ADR	127,105	9,526	3.42
		<b>15,893</b>	<b>5.70</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Spain 3.94% (3.70%)</b>			
Repsol	917,113	10,859	3.89
Repsol Rights 07/01/2020	367,369	132	0.05
		<b>10,991</b>	<b>3.94</b>
<b>Switzerland 1.54% (1.15%)</b>			
GAM Holding	1,954,750	4,292	1.54
		<b>4,292</b>	<b>1.54</b>
<b>Equities total</b>		<b>274,566</b>	<b>98.49</b>
Portfolio of investments		<b>274,566</b>	<b>98.49</b>
Net other assets		4,200	1.51
<b>Net assets attributable to shareholders</b>		<b>278,766</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	31,281	(62,500)
Revenue	3	14,249	16,818
Expenses	4	(3,384)	(4,949)
Net revenue before taxation		<b>10,865</b>	<b>11,869</b>
Taxation	5	(844)	(9)
Net revenue after taxation		<b>10,021</b>	<b>11,860</b>
<b>Total return before distributions</b>		<b>41,302</b>	<b>(50,640)</b>
Distributions	6	(10,026)	(11,695)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>31,276</b>	<b>(62,335)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	322,144	492,473
Amounts receivable on issue of shares	7,204	8,233
Amounts payable on cancellation of shares	(89,991)	(125,381)
	<b>(82,787)</b>	<b>(117,148)</b>
Dilution adjustment	25	20
Change in net assets attributable to shareholders from investment activities	31,276	(62,335)
Retained distribution on Accumulation shares	8,108	9,134
<b>Closing net assets attributable to shareholders</b>	<b>278,766</b>	<b>322,144</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		274,566	301,856
<b>Current assets</b>			
Debtors	8	1,716	2,372
Cash and bank balances		3,796	20,216
<b>Total assets</b>		<b>280,078</b>	<b>324,444</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(721)	(794)
Other creditors	9	(591)	(1,506)
<b>Total liabilities</b>		<b>(1,312)</b>	<b>(2,300)</b>
<b>Net assets attributable to shareholders</b>			
		<b>278,766</b>	<b>322,144</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder European Recovery Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	31,636	(63,200)
Forward foreign currency contracts	(1)	0
Foreign currency (losses)/gains	(336)	713
Transaction costs	(18)	(13)
<b>Net capital gains/(losses)</b>	<b>31,281</b>	<b>(62,500)</b>

## 3 Revenue

	2019 £000's	2018 £000's
Overseas dividends	14,225	16,514
Scrip dividends	0	218
Bank interest	24	86
<b>Total revenue</b>	<b>14,249</b>	<b>16,818</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	2,736	3,995
Administration charge	447	629
	<b>3,183</b>	<b>4,624</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	31	44
Safe custody fees	56	41
Dividend expenses	22	22
	<b>109</b>	<b>107</b>
<b>Other expenses:</b>		
Audit fee	8	9
Professional fee	36	52
Interest payable	48	157
	<b>92</b>	<b>218</b>
<b>Total expenses</b>	<b>3,384</b>	<b>4,949</b>



# Notes to the Accounts (continued)

## 5 Taxation

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

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	844	9
<b>Total current tax (Note 5(b))</b>	<b>844</b>	<b>9</b>

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>10,865</b>	<b>11,869</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	2,173	2,374
<b>Effects of:</b>		
Revenue not subject to corporation tax	(2,845)	(3,206)
Movement in excess management expenses	667	866
Irrecoverable overseas withholding tax	844	9
Expensed withholding tax incurred	0	(10)
Movement in revenue taxable in different periods	0	(38)
Loan relationship deficit	5	14
<b>Current tax charge for the year (Note 5(a))</b>	<b>844</b>	<b>9</b>

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

At the balance sheet date, there is a potential deferred tax asset of £15,046,457 (2018 – £14,379,212) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

# Notes to the Accounts (continued)

## 6 Distributions

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

	2019 £000's	2018 £000's
Final Dividend distribution	8,829	9,928
Add: Revenue deducted on cancellation of shares	1,327	1,893
Deduct: Revenue received on issue of shares	(130)	(126)
<b>Distributions</b>	<b>10,026</b>	<b>11,695</b>
Net revenue after taxation	10,021	11,860
Scrip dividends not distributed	0	(218)
Expenses taken to capital	0	48
Equalisation on conversions	5	5
<b>Distributions</b>	<b>10,026</b>	<b>11,695</b>

Details of the distributions per share are set out in the Distribution Table on page 103.

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	274,566	301,856
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>274,566</b>	<b>301,856</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

# Notes to the Accounts (continued)

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	12	32
Sales awaiting settlement	147	0
Accrued revenue	261	313
Overseas withholding tax recoverable	1,296	2,027
<b>Total debtors</b>	<b>1,716</b>	<b>2,372</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	312	790
Purchases awaiting settlement	0	331
Accrued expenses	278	378
Interest payable	1	7
<b>Total other creditors</b>	<b>591</b>	<b>1,506</b>

## 10 Contingent liabilities

The aggregate contingent liabilities not provided for at the balance sheet date are:

	2019 £000's	2018 £000's
Nil paid rights	164	338
<b>Total contingent liabilities</b>	<b>164</b>	<b>338</b>

## 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 16.06% (2018 – 15.39%).

# Notes to the Accounts (continued)

## 12 Share classes

The fund currently has nine share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Accumulation shares	1.50%
C Income shares	1.00%
C Accumulation shares	1.00%
L Income shares	0.675%
L Accumulation shares	0.675%
S Income shares	0.375%
S Accumulation shares	0.375%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 87 to 91. The distributions per share class are given in the Distribution Table on page 103. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

### Currency risk profile

The currency risk profile of the fund's net assets at the balance sheet date was as follows:

Currency	2019 £000's	2018 £000's
Australian dollar	9,248	8,273
Canadian dollar	23	47
Danish krone	10,519	3,871
Euro	195,481	239,033
Norwegian krone	14,793	16,163
Polish zloty	5,077	6,159
Romanian new leu	11,143	11,461
Sterling	45	6,253
Swedish krona	11,990	12,876
Swiss franc	4,292	3,692
US dollar	16,155	14,316

# Notes to the Accounts (continued)

## Liquidity risk

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

## Interest rate risk

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

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

As at the year end date 1.36% (2018 – 6.28%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

## Fair value of financial assets and financial liabilities

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

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	1.54%	0.05%	0.07%	0.00%	10.62%	0.38%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	38,369	19	1	38,389	0.05	0.00
<b>Sales</b>						
Equities	97,371	(55)	(1)	97,315	(0.06)	0.00
Total cost of the fund's average net asset value (%)		<b>0.03</b>	<b>0.00</b>			

# Notes to the Accounts (continued)

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	261,677	159	247	262,083	0.06	0.09
<b>Sales</b>						
Equities	386,521	(201)	(1)	386,319	(0.05)	0.00
Total cost of the fund's average net asset value (%)		<b>0.09</b>	<b>0.06</b>			

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.26% (2018 – 0.37%).

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

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Accumulation shares	16,367,042	49,942	(5,469,553)	(349,467)	10,597,964
C Income shares	40,034	0	(447)	0	39,587
C Accumulation shares	2,385,074	2,203	(471,410)	(58,943)	1,856,924
L Income shares	1,628,292	81,125	(571,905)	336,548	1,474,060
L Accumulation shares	45,794,593	493,406	(11,413,572)	(175,711)	34,698,716
S Income shares	24,550,064	0	(5,329,955)	228,995	19,449,104
S Accumulation shares	4,724,769	0	(1,019,810)	(10,000)	3,694,959
Z Income shares	987,036	49,570	(238,667)	50,809	848,748
Z Accumulation shares	13,915,912	737,611	(3,226,693)	300,527	11,727,357

# Notes to the Accounts (continued)

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	10,597,964	10,306,792	(2.75)	773.6	516.3	(33.26)
C Accumulation units	1,856,924	1,768,823	(4.74)	840.8	562.1	(33.15)
C Income units	39,587	19,311	(51.22)	757.4	490.7	(35.21)
L Accumulation units	34,698,716	32,439,800	(6.51)	76.93	51.47	(33.10)
L Income units	1,474,060	2,052,747	39.26	69.45	44.89	(35.36)
S Income units	19,449,104	14,461,238	(25.65)	65.43	42.22	(35.47)
Z Accumulation units	11,727,357	10,158,227	(13.38)	889.3	594.9	(33.10)
Z Income units	848,748	580,820	(31.57)	741.6	479.6	(35.33)
S Accumulation units	3,694,959	2,893,631	(21.69)	851.6	570.3	(33.03)

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

# Distribution Table

## Final distribution for the year ended 31 December 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Accumulation shares</b>				
Group 1	19.5895	–	19.5895	16.7497
Group 2	6.7977	12.7918	19.5895	16.7497
<b>C Income shares</b>				
Group 1	23.5205	–	23.5205	20.5714
Group 2	23.5205	0.0000	23.5205	20.5714
<b>C Accumulation shares</b>				
Group 1	26.0667	–	26.0667	22.1397
Group 2	13.7651	12.3016	26.0667	22.1397
<b>L Income shares</b>				
Group 1	2.3672	–	2.3672	2.1032
Group 2	1.5195	0.8477	2.3672	2.1032
<b>L Accumulation shares</b>				
Group 1	2.6156	–	2.6156	2.2545
Group 2	0.9611	1.6545	2.6156	2.2545
<b>S Income shares</b>				
Group 1	2.4020	–	2.4020	2.1781
Group 2	2.4020	0.0000	2.4020	2.1781
<b>S Accumulation shares</b>				
Group 1	31.3652	–	31.3652	27.2935
Group 2	31.3652	0.0000	31.3652	27.2935
<b>Z Income shares</b>				
Group 1	24.7653	–	24.7653	21.9417
Group 2	10.8742	13.8911	24.7653	21.9417
<b>Z Accumulation shares</b>				
Group 1	29.6849	–	29.6849	25.4554
Group 2	14.9376	14.7473	29.6849	25.4554

## Equalisation

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

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



# Schroder Core UK Equity Fund

## Fund Information

### Investment objective and policy

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

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

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

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

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

The Fund aims to provide capital growth and income by investing in equity and equity related securities of UK companies.

The Fund invests at least 80% of its assets in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

The Fund may also invest in other equity and equity related securities, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against the target benchmark, being to exceed the FTSE All Share (Gross Total Return) index, and compared against the Investment Association UK All Companies sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price rose 19.28%. In the same period, the FTSE<sup>1</sup> All Share Index generated a total return of 19.17%<sup>2</sup>.

The fund returned 19.3% versus 19.2% for the FTSE All-Share index. Positive influences included overweights in life insurance and pharmaceuticals and biotechnology and underweights in fixed line telecommunications; overweights in Pets at Home Group, Assura and Capita and underweights in HSBC and Glencore. Negatives included underweights in construction and materials and mobile telecommunications and our overweight in chemicals; overweights in Just Group, Pearson and Imperial Brands and underweight in London Stock Exchange Group.

Over the period the FTSE<sup>1</sup> All-Share index delivered a total return of 19.2%<sup>2</sup>, the FTSE<sup>1</sup> 100 index, 17.3%<sup>2</sup>; the FTSE<sup>1</sup> 250 28.9%<sup>2</sup>; and the FTSE<sup>1</sup> Small Cap index, 18.8%<sup>2</sup>. The stronger sectors included leisure goods (+62.1%<sup>2</sup> relative) and technology hardware (+35%<sup>2</sup>); the weaker, oil equipment and services (-22%<sup>2</sup>) and fixed line telecommunications (-16.7%<sup>2</sup>).

Our process involves finding mispriced opportunities. This drove purchases including Pets at Home Group, IWG, Legal & General Group, Next, Royal Bank of Scotland Group, Unilever, Prudential and Taylor Wimpey, while we made additions to holdings in Firstgroup, GlaxoSmithKline and Tesco. We exited positions in Wm Morrison Supermarkets, Aviva, M&G, Elementis, Just Group, Marks & Spencer Group, Melrose Industries and Crest Nicholson Holdings. We made reductions including AstraZeneca, Royal Dutch Shell, Assura, British American Tobacco, Imperial Brands, Rio Tinto and BHP Group.

Global economic data increasingly points to deteriorating fundamentals with many forward-looking indicators pointing to a softening in the outlook for growth and inflation. We are conscious that the combination of this and elevated debt levels in the economy could become a cause for concern. This has caused central banks to once again loosen monetary policy in order to try and keep economies stable. We would expect to see a continuation of these themes over the coming year. Closer to home, given the UK election result, we expect that the UK will leave the European Union (EU) as planned on 31 January 2020, under the existing withdrawal agreement. After that, trade, customs, and indeed everything else regarding the UK's future relationship with the EU will need to be negotiated. Whereas these negotiations will no doubt give rise to bumps in the road in the coming quarters, this election outcome in many ways makes the UK stock market investable again for those who had shied away due to the previously high level of political uncertainty. It is our view that the negative sentiment towards the UK equity market in recent years has created a plethora of mis-priced opportunities. As ever, we remain relentless in our pursuit of such opportunities.

As of May 2019, David Docherty ceased to be Co-Fund manager of the Fund.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

**Fund Manager:**  
**Matt Bennison**



Co-manager of the Schroder Core UK Equity Fund since September 2018 and fund manager for Prime UK equity portfolios since 2017

Research responsibility focuses on UK companies, for the Prime UK Equity team since 2015 and the Core UK Equity Fund from September 2018

Investment career commenced in 2012 at Schroders Private Bank (that subsequently became Cazenove Capital), where he worked for the Chief Investment Officer

CFA charterholder

Degree in Natural Sciences, Cambridge University and one year Management Studies, Judge Business School, Cambridge

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2 Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Income shares			A Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	149.96	176.63	168.84	264.27	298.49	275.06
Return before operating charges*	29.42	(17.35)	16.67	52.34	(30.04)	27.50
Operating charges	(2.34)	(2.44)	(2.48)	(4.17)	(4.18)	(4.07)
<b>Return after operating charges*</b>	<b>27.08</b>	<b>(19.79)</b>	<b>14.19</b>	<b>48.17</b>	<b>(34.22)</b>	<b>23.43</b>
Distributions <sup>1</sup>	(7.34)	(6.88)	(6.40)	(13.08)	(11.75)	(10.52)
Retained distributions <sup>1</sup>	–	–	–	13.08	11.75	10.52
<b>Closing net asset value</b>	<b>169.70</b>	<b>149.96</b>	<b>176.63</b>	<b>312.44</b>	<b>264.27</b>	<b>298.49</b>
*after direct transaction costs of	(0.24)	(0.27)	(0.71)	(0.44)	(0.47)	(1.17)
<b>Performance</b>						
Return after charges (%)	18.06	(11.20)	8.40	18.23	(11.46)	8.52
<b>Other information</b>						
Closing net asset value (£000's)	1,815	2,307	2,923	17,895	19,930	26,105
Closing number of shares	1,069,613	1,538,338	1,654,757	5,727,609	7,541,427	8,745,632
Operating charges (%)	1.43	1.43	1.43	1.43	1.43	1.43
Direct transaction costs (%)**	0.15	0.16	0.41	0.15	0.16	0.41
<b>Prices</b>						
Highest dealing price (p)	175.60	184.70	180.80	317.40	312.10	297.10
Lowest dealing price (p)	148.70	149.80	167.70	262.10	258.80	274.80

# Comparative Table (continued)

Financial year to 31 December	C Income shares			C Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	160.16	188.17	179.42	281.80	317.48	291.85
Return before operating charges*	31.46	(18.52)	17.74	55.88	(32.01)	29.20
Operating charges	(2.06)	(2.15)	(2.18)	(3.68)	(3.67)	(3.57)
<b>Return after operating charges*</b>	<b>29.40</b>	<b>(20.67)</b>	<b>15.56</b>	<b>52.20</b>	<b>(35.68)</b>	<b>25.63</b>
Distributions <sup>1</sup>	(7.85)	(7.34)	(6.81)	(13.96)	(12.51)	(11.18)
Retained distributions <sup>1</sup>	–	–	–	13.96	12.51	11.18
<b>Closing net asset value</b>	<b>181.71</b>	<b>160.16</b>	<b>188.17</b>	<b>334.00</b>	<b>281.80</b>	<b>317.48</b>
*after direct transaction costs of	(0.26)	(0.29)	(0.76)	(0.47)	(0.50)	(1.24)
<b>Performance</b>						
Return after charges (%)	18.36	(10.98)	8.67	18.52	(11.24)	8.78
<b>Other information</b>						
Closing net asset value (£000's)	1,513	1,560	2,132	2,371	2,055	2,700
Closing number of shares	832,338	974,332	1,133,136	709,790	729,209	850,470
Operating charges (%)	1.18	1.18	1.18	1.18	1.18	1.18
Direct transaction costs (%)**	0.15	0.16	0.41	0.15	0.16	0.41
<b>Prices</b>						
Highest dealing price (p)	188.00	196.90	192.30	339.30	332.30	316.10
Lowest dealing price (p)	158.80	160.00	178.60	279.50	275.90	291.60

# Comparative Table (continued)

Financial year to 31 December	S Income shares			Z Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	43.11	50.32	47.68	167.87	196.47	186.63
Return before operating charges*	8.49	(4.97)	4.73	33.03	(19.39)	18.48
Operating charges	(0.26)	(0.27)	(0.27)	(1.48)	(1.53)	(1.54)
<b>Return after operating charges*</b>	<b>8.23</b>	<b>(5.24)</b>	<b>4.46</b>	<b>31.55</b>	<b>(20.92)</b>	<b>16.94</b>
Distributions <sup>1</sup>	(2.12)	(1.97)	(1.82)	(8.24)	(7.68)	(7.10)
Retained distributions <sup>1</sup>	–	–	–	–	–	–
<b>Closing net asset value</b>	<b>49.22</b>	<b>43.11</b>	<b>50.32</b>	<b>191.18</b>	<b>167.87</b>	<b>196.47</b>
*after direct transaction costs of	(0.07)	(0.08)	(0.20)	(0.28)	(0.30)	(0.79)
<b>Performance</b>						
Return after charges (%)	19.09	(10.41)	9.35	18.79	(10.65)	9.08
<b>Other information</b>						
Closing net asset value (£000's)	6,192	7,330	13,978	8,432	7,939	10,979
Closing number of shares	12,580,397	17,003,355	27,775,623	4,410,587	4,728,991	5,587,976
Operating charges (%)	0.56	0.55	0.55	0.81	0.80	0.80
Direct transaction costs (%)**	0.15	0.16	0.41	0.15	0.16	0.41
<b>Prices</b>						
Highest dealing price (p)	50.92	52.80	51.24	197.80	205.90	200.30
Lowest dealing price (p)	42.76	43.06	47.66	166.50	167.70	186.20

# Comparative Table (continued)

## Z Accumulation shares

Financial year to 31 December	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>			
Opening net asset value	295.70	331.88	303.94
Return before operating charges*	58.71	(33.56)	30.48
Operating charges	(2.63)	(2.62)	(2.54)
<b>Return after operating charges*</b>	<b>56.08</b>	<b>(36.18)</b>	<b>27.94</b>
Distributions <sup>1</sup>	(14.67)	(13.10)	(11.66)
Retained distributions <sup>1</sup>	14.67	13.10	11.66
<b>Closing net asset value</b>	<b>351.78</b>	<b>295.70</b>	<b>331.88</b>
*after direct transaction costs of	(0.49)	(0.52)	(1.30)
<b>Performance</b>			
Return after charges (%)	18.97	(10.90)	9.19
<b>Other information</b>			
Closing net asset value (£000's)	23,520	28,400	42,893
Closing number of shares	6,686,002	9,604,462	12,924,215
Operating charges (%)	0.81	0.80	0.80
Direct transaction costs (%)**	0.15	0.16	0.41
<b>Prices</b>			
Highest dealing price (p)	357.40	347.90	330.40
Lowest dealing price (p)	293.30	289.50	303.80

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 99.22% (99.32%)</b>			
<b>Oil &amp; Gas 12.37% (13.36%)</b>			
BP	788,776	3,720	6.03
Royal Dutch Shell B	174,801	3,915	6.34
		<b>7,635</b>	<b>12.37</b>
<b>Basic Materials 9.04% (11.36%)</b>			
BHP Group	122,884	2,183	3.54
Johnson Matthey	47,294	1,416	2.29
Rio Tinto	44,001	1,981	3.21
		<b>5,580</b>	<b>9.04</b>
<b>Industrials 14.24% (12.53%)</b>			
BAE Systems	308,731	1,744	2.83
Capita	904,586	1,484	2.40
G4S	660,010	1,437	2.33
IWG	323,851	1,410	2.28
QinetiQ Group	284,128	1,017	1.65
Smiths Group	52,805	890	1.44
Weir Group	53,628	809	1.31
		<b>8,791</b>	<b>14.24</b>
<b>Consumer Goods 10.39% (11.80%)</b>			
British American Tobacco	72,879	2,355	3.81
Burberry Group	47,549	1,048	1.70
Imperial Brands	49,710	929	1.50
Taylor Wimpey	483,991	936	1.52
Unilever	26,333	1,146	1.86
		<b>6,414</b>	<b>10.39</b>
<b>Health Care 12.06% (12.63%)</b>			
AstraZeneca	30,589	2,327	3.77
GlaxoSmithKline	216,391	3,849	6.23
Smith & Nephew	69,525	1,273	2.06
		<b>7,449</b>	<b>12.06</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Consumer Services 21.47% (14.50%)</b>			
Carnival	12,255	446	0.72
Daily Mail & General Trust A	80,247	665	1.08
Firstgroup	1,075,121	1,344	2.18
ITV	513,884	776	1.25
Next	9,321	654	1.06
Pearson	177,285	1,129	1.83
Pets at Home Group	465,671	1,302	2.11
RELX	118,027	2,248	3.64
Tesco	711,983	1,816	2.94
Whitbread	36,404	1,764	2.86
William Hill	591,262	1,114	1.80
		<b>13,258</b>	<b>21.47</b>
<b>Telecommunications 0.00% (3.17%)</b>			
<b>Financials 19.65% (19.97%)</b>			
Assura	842,651	656	1.06
Intermediate Capital Group	40,892	658	1.07
John Laing Group	277,902	1,056	1.71
Legal & General Group	695,761	2,108	3.42
Lloyds Banking Group	4,565,895	2,854	4.62
Prudential	69,190	1,000	1.62
Royal Bank of Scotland Group	446,029	1,072	1.74
Standard Chartered	266,429	1,898	3.07
TP ICAP	203,160	830	1.34
		<b>12,132</b>	<b>19.65</b>
<b>Equities total</b>		<b>61,259</b>	<b>99.22</b>



# Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	61,259	99.22
Net other assets	479	0.78
<b>Net assets attributable to shareholders</b>	<b>61,738</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	9,701	(12,320)
Revenue	3	3,249	3,620
Expenses	4	(701)	(871)
Net revenue before taxation		<b>2,548</b>	<b>2,749</b>
Taxation	5	0	0
Net revenue after taxation		<b>2,548</b>	<b>2,749</b>
<b>Total return before distributions</b>		<b>12,249</b>	<b>(9,571)</b>
Distributions	6	(3,249)	(3,620)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>9,000</b>	<b>(13,191)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	69,521	101,710
Amounts receivable on issue of shares	8,458	8,585
Amounts payable on cancellation of shares	(27,412)	(30,027)
	<b>(18,954)</b>	<b>(21,442)</b>
Dilution adjustment	8	3
Change in net assets attributable to shareholders from investment activities	9,000	(13,191)
Retained distribution on Accumulation shares	2,161	2,439
Unclaimed distributions	2	2
<b>Closing net assets attributable to shareholders</b>	<b>61,738</b>	<b>69,521</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		61,259	69,049
<b>Current assets</b>			
Debtors	8	169	271
Cash and bank balances		733	963
<b>Total assets</b>		<b>62,161</b>	<b>70,283</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(329)	(387)
Other creditors	9	(94)	(375)
<b>Total liabilities</b>		<b>(423)</b>	<b>(762)</b>
<b>Net assets attributable to shareholders</b>		<b>61,738</b>	<b>69,521</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder Core UK Equity Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	9,706	(12,316)
Foreign currency gains	0	1
Transaction costs	(5)	(5)
<b>Net capital gains/(losses)</b>	<b>9,701</b>	<b>(12,320)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	3,206	3,530
Overseas dividends	27	86
Real estate income distributions	13	0
Bank interest	3	4
<b>Total revenue</b>	<b>3,249</b>	<b>3,620</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	576	717
Administration charge	108	135
	<b>684</b>	<b>852</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	8	10
<b>Other expenses:</b>		
Audit fee	9	9
<b>Total expenses</b>	<b>701</b>	<b>871</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>2,548</b>	<b>2,749</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	510	550
<b>Effects of:</b>		
Revenue not subject to corporation tax	(647)	(723)
Movement in excess management expenses	137	173
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

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

At the balance sheet date, there is a potential deferred tax asset of £12,661,763 (2018 – £12,524,834) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2019 £000's	2018 £000's
Interim Dividend distribution	1,865	2,036
Final Dividend distribution	1,118	1,387
	<b>2,983</b>	<b>3,423</b>
Add: Revenue deducted on cancellation of shares	345	288
Deduct: Revenue received on issue of shares	(79)	(91)
<b>Distributions</b>	<b>3,249</b>	<b>3,620</b>
Net revenue after taxation	2,548	2,749
Expenses taken to capital	701	871
<b>Distributions</b>	<b>3,249</b>	<b>3,620</b>

Details of the distributions per share are set out in the Distribution Table on pages 121 and 122.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	61,259	69,049
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>61,259</b>	<b>69,049</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	7	22
Accrued revenue	159	249
Income tax recoverable	3	0
<b>Total debtors</b>	<b>169</b>	<b>271</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	29	299
Accrued expenses	65	76
<b>Total other creditors</b>	<b>94</b>	<b>375</b>

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

# Notes to the Accounts (continued)

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 11.19% (2018 – 11.29%).

## 12 Share classes

The fund currently has seven share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Income shares	1.25%
A Accumulation shares	1.25%
C Income shares	1.00%
C Accumulation shares	1.00%
S Income shares	0.375%
Z Income shares	0.625%
Z Accumulation shares	0.625%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 107 to 110. The distributions per share class are given in the Distribution Table on pages 121 and 122. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

At the year end date, the majority of the fund's financial assets and liabilities were denominated in sterling. As a result, the fund has no material exposure to currency movements.

### Liquidity risk

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

### Interest rate risk

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

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

As at the year end date 1.19% (2018: 1.39%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

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

### Fair value of financial assets and financial liabilities

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

### Global risk exposure

#### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

# Notes to the Accounts (continued)

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

## Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.09%	0.00%	0.00%	0.00%	0.48%	0.02%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	19,562	7	91	19,660	0.04	0.47
Corporate actions purchases:						
Equities	124	0	0	124	0.00	0.00
	<b>19,686</b>	<b>7</b>	<b>91</b>	<b>19,784</b>		
<b>Sales</b>						
Equities	37,293	(14)	0	37,279	(0.04)	0.00
Total cost of the fund's average net asset value (%)		<b>0.03</b>	<b>0.13</b>			

1 Excluding corporate actions.

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	23,076	10	121	23,207	0.04	0.52
Corporate actions purchases:						
Equities	377	0	0	377	0.00	0.00
	<b>23,453</b>	<b>10</b>	<b>121</b>	<b>23,584</b>		
<b>Sales</b>						
Equities	42,890	(15)	0	42,875	(0.03)	0.00
Total cost of the fund's average net asset value (%)		<b>0.03</b>	<b>0.13</b>			

1 Excluding corporate actions.

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.13% (2018 – 0.54%).

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



# Notes to the Accounts (continued)

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Income shares	1,538,338	14,113	(213,383)	(269,455)	1,069,613
A Accumulation shares	7,541,427	29,399	(1,383,736)	(459,481)	5,727,609
C Income shares	974,332	6,262	(145,296)	(2,960)	832,338
C Accumulation shares	729,209	545	(19,964)	0	709,790
S Income shares	17,003,355	0	(4,422,958)	0	12,580,397
Z Income shares	4,728,991	221,628	(782,590)	242,558	4,410,587
Z Accumulation shares	9,604,462	2,458,776	(5,786,728)	409,492	6,686,002

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	5,727,609	5,465,300	(4.58)	312.7	228.4	(26.96)
A Income Units	1,069,613	1,022,119	(4.44)	173	124.1	(28.27)
C Accumulation units	709,790	671,348	(5.42)	334.3	244.4	(26.89)
C Income Units	832,338	772,207	(7.22)	185.2	133	(28.19)
S Income Units	12,580,397	10,441,041	(17.01)	50.17	36.08	(28.08)
Z Accumulation units	6,686,002	6,321,795	(5.45)	352.1	257.6	(26.84)
Z Income Units	4,410,587	4,093,930	(7.18)	194.9	140	(28.17)

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

# Distribution Table

## Interim distribution for the six months ended 30 June 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Income shares</b>				
Group 1	4.2217	–	4.2217	3.8449
Group 2	3.1184	1.1033	4.2217	3.8449
<b>A Accumulation shares</b>				
Group 1	7.4410	–	7.4410	6.4979
Group 2	4.2027	3.2383	7.4410	6.4979
<b>C Income shares</b>				
Group 1	4.5119	–	4.5119	4.0989
Group 2	2.8654	1.6465	4.5119	4.0989
<b>C Accumulation shares</b>				
Group 1	7.9399	–	7.9399	6.9164
Group 2	4.4778	3.4621	7.9399	6.9164
<b>S Income shares</b>				
Group 1	1.2162	–	1.2162	1.0980
Group 2	1.2162	0.0000	1.2162	1.0980
<b>Z Income shares</b>				
Group 1	4.7338	–	4.7338	4.2844
Group 2	2.2355	2.4983	4.7338	4.2844
<b>Z Accumulation shares</b>				
Group 1	8.3397	–	8.3397	7.2378
Group 2	5.2045	3.1352	8.3397	7.2378

# Distribution Table (continued)

## Final distribution for the six months ended 31 December 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Income shares</b>				
Group 1	3.1177	–	3.1177	3.0387
Group 2	1.7018	1.4159	3.1177	3.0387
<b>A Accumulation shares</b>				
Group 1	5.6363	–	5.6363	5.2488
Group 2	2.6568	2.9795	5.6363	5.2488
<b>C Income shares</b>				
Group 1	3.3358	–	3.3358	3.2433
Group 2	0.1793	3.1565	3.3358	3.2433
<b>C Accumulation shares</b>				
Group 1	6.0211	–	6.0211	5.5933
Group 2	2.8248	3.1963	6.0211	5.5933
<b>S Income shares</b>				
Group 1	0.9000	–	0.9000	0.8713
Group 2	0.9000	0.0000	0.9000	0.8713
<b>Z Income shares</b>				
Group 1	3.5061	–	3.5061	3.3961
Group 2	1.6393	1.8668	3.5061	3.3961
<b>Z Accumulation shares</b>				
Group 1	6.3352	–	6.3352	5.8634
Group 2	3.6623	2.6729	6.3352	5.8634

## Equalisation

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

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

# Schroder UK Alpha Income Fund

## Fund Information

### Investment objective and policy

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

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

'Alpha' funds invest in companies in which the Investment Manager has a high conviction that the current share price does not reflect the future prospects for that business.

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

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

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

The Fund aims to provide income and capital growth by investing in equity and equity related securities of UK companies.

The Fund invests at least 80% of its assets in equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK.

'Alpha' funds invest in companies in which the Investment Manager has a high conviction that the current share price does not reflect the future prospects for that business.

The Fund may also invest in other equity and equity related securities, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share (Gross Total Return) index, and compared against the Investment Association UK Equity Income sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 22.12%. In comparison, the FTSE<sup>1</sup> All Share Index generated a total return of 19.17%<sup>2</sup>.

The UK market delivered double digit returns over the year as markets responded to interest rate cuts in the US and an improvement in cyclical economic indicators in the fourth quarter. In addition, a substantial election victory for the Conservative Party added to support for UK domestic assets and ensured that sterling exposed stocks had a strong period of outperformance in the second half of 2019.

The fund outperformed its benchmark during the year, in addition to delivering a premium yield to the FTSE All-Share, with both top down positioning and stock selection adding value. At the sector level, overweight positions in the building & construction, electricity and software sectors added value, as did the underweight positions in personal goods and the oil sectors. At the stock level, key contributors included Ibstock, Bellway, Lloyds Banking Group, Tesco and SSE. Conversely, detractors included Imperial Brands, Marks & Spencer Group and Vodafone Group with the latter exited in the year.

The fund remained overweight in Value Defensives and domestically exposed stocks and augmented this position with additions to domestic stocks including Hollywood Bowl Group and Headlam Group as well as establishing a new holding in easyJet. These purchases were funded by reducing positions in higher rated Growth and Growth Defensive stocks including the London Stock Exchange Group, Games Workshop Group and Diageo Finance.

While UK equities enjoyed a strong year in 2019, the UK market is still trading at a discount to global equities more generally and offers a substantial yield premium providing continuing opportunities for income focused investors.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

**Fund Manager:**  
**Matthew Hudson**



Matthew Hudson joined Schroders in July 2013 following the acquisition of Cazenove Capital

He joined Cazenove Capital in 2001 from AIB Govett Investment Management. Prior to this he was a chartered accountant at PricewaterhouseCoopers

He is the Head of the Pan European Business Cycle equity Team at Schroders with responsibility for UK equity income portfolio

He manages the Schroder UK Alpha Income Fund, Schroder UK Opportunities Fund, SIF UK Alpha Income Fund and SUTL Cazenove Charity Equity Income Fund, a Charity Authorised Investment Fund

He Graduated from Cambridge University with a degree in history and has 21 years' investment experience

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

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	A Income shares			A Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	133.00	167.41	156.94	170.87	204.50	183.03
Return before operating charges*	29.85	(24.38)	20.98	38.73	(30.29)	24.71
Operating charges	(2.42)	(2.62)	(2.75)	(3.14)	(3.34)	(3.24)
<b>Return after operating charges*</b>	<b>27.43</b>	<b>(27.00)</b>	<b>18.23</b>	<b>35.59</b>	<b>(33.63)</b>	<b>21.47</b>
Distributions <sup>1</sup>	(7.37)	(7.41)	(7.76)	(9.58)	(9.15)	(9.14)
Retained distributions <sup>1</sup>	–	–	–	9.58	9.15	9.14
<b>Closing net asset value</b>	<b>153.06</b>	<b>133.00</b>	<b>167.41</b>	<b>206.46</b>	<b>170.87</b>	<b>204.50</b>
*after direct transaction costs of	(0.36)	(0.33)	(0.50)	(0.47)	(0.41)	(0.58)
<b>Performance</b>						
Return after charges (%)	20.62	(16.13)	11.62	20.83	(16.44)	11.73
<b>Other information</b>						
Closing net asset value (£000's)	5,569	7,514	11,691	2,097	2,533	32,678
Closing number of shares	3,638,277	5,649,543	6,983,732	1,015,780	1,482,124	15,979,887
Operating charges (%)	1.67	1.67	1.67	1.67	1.67	1.67
Direct transaction costs (%)**	0.25	0.21	0.30	0.25	0.21	0.30
<b>Prices</b>						
Highest dealing price (p)	158.70	169.70	173.60	209.10	207.30	203.70
Lowest dealing price (p)	132.10	133.90	155.60	169.70	167.60	181.50

# Comparative Table (continued)

Financial year to 31 December	C Income shares			C Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	142.56	178.54	166.49	187.01	222.68	198.33
Return before operating charges*	32.08	(26.10)	22.29	42.52	(33.20)	26.81
Operating charges	(1.82)	(1.96)	(2.04)	(2.42)	(2.47)	(2.46)
<b>Return after operating charges*</b>	<b>30.26</b>	<b>(28.06)</b>	<b>20.25</b>	<b>40.10</b>	<b>(35.67)</b>	<b>24.35</b>
Distributions <sup>1</sup>	(7.92)	(7.92)	(8.20)	(10.51)	(9.98)	(9.91)
Retained distributions <sup>1</sup>	–	–	–	10.51	9.98	9.91
<b>Closing net asset value</b>	<b>164.90</b>	<b>142.56</b>	<b>178.54</b>	<b>227.11</b>	<b>187.01</b>	<b>222.68</b>
*after direct transaction costs of	(0.39)	(0.35)	(0.53)	(0.52)	(0.44)	(0.63)
<b>Performance</b>						
Return after charges (%)	21.23	(15.72)	12.16	21.44	(16.02)	12.28
<b>Other information</b>						
Closing net asset value (£000's)	9,833	9,581	13,917	7,118	6,419	8,854
Closing number of shares	5,963,095	6,720,636	7,795,218	3,134,049	3,432,493	3,975,878
Operating charges (%)	1.17	1.17	1.17	1.17	1.17	1.17
Direct transaction costs (%)**	0.25	0.21	0.30	0.25	0.21	0.30
<b>Prices</b>						
Highest dealing price (p)	171.00	181.00	184.50	230.00	225.80	221.90
Lowest dealing price (p)	141.60	143.60	165.10	185.80	183.40	196.70



# Comparative Table (continued)

Financial year to 31 December	L Income shares			L Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	46.07	57.51	53.46	58.53	69.47	61.67
Return before operating charges*	10.38	(8.43)	7.17	13.33	(10.38)	8.35
Operating charges	(0.43)	(0.46)	(0.47)	(0.55)	(0.56)	(0.55)
<b>Return after operating charges*</b>	<b>9.95</b>	<b>(8.89)</b>	<b>6.70</b>	<b>12.78</b>	<b>(10.94)</b>	<b>7.80</b>
Distributions <sup>1</sup>	(2.56)	(2.55)	(2.65)	(3.30)	(3.12)	(3.09)
Retained distributions <sup>1</sup>	–	–	–	3.30	3.12	3.09
<b>Closing net asset value</b>	<b>53.46</b>	<b>46.07</b>	<b>57.51</b>	<b>71.31</b>	<b>58.53</b>	<b>69.47</b>
*after direct transaction costs of	(0.13)	(0.11)	(0.17)	(0.16)	(0.14)	(0.20)
<b>Performance</b>						
Return after charges (%)	21.60	(15.46)	12.53	21.83	(15.75)	12.65
<b>Other information</b>						
Closing net asset value (£000's)	11,139	13,249	48,441	13,636	19,423	29,523
Closing number of shares	20,834,516	28,759,500	84,234,852	19,122,349	33,183,261	42,498,062
Operating charges (%)	0.85	0.84	0.84	0.85	0.84	0.84
Direct transaction costs (%)**	0.25	0.21	0.30	0.25	0.21	0.30
<b>Prices</b>						
Highest dealing price (p)	55.44	58.32	59.34	72.22	70.46	69.21
Lowest dealing price (p)	45.76	46.39	53.02	58.15	57.40	61.17

# Comparative Table (continued)

Financial year to 31 December	S Income shares			S Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	44.51	55.39	51.35	188.26	222.76	215.70
Return before operating charges*	10.05	(8.14)	6.89	42.91	(33.35)	7.10
Operating charges	(0.27)	(0.28)	(0.29)	(1.13)	(1.15)	(0.04)
<b>Return after operating charges*</b>	<b>9.78</b>	<b>(8.42)</b>	<b>6.60</b>	<b>41.78</b>	<b>(34.50)</b>	<b>7.06</b>
Distributions <sup>1</sup>	(2.48)	(2.46)	(2.56)	(10.61)	(10.02)	(5.07)
Retained distributions <sup>1</sup>	–	–	–	10.61	10.02	5.07
<b>Closing net asset value</b>	<b>51.81</b>	<b>44.51</b>	<b>55.39</b>	<b>230.04</b>	<b>188.26</b>	<b>222.76</b>
*after direct transaction costs of	(0.12)	(0.11)	(0.16)	(0.52)	(0.44)	(0.66)
<b>Performance</b>						
Return after charges (%)	21.97	(15.20)	12.85	22.19	(15.49)	3.27
<b>Other information</b>						
Closing net asset value (£000's)	19,821	29,174	49,397	1,219	7,969	12,353
Closing number of shares	38,254,111	65,542,209	89,176,797	529,916	4,233,019	5,545,337
Operating charges (%)	0.55	0.54	0.54	0.55	0.54	0.03
Direct transaction costs (%)**	0.25	0.21	0.30	0.25	0.21	0.30
<b>Prices</b>						
Highest dealing price (p)	53.73	56.19	57.06	233.00	226.00	221.90
Lowest dealing price (p)	44.21	44.83	50.94	187.00	184.60	215.70

## S Accumulation shares

The share class was launched on 15 December 2017.

# Comparative Table (continued)

Financial year to 31 December	Z Income shares			Z Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	147.89	184.74	171.87	197.60	234.70	208.50
Return before operating charges*	33.32	(27.05)	23.05	44.96	(35.05)	28.23
Operating charges	(1.49)	(1.60)	(1.66)	(2.00)	(2.05)	(2.03)
<b>Return after operating charges*</b>	<b>31.83</b>	<b>(28.65)</b>	<b>21.39</b>	<b>42.96</b>	<b>(37.10)</b>	<b>26.20</b>
Distributions <sup>1</sup>	(8.23)	(8.20)	(8.52)	(11.12)	(10.54)	(10.45)
Retained distributions <sup>1</sup>	–	–	–	11.12	10.54	10.45
<b>Closing net asset value</b>	<b>171.49</b>	<b>147.89</b>	<b>184.74</b>	<b>240.56</b>	<b>197.60</b>	<b>234.70</b>
*after direct transaction costs of	(0.40)	(0.36)	(0.54)	(0.54)	(0.47)	(0.67)
<b>Performance</b>						
Return after charges (%)	21.52	(15.51)	12.45	21.74	(15.81)	12.57
<b>Other information</b>						
Closing net asset value (£000's)	50,573	70,475	136,416	33,165	49,629	76,232
Closing number of shares	29,490,226	47,654,948	73,841,406	13,786,569	25,116,230	32,480,860
Operating charges (%)	0.92	0.92	0.92	0.92	0.92	0.92
Direct transaction costs (%)**	0.25	0.21	0.30	0.25	0.21	0.30
<b>Prices</b>						
Highest dealing price (p)	177.80	187.30	190.70	243.60	238.00	233.80
Lowest dealing price (p)	146.90	148.90	170.40	196.30	193.80	206.80

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 98.17% (97.70%)</b>			
<b>Oil &amp; Gas 7.72% (15.75%)</b>			
BP	1,688,265	7,962	5.16
Royal Dutch Shell B	175,907	3,939	2.56
		<b>11,901</b>	<b>7.72</b>

<b>Basic Materials 6.87% (7.42%)</b>			
BHP Group	328,053	5,829	3.78
Croda International	68,752	3,517	2.28
Victrex	50,240	1,253	0.81
		<b>10,599</b>	<b>6.87</b>

<b>Industrials 17.70% (9.34%)</b>			
BAE Systems	536,235	3,029	1.97
Balfour Beatty	1,074,308	2,806	1.82
Bodycote	329,300	3,135	2.03
Bunzl	116,773	2,411	1.56
DS Smith	317,222	1,218	0.79
Electrocomponents	347,880	2,343	1.52
Ibstock	1,355,741	4,271	2.77
Pagegroup	582,141	3,042	1.97
QinetiQ Group	581,642	2,081	1.35
Senior	321,382	556	0.36
Weir Group	138,899	2,096	1.36
Wincanton	100,410	301	0.20
		<b>27,289</b>	<b>17.70</b>

<b>Consumer Goods 11.40% (11.54%)</b>			
Associated British Foods	120,683	3,134	2.03
Bellway	92,238	3,512	2.28
British American Tobacco	126,536	4,089	2.65
Crest Nicholson Holdings	376,688	1,625	1.06
Headlam Group	347,085	1,840	1.19
Imperial Brands	180,268	3,369	2.19
		<b>17,569</b>	<b>11.40</b>

<b>Health Care 6.19% (7.39%)</b>			
GlaxoSmithKline	536,793	9,547	6.19
		<b>9,547</b>	<b>6.19</b>

<b>Consumer Services 17.01% (14.35%)</b>			
easyJet	224,664	3,199	2.08
Hollywood Bowl Group	861,452	2,455	1.59
National Express Group	439,201	2,051	1.33
RELX	311,955	5,943	3.85
Tesco	1,329,366	3,390	2.20
WH Smith	72,830	1,889	1.23
Wm Morrison Supermarkets	1,490,117	2,977	1.93
WPP	404,903	4,319	2.80
		<b>26,223</b>	<b>17.01</b>

<b>Telecommunications 1.38% (3.97%)</b>			
BT Group	1,104,772	2,126	1.38
		<b>2,126</b>	<b>1.38</b>

<b>Utilities 5.21% (3.46%)</b>			
Severn Trent	150,618	3,788	2.46
SSE	294,699	4,239	2.75
		<b>8,027</b>	<b>5.21</b>

<b>Financials 23.62% (22.03%)</b>			
Big Yellow Group REIT	271,948	3,258	2.11
Close Brothers Group	184,070	2,941	1.91
Intermediate Capital Group	168,357	2,711	1.76
John Laing Group	532,263	2,023	1.31
Legal & General Group	1,308,908	3,966	2.57
Lloyds Banking Group	7,388,307	4,618	3.00
London Stock Exchange Group	23,553	1,819	1.18
M&G	825,916	1,957	1.27
Polar Capital Holdings*	387,593	2,093	1.36

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Financials (continued)</b>			
Provident Financial	431,192	1,971	1.28
Prudential	296,702	4,290	2.78
RSA Insurance Group	527,683	2,983	1.93
Sabre Insurance Group	579,869	1,786	1.16
		<b>36,416</b>	<b>23.62</b>
<b>Technology 1.07% (2.45%)</b>			
Sage Group	221,558	1,658	1.07
		<b>1,658</b>	<b>1.07</b>
<b>Equities total</b>			
		<b>151,355</b>	<b>98.17</b>
<b>Portfolio of investments</b>			
		<b>151,355</b>	<b>98.17</b>
Net other assets		2,815	1.83
<b>Net assets attributable to shareholders</b>		<b>154,170</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Security traded on another regulated market.

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	29,163	(61,609)
Revenue	3	9,384	15,677
Expenses	4	(1,660)	(3,009)
Net revenue before taxation		<b>7,724</b>	<b>12,668</b>
Taxation	5	0	0
Net revenue after taxation		<b>7,724</b>	<b>12,668</b>
<b>Total return before distributions</b>		<b>36,887</b>	<b>(48,941)</b>
Distributions	6	(9,364)	(15,673)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>27,523</b>	<b>(64,614)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	215,966	419,502
Amounts receivable on issue of shares	2,281	7,280
Amounts payable on cancellation of shares	(94,717)	(151,268)
	<b>(92,436)</b>	<b>(143,988)</b>
Dilution adjustment	11	34
Change in net assets attributable to shareholders from investment activities	27,523	(64,614)
Retained distribution on Accumulation shares	3,100	5,028
Unclaimed distributions	6	4
<b>Closing net assets attributable to shareholders</b>	<b>154,170</b>	<b>215,966</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		151,355	210,997
<b>Current assets</b>			
Debtors	8	600	1,407
Cash and bank balances		5,075	8,083
<b>Total assets</b>		<b>157,030</b>	<b>220,487</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(2,320)	(3,492)
Other creditors	9	(540)	(1,029)
<b>Total liabilities</b>		<b>(2,860)</b>	<b>(4,521)</b>
<b>Net assets attributable to shareholders</b>		<b>154,170</b>	<b>215,966</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder UK Alpha Income Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	29,171	(61,601)
Transaction costs	(8)	(8)
<b>Net capital gains/(losses)</b>	<b>29,163</b>	<b>(61,609)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	9,027	14,850
Overseas dividends	255	806
Real estate income distributions	66	0
Bank interest	22	21
Underwriting commission	14	0
<b>Total revenue</b>	<b>9,384</b>	<b>15,677</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	1,355	2,467
Administration charge	275	495
	<b>1,630</b>	<b>2,962</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	20	36
Safe custody fees	1	2
	<b>21</b>	<b>38</b>
<b>Other expenses:</b>		
Audit fee	9	9
<b>Total expenses</b>	<b>1,660</b>	<b>3,009</b>



# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>7,724</b>	<b>12,668</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1,545	2,534
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,857)	(3,132)
Movement in excess management expenses	312	598
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

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

At the balance sheet date, there is a potential deferred tax asset of £7,508,843 (2018 – £7,197,154) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2019 £000's	2018 £000's
Interim Dividend distribution	4,638	7,725
Final Dividend distribution	3,655	5,832
	<b>8,293</b>	<b>13,557</b>
Add: Revenue deducted on cancellation of shares	1,099	2,168
Deduct: Revenue received on issue of shares	(28)	(52)
<b>Distributions</b>	<b>9,364</b>	<b>15,673</b>
Net revenue after taxation	7,724	12,668
Expenses taken to capital	1,660	3,009
Tax relief on capital gains	(20)	(4)
<b>Distributions</b>	<b>9,364</b>	<b>15,673</b>

Details of the distributions per share are set out in the Distribution Table on pages 141 and 142.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	151,355	210,997
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>151,355</b>	<b>210,997</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	5	1
Sales awaiting settlement	0	309
Accrued revenue	591	1,097
Income tax recoverable	4	0
<b>Total debtors</b>	<b>600</b>	<b>1,407</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	392	779
Purchases awaiting settlement	17	49
Accrued expenses	131	201
<b>Total other creditors</b>	<b>540</b>	<b>1,029</b>

# Notes to the Accounts (continued)

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 14.77% (2018 – 17.89%).

## 12 Share classes

The fund currently has ten share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Income shares	1.50%
A Accumulation shares	1.50%
C Income shares	1.00%
C Accumulation shares	1.00%
L Income shares	0.675%
L Accumulation shares	0.675%
S Income shares	0.375%
S Accumulation shares	0.375%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 126 to 130. The distributions per share class are given in the Distribution Table on pages 141 and 142. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Liquidity risk

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

### Interest rate risk

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

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

As at the year end date 3.29% (2018 – 3.74%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

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

### Fair value of financial assets and financial liabilities

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

# Notes to the Accounts (continued)

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	0.14%	0.00%	0.00%	0.00%	1.34%	0.03%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	73,883	33	369	74,285	0.04	0.50
Corporate actions purchases:						
Equities	522	0	0	522	0.00	0.00
	<b>74,405</b>	<b>33</b>	<b>369</b>	<b>74,807</b>		
<b>Sales</b>						
Equities	163,602	(65)	0	163,537	(0.04)	0.00
Total cost of the fund's average net asset value (%)		<b>0.05</b>	<b>0.20</b>			

# Notes to the Accounts (continued)

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	116,638	58	522	117,218	0.05	0.45
Corporate actions purchases:						
Equities	5,777	0	0	5,777	0.00	0.00
	<b>122,415</b>	<b>58</b>	<b>522</b>	<b>122,995</b>		
<b>Sales</b>						
Equities	263,489	(129)	0	263,360	(0.05)	0.00
Total cost of the fund's average net asset value (%)		<b>0.06</b>	<b>0.16</b>			

1 Excluding corporate actions.

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.17% (2018 – 0.40%).

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

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Income shares	5,649,543	168,222	(1,531,204)	(648,284)	3,638,277
A Accumulation shares	1,482,124	142,349	(436,724)	(171,969)	1,015,780
C Income shares	6,720,636	68,793	(636,580)	(189,754)	5,963,095
C Accumulation shares	3,432,493	166	(298,610)	0	3,134,049
L Income shares	28,759,500	1,534,971	(11,314,999)	1,855,044	20,834,516
L Accumulation shares	33,183,261	292,768	(14,517,619)	163,939	19,122,349
S Income shares	65,542,209	34,578	(27,322,676)	0	38,254,111
S Accumulation shares	4,233,019	5,000	(3,708,103)	0	529,916
Z Income shares	47,654,948	427,321	(18,779,132)	187,089	29,490,226
Z Accumulation shares	25,116,230	12,198	(11,440,281)	98,422	13,786,569

# Notes to the Accounts (continued)

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	1,015,780	1,054,248	3.79	206.6	152.4	(26.23)
A Income units	3,638,277	3,434,915	(5.59)	156.8	113	(27.93)
C Accumulation units	3,134,049	3,114,539	(0.62)	227.3	167.9	(26.13)
C Income units	5,963,095	5,724,627	(4.00)	169	121.9	(27.87)
L Accumulation units	19,122,349	17,392,639	(9.05)	71.36	52.76	(26.07)
L Income units	20,834,516	19,390,264	(6.93)	54.78	39.57	(27.77)
S Income units	38,254,111	11,620,787	(69.62)	53.09	38.38	(27.71)
Z Accumulation units	13,786,569	12,671,915	(8.09)	240.7	177.9	(26.09)
Z Income units	29,490,226	26,728,178	(9.37)	175.7	126.9	(27.77)
S Accumulation units	529,916	76,395	(85.58)	230.2	170.4	(25.98)

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

# Distribution Table

## Interim distribution for the six months ended 30 June 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 31.8.19 p per share	Distribution paid <sup>1</sup> 31.8.18 p per share
<b>A Income shares</b>				
Group 1	3.7000	–	3.7000	3.8563
Group 2	1.7391	1.9609	3.7000	3.8563
<b>A Accumulation shares</b>				
Group 1	4.7545	–	4.7545	4.4979
Group 2	2.4889	2.2656	4.7545	4.4979
<b>C Income shares</b>				
Group 1	3.9716	–	3.9716	4.0967
Group 2	2.4244	1.5472	3.9716	4.0967
<b>C Accumulation shares</b>				
Group 1	5.2107	–	5.2107	4.8804
Group 2	1.2721	3.9386	5.2107	4.8804
<b>L Income shares</b>				
Group 1	1.2845	–	1.2845	1.3166
Group 2	0.5897	0.6948	1.2845	1.3166
<b>L Accumulation shares</b>				
Group 1	1.6323	–	1.6323	1.5189
Group 2	0.8285	0.8038	1.6323	1.5189
<b>S Income shares</b>				
Group 1	1.2422	–	1.2422	1.2656
Group 2	0.7548	0.4874	1.2422	1.2656
<b>S Accumulation shares</b>				
Group 1	5.2546	–	5.2546	5.0897
Group 2	5.2546	0.0000	5.2546	5.0897
<b>Z Income shares</b>				
Group 1	4.1227	–	4.1227	4.2319
Group 2	2.6408	1.4819	4.1227	4.2319
<b>Z Accumulation shares</b>				
Group 1	5.5095	–	5.5095	5.1342
Group 2	3.1458	2.3637	5.5095	5.1342

# Distribution Table (continued)

## Final distribution for the six months ended 31 December 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid <sup>1</sup> 28.2.19 p per share
<b>A Income shares</b>				
Group 1	3.6719	–	3.6719	3.5497
Group 2	2.2947	1.3772	3.6719	3.5497
<b>A Accumulation shares</b>				
Group 1	4.8261	–	4.8261	4.6483
Group 2	1.8273	2.9988	4.8261	4.6483
<b>C Income shares</b>				
Group 1	3.9498	–	3.9498	3.8213
Group 2	1.3420	2.6078	3.9498	3.8213
<b>C Accumulation shares</b>				
Group 1	5.3004	–	5.3004	5.1038
Group 2	2.2190	3.0814	5.3004	5.1038
<b>L Income shares</b>				
Group 1	1.2793	–	1.2793	1.2380
Group 2	0.5291	0.7502	1.2793	1.2380
<b>L Accumulation shares</b>				
Group 1	1.6627	–	1.6627	1.6008
Group 2	0.8649	0.7978	1.6627	1.6008
<b>S Income shares</b>				
Group 1	1.2386	–	1.2386	1.1988
Group 2	1.2386	0.0000	1.2386	1.1988
<b>S Accumulation shares</b>				
Group 1	5.3585	–	5.3585	4.9287
Group 2	1.4376	3.9209	5.3585	4.9287
<b>Z Income shares</b>				
Group 1	4.1043	–	4.1043	3.9715
Group 2	1.8559	2.2484	4.1043	3.9715
<b>Z Accumulation shares</b>				
Group 1	5.6100	–	5.6100	5.4016
Group 2	2.3143	3.2957	5.6100	5.4016



# Distribution Table (continued)

## Equalisation

Equalisation applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Schroder Strategic Credit Fund

## Fund Information

### Investment objective and policy

The Schroder Strategic Credit Fund (the 'fund') aims to provide income and capital growth in excess of 3 Month GBP LIBOR (or an equivalent reference rate) (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities of companies in the UK and Europe but this cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by companies in the UK and Europe. The Fund may also invest in fixed and floating rate securities issued by companies worldwide and by governments, government agencies and supra-nationals.

The Fund may invest more than 50% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards of the Prospectus). The Fund may use leverage and take short positions.

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

The Fund aims to provide income and capital growth in excess of 3 Month LIBOR over rolling 3 to 5 year periods by investing in fixed and floating rate securities of UK and European companies but this cannot be guaranteed and your capital is at risk.

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

The Fund may invest more than 50% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

The Fund may also invest in collective investment schemes, equity and equity related securities and warrants, and hold cash.

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

### Fund characteristics

The Fund's performance should be assessed against its target benchmark of 3 month GBP LIBOR (or an equivalent reference rate) and compared against the Investment Association Strategic Bond sector average return.

The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective. The comparator benchmarks have been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

**From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 8.28%. In the same period, the three month LIBOR generated a total return of 0.81%<sup>1</sup>.**

Markets enjoyed broadly favourable conditions in 2019. They rebounded strongly early on, following tough conditions in the final months of 2018, due to dovish central bank comments. The Federal Reserve (Fed) subsequently cut interest rates three times and the European Central Bank launched another round of stimulus measures. This proved supportive to markets, outweighing concerns over geopolitical uncertainties in the form of a US-China trade war and the UK's departure from the EU. Economic data remained sound overall, particularly in the US.

The portfolio generated a strong total return for the year, exceeding its target. Key positives were positions in the services and telecoms sectors. We added to B-rated credit over the year, notably in services and healthcare, and to BBB-rated senior banking and subordinated insurance. The aggregate spread duration of the portfolio reduced from 3.4 to 2.6 years over the course of the year.

There is not a great deal of value to be found in the secondary market for high yield credit, where supply conditions are tight, average prices are at an 18 month high and credit spreads are at their lowest in some time. We are broadly neutral on the asset class as a whole, seeing opportunity in the single B segment, as economic data stabilises.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

**Fund Manager:**  
**Peter Harvey**



Peter joined Schroders in July 2013 following the acquisition of Cazenove Capital

Having joined Cazenove Capital in 2005, where he was head of the European credit team, Peter is now part of the London based fixed income team at Schroders

He has 28 years' experience analysing and investing in corporate debt

Peter studied management and international relations at St Andrews University

<sup>1</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



The risk category is based upon the fund's risk target and there is no guarantee that the fund will achieve it. The fund's risk category is not guaranteed to remain fixed and may change over time. A fund in the lowest category does not mean a risk-free investment.

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

# Comparative Table

Financial year to 31 December	A Income shares			A Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	85.86	91.35	91.22	158.41	161.51	154.57
Return before operating charges*	7.75	(0.67)	5.18	14.38	(1.21)	8.79
Operating charges	(1.04)	(1.06)	(1.09)	(1.93)	(1.89)	(1.85)
<b>Return after operating charges*</b>	<b>6.71</b>	<b>(1.73)</b>	<b>4.09</b>	<b>12.45</b>	<b>(3.10)</b>	<b>6.94</b>
Distributions <sup>1</sup>	(3.87)	(3.76)	(3.96)	(7.21)	(6.72)	(6.78)
Retained distributions <sup>1</sup>	–	–	–	7.21	6.72	6.78
<b>Closing net asset value</b>	<b>88.70</b>	<b>85.86</b>	<b>91.35</b>	<b>170.86</b>	<b>158.41</b>	<b>161.51</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	7.82	(1.89)	4.48	7.86	(1.92)	4.49
<b>Other information</b>						
Closing net asset value (£000's)	1,435	2,008	2,556	18,362	17,350	15,648
Closing number of shares	1,617,467	2,338,428	2,798,723	10,747,342	10,952,688	9,688,442
Operating charges (%)	1.17	1.16	1.17	1.17	1.16	1.17
<b>Prices</b>						
Highest dealing price (p)	90.97	91.94	94.71	171.40	162.90	162.60
Lowest dealing price (p)	85.98	87.95	91.88	158.60	158.80	155.70

# Comparative Table (continued)

Financial year to 31 December	C Income shares			C Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	88.37	93.78	93.42	162.12	167.46	157.50
Return before operating charges*	7.98	(0.68)	5.29	14.73	(3.82)	11.45
Operating charges	(0.84)	(0.86)	(0.87)	(1.55)	(1.52)	(1.49)
<b>Return after operating charges*</b>	<b>7.14</b>	<b>(1.54)</b>	<b>4.42</b>	<b>13.18</b>	<b>(5.34)</b>	<b>9.96</b>
Distributions <sup>1</sup>	(3.98)	(3.87)	(4.06)	(7.39)	(6.87)	(6.91)
Retained distributions <sup>1</sup>	–	–	–	7.39	6.87	6.91
<b>Closing net asset value</b>	<b>91.53</b>	<b>88.37</b>	<b>93.78</b>	<b>175.30</b>	<b>162.12</b>	<b>167.46</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	8.08	(1.64)	4.73	8.13	(3.19)	6.32
<b>Other information</b>						
Closing net asset value (£000's)	3,963	5,020	6,124	1,648	1,745	2,090
Closing number of shares	4,330,148	5,681,158	6,529,819	940,154	1,076,371	1,247,844
Operating charges (%)	0.92	0.91	0.92	0.92	0.91	0.92
<b>Prices</b>						
Highest dealing price (p)	93.86	94.41	97.10	175.90	166.60	165.90
Lowest dealing price (p)	88.50	90.51	94.09	162.30	162.50	158.50

# Comparative Table (continued)

Financial year to 31 December	D Income shares			D Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	45.23	47.85	47.52	55.96	56.74	54.01
Return before operating charges*	4.09	(0.35)	2.70	5.09	(0.43)	3.07
Operating charges	(0.29)	(0.29)	(0.30)	(0.36)	(0.35)	(0.34)
<b>Return after operating charges*</b>	<b>3.80</b>	<b>(0.64)</b>	<b>2.40</b>	<b>4.73</b>	<b>(0.78)</b>	<b>2.73</b>
Distributions <sup>1</sup>	(2.04)	(1.98)	(2.07)	(2.55)	(2.37)	(2.38)
Retained distributions <sup>1</sup>	–	–	–	2.55	2.37	2.38
<b>Closing net asset value</b>	<b>46.99</b>	<b>45.23</b>	<b>47.85</b>	<b>60.69</b>	<b>55.96</b>	<b>56.74</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	8.40	(1.34)	5.05	8.45	(1.37)	5.05
<b>Other information</b>						
Closing net asset value (£000's)	24,464	22,884	17,044	590	493	464
Closing number of shares	52,061,933	50,592,560	35,616,987	971,632	880,563	818,654
Operating charges (%)	0.62	0.61	0.62	0.62	0.61	0.62
<b>Prices</b>						
Highest dealing price (p)	48.19	48.18	49.47	60.88	57.46	57.06
Lowest dealing price (p)	45.30	46.32	47.87	56.04	56.06	54.39

# Comparative Table (continued)

Financial year to 31 December	L Income shares			L Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	91.28	96.62	96.00	167.57	169.99	161.89
Return before operating charges*	8.25	(0.71)	5.45	15.24	(1.28)	9.21
Operating charges	(0.63)	(0.64)	(0.65)	(1.17)	(1.14)	(1.11)
<b>Return after operating charges*</b>	<b>7.62</b>	<b>(1.35)</b>	<b>4.80</b>	<b>14.07</b>	<b>(2.42)</b>	<b>8.10</b>
Distributions <sup>1</sup>	(4.12)	(3.99)	(4.18)	(7.64)	(7.09)	(7.12)
Retained distributions <sup>1</sup>	–	–	–	7.64	7.09	7.12
<b>Closing net asset value</b>	<b>94.78</b>	<b>91.28</b>	<b>96.62</b>	<b>181.64</b>	<b>167.57</b>	<b>169.99</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	8.35	(1.40)	5.00	8.40	(1.42)	5.00
<b>Other information</b>						
Closing net asset value (£000's)	546,831	535,159	477,321	158,655	159,041	121,611
Closing number of shares	576,940,412	586,294,331	494,024,818	87,344,460	94,910,960	71,538,664
Operating charges (%)	0.67	0.66	0.67	0.67	0.66	0.67
<b>Prices</b>						
Highest dealing price (p)	97.20	97.28	99.90	182.20	172.10	171.00
Lowest dealing price (p)	91.41	93.47	96.70	167.80	167.90	163.00



# Comparative Table (continued)

Financial year to 31 December	S Income shares			S Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	46.36	48.98	48.56	161.25	163.25	155.16
Return before operating charges*	4.20	(0.36)	2.77	14.68	(1.24)	8.84
Operating charges	(0.22)	(0.23)	(0.23)	(0.79)	(0.76)	(0.75)
<b>Return after operating charges*</b>	<b>3.98</b>	<b>(0.59)</b>	<b>2.54</b>	<b>13.89</b>	<b>(2.00)</b>	<b>8.09</b>
Distributions <sup>1</sup>	(2.10)	(2.03)	(2.12)	(7.36)	(6.82)	(6.83)
Retained distributions <sup>1</sup>	–	–	–	7.36	6.82	6.83
<b>Closing net asset value</b>	<b>48.24</b>	<b>46.36</b>	<b>48.98</b>	<b>175.14</b>	<b>161.25</b>	<b>163.25</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	8.58	(1.20)	5.23	8.61	(1.23)	5.21
<b>Other information</b>						
Closing net asset value (£000's)	166,999	206,659	194,279	56,326	62,351	66,697
Closing number of shares	346,178,228	445,730,635	396,672,068	32,160,464	38,667,793	40,854,808
Operating charges (%)	0.47	0.46	0.47	0.47	0.46	0.47
<b>Prices</b>						
Highest dealing price (p)	49.47	49.32	50.59	175.70	165.50	164.10
Lowest dealing price (p)	46.43	47.47	48.92	161.50	161.50	156.30

# Comparative Table (continued)

Financial year to 31 December	Z Income shares			Z Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	45.61	48.33	48.07	55.88	56.75	54.10
Return before operating charges*	4.12	(0.35)	2.72	5.09	(0.43)	3.08
Operating charges	(0.36)	(0.37)	(0.37)	(0.45)	(0.44)	(0.43)
<b>Return after operating charges*</b>	<b>3.76</b>	<b>(0.72)</b>	<b>2.35</b>	<b>4.64</b>	<b>(0.87)</b>	<b>2.65</b>
Distributions <sup>1</sup>	(2.06)	(2.00)	(2.09)	(2.55)	(2.37)	(2.38)
Retained distributions <sup>1</sup>	–	–	–	2.55	2.37	2.38
<b>Closing net asset value</b>	<b>47.31</b>	<b>45.61</b>	<b>48.33</b>	<b>60.52</b>	<b>55.88</b>	<b>56.75</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	8.24	(1.49)	4.89	8.30	(1.53)	4.90
<b>Other information</b>						
Closing net asset value (£000's)	12,304	11,357	11,260	69,585	64,964	48,386
Closing number of shares	26,004,102	24,900,656	23,298,860	114,982,700	116,246,710	85,261,090
Operating charges (%)	0.77	0.76	0.77	0.77	0.76	0.77
<b>Prices</b>						
Highest dealing price (p)	48.52	48.66	50.00	60.71	57.41	57.08
Lowest dealing price (p)	45.68	46.71	48.42	55.96	55.99	54.48

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

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 0.19% (0.00%)</b>			
<b>United States of America 0.19% (0.00%)</b>			
Energy Transfer Operating Preference	105,502	2,026	0.19
		<b>2,026</b>	<b>0.19</b>
<b>Equities total</b>			
		<b>2,026</b>	<b>0.19</b>
<b>Corporate Bonds 97.90% (97.54%)</b>			
<b>Australia 1.00% (0.97%)</b>			
National Australia Bank FRN 1.185% 17/07/2020	£2,000,000	2,002	0.19
Australia & New Zealand Banking Group FRN 1.118% 22/03/2021	£4,000,000	4,000	0.38
Westpac Banking FRN 1.033% 18/01/2023	£3,000,000	2,986	0.28
BHP Billiton Finance FRN 6.5% 22/10/2077	£1,400,000	1,572	0.15
		<b>10,560</b>	<b>1.00</b>
<b>Austria 0.07% (0.07%)</b>			
Sappi Papier Holding 7.5% 15/06/2032	US\$1,000,000	789	0.07
		<b>789</b>	<b>0.07</b>
<b>Bermuda 1.03% (1.08%)</b>			
Digicel 6.75% 01/03/2023	US\$1,400,000	615	0.06
Fidelity International 7.125% 13/02/2024	£4,117,000	4,987	0.47
Hiscox FRN 6.125% 24/11/2045	£4,728,000	5,361	0.50
		<b>10,963</b>	<b>1.03</b>
<b>Canada 2.37% (2.63%)</b>			
Bank of Montreal FRN 1.004% 20/07/2020	£2,636,000	2,638	0.25

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Canada (continued)</b>			
Royal Bank of Canada FRN 1.052% 08/06/2021	£2,000,000	2,001	0.19
Bank of Nova Scotia FRN 1.165% 11/06/2021	£2,500,000	2,502	0.24
National Bank of Canada FRN 1.168% 27/09/2021	£1,000,000	1,001	0.09
Canadian Imperial Bank of Commerce FRN 1.194% 10/01/2022	£3,500,000	3,508	0.33
Bausch Health 6.5% 15/03/2022	US\$7,100,000	5,496	0.52
Bausch Health 4.5% 15/05/2023	€2,290,000	1,971	0.19
Bausch Health 5.875% 15/05/2023	US\$795,000	607	0.06
Bausch Health 7% 15/03/2024	US\$3,780,000	2,976	0.28
Bausch Health 5.5% 01/11/2025	US\$330,000	261	0.02
Panther BF Aggregator 2 4.375% 15/05/2026	€1,850,000	1,648	0.15
Panther BF Aggregator 2 6.25% 15/05/2026	US\$687,000	560	0.05
		<b>25,169</b>	<b>2.37</b>
<b>Cayman Islands 0.41% (0.44%)</b>			
Mizzen Bondco 7% 01/05/2021	£2,898,767	2,860	0.27
Global Aircraft Leasing 6.5% 15/09/2024	US\$1,930,000	1,524	0.14
		<b>4,384</b>	<b>0.41</b>
<b>Czech Republic 0.66% (0.57%)</b>			
Residomo 3.375% 15/10/2024	€7,957,000	7,020	0.66
		<b>7,020</b>	<b>0.66</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Denmark 0.73% (0.20%)</b>			
Danske Bank 5% 12/01/2022	US\$7,033,000	5,592	0.53
DKT Finance 9.375% 17/06/2023	US\$2,699,000	2,174	0.20
		<b>7,766</b>	<b>0.73</b>
<b>Finland 0.22% (0.21%)</b>			
OP Corporate Bank FRN 1.134% 30/05/2021	£1,000,000	998	0.09
Nokia 3.375% 12/06/2022	US\$1,789,000	1,371	0.13
		<b>2,369</b>	<b>0.22</b>
<b>France 5.59% (5.92%)</b>			
Constellium 4.625% 15/05/2021	€1,050,667	895	0.08
Parts Europe FRN 4.375% 01/05/2022	€6,133,184	5,230	0.49
Parts Europe FRN 5.5% 01/05/2022	€887,000	755	0.07
Casino Guichard Perrachon 1.865% 13/06/2022	€800,000	652	0.06
Burger King France FRN 5.25% 01/05/2023	€4,150,000	3,584	0.34
Nexans 3.75% 08/08/2023	€1,300,000	1,212	0.11
Quatrim 5.875% 15/01/2024	€658,000	589	0.06
Casino Guichard Perrachon 4.498% 07/03/2024	€2,200,000	1,702	0.16
SPIE 3.125% 22/03/2024	€900,000	821	0.08
Burger King France 6% 01/05/2024	€1,540,000	1,373	0.13
La Financiere Atalian 4% 15/05/2024	€4,073,000	2,778	0.26
Ingenico Group 1.625% 13/09/2024	€1,600,000	1,370	0.13
Louvre Bidco 4.25% 30/09/2024	€150,000	131	0.01

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>France (continued)</b>			
Louvre Bidco FRN 5.375% 30/09/2024	€1,204,000	1,041	0.10
Altice France 2.5% 15/01/2025	€2,659,000	2,286	0.22
Constantin Investissement 3 5.375% 15/04/2025	€831,000	712	0.07
La Financiere Atalian 6.625% 15/05/2025	£7,763,000	6,059	0.57
Novafives FRN 4.5% 15/06/2025	€2,079,000	1,520	0.14
SPCM 4.875% 15/09/2025	US\$3,000,000	2,362	0.22
Constellium 5.875% 15/02/2026	US\$366,000	293	0.03
Altice France 7.375% 01/05/2026	US\$21,744,000	17,673	1.67
AXA FRN 3.941% Perpetual	€388,000	373	0.04
Caisse Nationale de Reassurance Mutuelle Agricole Groupama FRN 6.375% Perpetual	€3,700,000	3,737	0.35
Electricite de France FRN 6% Perpetual	£1,000,000	1,108	0.10
Orange FRN 5.875% Perpetual	£1,000,000	1,081	0.10
		<b>59,337</b>	<b>5.59</b>
<b>Germany 4.70% (5.22%)</b>			
Deutsche Bank FRN 3.209% 20/08/2020	US\$779,000	591	0.06
Deutsche Bank 3.375% 12/05/2021	US\$1,450,000	1,106	0.10
Landesbank Baden- Wuerttemberg FRN 1.057% 18/05/2021	£1,300,000	1,300	0.12
Deutsche Bank 4.25% 14/10/2021	US\$4,385,000	3,414	0.32
Deutsche Bank 1.75% 16/12/2021	£2,000,000	1,991	0.19
Deutsche Bank 5% 14/02/2022	US\$1,850,000	1,463	0.14

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Germany (continued)</b>			
Safari Verwaltungs 5.375% 30/11/2022	€5,764,000	3,870	0.37
Deutsche Bank 3.875% 12/02/2024	£3,200,000	3,360	0.32
Schaeffler 1.875% 26/03/2024	€2,164,000	1,921	0.18
Adler Pelzer Holding 4.125% 01/04/2024	€500,000	395	0.04
Nidda Healthcare Holding 3.5% 30/09/2024	€12,086,000	10,594	1.00
Tele Columbus 3.875% 02/05/2025	€435,000	361	0.03
IHO Verwaltungs 3.625% 15/05/2025	€5,520,000	4,909	0.46
WEPA Hygieneprodukte FRN 2.477% 15/12/2026	€5,963,000	5,176	0.49
IHO Verwaltungs 6% 15/05/2027	US\$2,300,000	1,846	0.17
IHO Verwaltungs FRN 3.875% 15/05/2027	€1,310,000	1,178	0.11
WEPA Hygieneprodukte 2.875% 15/12/2027	€417,000	367	0.03
EnBW Energie Baden- Wuerttemberg FRN 3.625% 02/04/2076	€1,568,000	1,386	0.13
EnBW Energie Baden- Wuerttemberg FRN 5.125% 05/04/2077	US\$5,822,000	4,611	0.44
		<b>49,839</b>	<b>4.70</b>
<b>Guernsey 0.12% (0.07%)</b>			
Credit Suisse Group Funding Guernsey FRN 4.293% 16/04/2021	US\$900,000	699	0.07
Summit Properties 2% 31/01/2025	€636,000	527	0.05
		<b>1,226</b>	<b>0.12</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Ireland 2.48% (2.89%)</b>			
Ardagh Packaging Finance 4.25% 15/09/2022	US\$1,912,000	1,465	0.14
Virgin Media Receivables Financing Notes II 5.75% 15/04/2023	£2,344,000	2,409	0.23
Virgin Media Receivables Financing Notes I 5.5% 15/09/2024	£10,743,000	11,038	1.04
Ardagh Packaging Finance 6% 15/02/2025	US\$600,000	476	0.05
AIB Group FRN 4.263% 10/04/2025	US\$519,000	416	0.04
Ardagh Packaging Finance 4.125% 15/08/2026	US\$1,540,000	1,195	0.11
James Hardie International Finance 3.625% 01/10/2026	€2,321,000	2,095	0.20
C&W Senior Financing 7.5% 15/10/2026	US\$2,590,000	2,123	0.20
Bank of Ireland Group FRN 3.125% 19/09/2027	£1,291,000	1,313	0.12
Roadster Finance 1.625% 09/12/2029	€3,593,000	3,117	0.29
Aryzta Euro Finance FRN 4.5% Perpetual	€800,000	651	0.06
		<b>26,298</b>	<b>2.48</b>
<b>Isle of Man 0.62% (0.59%)</b>			
Playtech 3.75% 12/10/2023	€7,411,000	6,535	0.62
		<b>6,535</b>	<b>0.62</b>
<b>Italy 4.88% (6.25%)</b>			
FCA Bank 1.625% 29/09/2021	£947,000	948	0.09
UniCredit 6.572% 14/01/2022	US\$1,100,000	894	0.08

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Italy (continued)</b>			
UniCredit FRN 5.901% 14/01/2022	US\$3,593,000	2,851	0.27
Autostrade per l'Italia 6.25% 09/06/2022	£2,166,000	2,315	0.22
Almaviva-The Italian Innovation 7.25% 15/10/2022	€4,225,000	3,286	0.31
TeamSystem FRN 4% 15/04/2023	€2,985,000	2,545	0.24
Gamenet Group FRN 3.75% 27/04/2023	€1,676,000	1,439	0.14
Gamenet Group FRN 5.125% 27/04/2023	€1,268,000	1,091	0.10
Autostrade per l'Italia 1.625% 12/06/2023	€1,215,000	1,001	0.09
Sisal Group 7% 31/07/2023	€1,135,000	998	0.09
Limacorporate FRN 3.75% 15/08/2023	€4,918,000	4,183	0.39
Guala Closures FRN 3.5% 15/04/2024	€4,398,000	3,776	0.36
Bormioli Pharma Bidco FRN 3.5% 15/11/2024	€6,328,000	4,838	0.46
Fabric BC FRN 4.125% 30/11/2024	€1,680,000	1,429	0.13
Piaggio & C 3.625% 30/04/2025	€1,983,000	1,774	0.17
EVOCA FRN 4.25% 01/11/2026	€1,453,000	1,249	0.12
Enel FRN 8.75% 24/09/2073	US\$3,106,000	2,760	0.26
Enel FRN 7.75% 10/09/2075	£3,270,000	3,405	0.32
Enel FRN 6.625% 15/09/2076	£2,673,000	2,887	0.27
Enel FRN 2.5% 24/11/2078	€721,000	637	0.06
Assicurazioni Generali FRN 4.596% Perpetual	€850,000	811	0.08
Assicurazioni Generali FRN 6.269% Perpetual	£2,600,000	2,996	0.28

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Italy (continued)</b>			
Assicurazioni Generali FRN 6.416% Perpetual	£3,400,000	3,676	0.35
		<b>51,789</b>	<b>4.88</b>
<b>Jersey 3.25% (2.77%)</b>			
LHC3 4.125% 15/08/2024	€8,073,828	7,093	0.67
TVL Finance FRN 6.157% 15/07/2025	£2,582,000	2,592	0.24
Galaxy Bidco 6.5% 31/07/2026	£6,459,000	6,827	0.64
CPUK Finance 7.239% 28/02/2042	£1,200,000	1,440	0.14
AA Bond 2.875% 31/07/2043	£3,200,000	3,165	0.30
AA Bond 4.875% 31/07/2043	£1,441,000	1,468	0.14
AA Bond 2.75% 31/07/2043	£700,000	668	0.06
AA Bond 4.249% 31/07/2043	£523,000	530	0.05
AA Bond 5.5% 31/07/2043	£1,848,000	1,575	0.15
CPUK Finance 4.25% 28/02/2047	£1,100,000	1,117	0.11
HBOS Capital Funding 6.85% Perpetual	US\$10,338,000	7,990	0.75
		<b>34,465</b>	<b>3.25</b>
<b>Luxembourg 5.79% (4.74%)</b>			
Codere Finance 2 Luxembourg 7.625% 01/11/2021	US\$1,350,000	929	0.09
B&M European Value Retail 4.125% 01/02/2022	£1,620,000	1,636	0.15
Atento Luxco 1 6. 125% 10/08/2022	US\$1,385,000	1,033	0.10
Garfunkelux Holdco 3 8.5% 01/11/2022	£450,000	443	0.04
Logicor Financing 1.5% 14/11/2022	€3,875,000	3,397	0.32

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Luxembourg (continued)</b>			
Eurofins Scientific 3.375% 30/01/2023	€1,307,000	1,160	0.11
Altice Financing 6.625% 15/02/2023	US\$1,275,000	982	0.09
Arena Luxembourg Finance FRN 2.75% 01/11/2023	€9,115,000	7,785	0.73
Cirsa Finance International 6.25% 20/12/2023	€834,000	749	0.07
Blackstone Property Partners Europe Holdings 2% 15/02/2024	€3,332,000	2,971	0.28
Gazprom 4.25% 06/04/2024	£5,321,000	5,763	0.54
Hercule Debtco 6.75% 30/06/2024	€418,000	306	0.03
Eurofins Scientific 2.125% 25/07/2024	€681,000	587	0.06
ADO Properties 1.5% 26/07/2024	€7,000,000	5,876	0.55
Vivion Investments 3% 08/08/2024	€5,000,000	4,334	0.41
Swissport Financing 5.25% 15/08/2024	€1,819,000	1,642	0.15
Matterhorn Telecom 2.625% 15/09/2024	€2,270,000	2,009	0.19
Hidrovias International Finance 5.95% 24/01/2025	US\$1,547,000	1,214	0.11
Hidrovias International Finance 5.95% 24/01/2025 (Private Placement)	US\$3,100,000	2,432	0.23
Rossini FRN 3.875% 30/10/2025	€1,171,000	1,011	0.10
Matterhorn Telecom 3.125% 15/09/2026	€4,817,000	4,229	0.40
Altice Luxembourg 10.5% 15/05/2027	US\$3,258,000	2,812	0.27
Altice Luxembourg 8% 15/05/2027	€314,000	299	0.03
Eurofins Scientific FRN 2.875% Perpetual	€321,000	266	0.03

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Luxembourg (continued)</b>			
Eurofins Scientific FRN 3.25% Perpetual	€4,988,000	4,134	0.39
Eurofins Scientific FRN 4.875% Perpetual	€3,840,000	3,411	0.32
		<b>61,410</b>	<b>5.79</b>
<b>Mexico 0.74% (0.64%)</b>			
Petroleos Mexicanos 8.25% 02/06/2022	£5,055,000	5,712	0.54
Petroleos Mexicanos 3.75% 16/11/2025	£1,719,000	1,678	0.16
Petroleos Mexicanos 5.35% 12/02/2028	US\$599,000	451	0.04
		<b>7,841</b>	<b>0.74</b>
<b>Netherlands 12.37% (14.34%)</b>			
ABN AMRO Bank FRN 1.144% 29/05/2020	£3,500,000	3,502	0.33
ING Bank FRN 1.192% 14/11/2020	£1,800,000	1,802	0.17
Teva Pharmaceutical Finance Netherlands II 3.25% 15/04/2022	€455,000	390	0.04
IPD 3 4.5% 15/07/2022	€5,754,000	4,989	0.47
IPD 3 FRN 4.5% 15/07/2022	€3,872,000	3,294	0.31
Teva Pharmaceutical Finance Netherlands II 1.25% 31/03/2023	€1,964,000	1,552	0.15
Volkswagen Financial Services 2.75% 10/07/2023	£3,200,000	3,304	0.31
Teva Pharmaceutical Finance Netherlands III 2.8% 21/07/2023	US\$4,090,000	2,872	0.27
Promontoria Holding 264 6.75% 15/08/2023	€5,309,000	4,016	0.38
Promontoria Holding 264 FRN 6.25% 15/08/2023	€1,709,000	1,271	0.12
NIBC Bank 3.125% 15/11/2023	£4,300,000	4,496	0.42

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
Selecta Group 5.875% 01/02/2024	€5,063,000	4,421	0.42
Selecta Group FRN 5.375% 01/02/2024	€6,130,000	5,240	0.49
Teva Pharmaceutical Finance Netherlands III 6% 15/04/2024	US\$6,761,000	5,180	0.49
Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	€1,674,000	1,240	0.12
OI European Group 3.125% 15/11/2024	€550,000	498	0.05
Volkswagen International Finance FRN 1.151% 16/11/2024	€2,700,000	2,354	0.22
Ziggo Bond 4.625% 15/01/2025	€500,000	436	0.04
Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	€153,000	137	0.01
Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	€1,876,000	1,583	0.15
Schaeffler Finance 3.25% 15/05/2025	€2,820,000	2,460	0.23
InterXion Holding 4.75% 15/06/2025	€7,654,000	7,026	0.66
Kongsberg Actuation Systems 5% 15/07/2025	€2,507,000	2,186	0.21
Intertrust Group 3.375% 15/11/2025	€2,455,000	2,191	0.21
ZF Europe Finance 2% 23/02/2026	€3,400,000	2,952	0.28
Petrobras Global Finance 8.75% 23/05/2026	US\$2,340,000	2,274	0.21
Mylan 3.95% 15/06/2026	US\$924,000	729	0.07
Trivium Packaging Finance 5.5% 15/08/2026	US\$4,595,000	3,665	0.35
Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	US\$1,649,000	1,039	0.10

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
Volkswagen International Finance 3.375% 16/11/2026	£700,000	748	0.07
Ziggo 5.5% 15/01/2027	US\$12,296,000	9,890	0.93
Petrobras Global Finance 7.375% 17/01/2027	US\$580,000	536	0.05
ING Groep FRN 4.7% 22/03/2028	US\$1,739,000	1,384	0.13
Achmea FRN 6% 04/04/2043	€7,400,000	7,265	0.68
Koninklijke KPN FRN 6.875% 14/03/2073	£10,616,000	10,719	1.01
Koninklijke KPN FRN 7% 28/03/2073	US\$1,800,000	1,502	0.14
Koninklijke KPN FRN 7% 28/03/2073 (Private Placement)	US\$16,192,000	13,514	1.27
Achmea FRN 4.25% Perpetual	€1,060,000	1,000	0.09
Telefonica Europe FRN 3% Perpetual	€500,000	444	0.04
Telefonica Europe FRN 3.75% Perpetual	€700,000	626	0.06
Telefonica Europe FRN 4.375% Perpetual	€1,900,000	1,801	0.17
Telefonica Europe FRN 6.75% Perpetual	£2,200,000	2,296	0.22
Volkswagen International Finance FRN 3.375% Perpetual	€2,700,000	2,447	0.23
		<b>131,271</b>	<b>12.37</b>
<b>Norway 1.36% (1.15%)</b>			
SpareBank 1 Boligkreditt FRN 1.061% 14/11/2022	£5,655,000	5,635	0.53
Aker BP 4.75% 15/06/2024	US\$1,696,000	1,332	0.13
Aker BP 5.875% 31/03/2025	US\$5,677,000	4,566	0.43



# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Norway (continued)</b>			
Aker BP 5.875% 31/03/2025 (Private Placement)	US\$3,570,000	2,871	0.27
		<b>14,404</b>	<b>1.36</b>

<b>Spain 2.60% (2.01%)</b>			
NH Hotel Group 3.75% 01/10/2023	€10,814,754	9,353	0.88
CaixaBank 2.375% 01/02/2024	€2,400,000	2,189	0.21
Banco de Sabadell 1.625% 07/03/2024	€5,000,000	4,423	0.42
El Corte Ingles 3% 15/03/2024	€1,760,000	1,552	0.15
Grupo Antolin-Irausa 3.25% 30/04/2024	€6,100,000	5,025	0.47
Banco Santander 1.375% 31/07/2024	£2,200,000	2,187	0.20
Grifols 1.625% 15/02/2025	€1,389,000	1,203	0.11
Grupo Antolin-Irausa 3.375% 30/04/2026	€101,000	81	0.01
CaixaBank FRN 3.5% 15/02/2027	€1,800,000	1,615	0.15
		<b>27,628</b>	<b>2.60</b>

<b>Sweden 2.42% (1.71%)</b>			
Intrum 2.75% 15/07/2022	€6,110,500	5,264	0.50
Polygon 4% 23/02/2023	€5,900,000	5,103	0.48
Verisure Holding 3.5% 15/05/2023	€1,158,000	1,013	0.10
Heimstaden Bostad 2.125% 05/09/2023	€7,323,000	6,540	0.62
Dometic Group 3% 13/09/2023	€1,330,000	1,204	0.11
Castellum 2.125% 20/11/2023	€1,096,000	989	0.09
Unilabs Subholding 5.75% 15/05/2025	€1,392,000	1,224	0.11
Intrum 3.5% 15/07/2026	€2,019,000	1,753	0.16

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Sweden (continued)</b>			
Heimstaden Bostad FRN 3.248% Perpetual	€3,072,000	2,618	0.25
		<b>25,708</b>	<b>2.42</b>

<b>Switzerland 1.67% (1.30%)</b>			
UBS 1.25% 10/12/2020	£2,647,000	2,653	0.25
Credit Suisse Group 3.574% 09/01/2023	US\$4,900,000	3,812	0.36
UBS Group FRN 3.13% 23/05/2023	US\$500,000	384	0.03
UBS Group FRN 2.86% 15/08/2023	US\$5,000,000	3,809	0.36
UBS Group FRN 2.859% 15/08/2023	US\$1,000,000	768	0.07
Credit Suisse Group FRN 2.125% 12/09/2025	£498,000	506	0.05
Aryzta FRN 0% Perpetual	CHF5,140,000	3,378	0.32
Credit Suisse Group FRN 7.125% Perpetual	US\$2,400,000	1,955	0.18
Credit Suisse Group FRN 7.5% Perpetual	US\$217,000	180	0.02
UBS Group FRN 6.875% Perpetual	US\$400,000	315	0.03
		<b>17,760</b>	<b>1.67</b>

<b>United Kingdom 36.22% (37.56%)</b>			
Jaguar Land Rover Automotive 3.5% 15/03/2020	US\$1,817,000	1,374	0.13
Lloyds Bank FRN 0.924% 10/01/2021	£2,221,000	2,220	0.21
Jaguar Land Rover Automotive 2.75% 24/01/2021	£2,660,000	2,657	0.25
Lloyds Banking Group 3.1% 06/07/2021	US\$1,480,000	1,138	0.11
Barclays 3.2% 10/08/2021	US\$3,000,000	2,302	0.22

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Barclays FRN 4.011% 10/08/2021	US\$5,580,000	4,324	0.41
Lloyds Bank FRN 1.14% 13/09/2021	£2,955,000	2,956	0.28
Jerrold Finco 6.25% 15/09/2021	£5,387,000	5,508	0.52
Santander UK FRN 1.141% 20/09/2021	£3,922,000	3,924	0.37
TalkTalk Telecom Group 5.375% 15/01/2022	£3,758,000	3,800	0.36
Tesco 6.125% 24/02/2022	£625,000	685	0.06
Stonegate Pub Co. Financing 4.875% 15/03/2022	£4,640,000	4,733	0.45
Stonegate Pub Co. Financing FRN 5.175% 15/03/2022	£4,442,000	4,453	0.42
Investec 4.5% 05/05/2022	£5,141,000	5,444	0.51
Inmarsat Finance 4.875% 15/05/2022	US\$2,000,000	1,533	0.14
FCE Bank 2.727% 03/06/2022	£1,450,000	1,472	0.14
Synlab Bondco FRN 3.5% 01/07/2022	€8,306,000	7,078	0.67
Thames Water Kemble Finance 5.875% 15/07/2022	£4,155,000	4,295	0.40
IDH Finance 6.25% 15/08/2022	£6,750,000	6,227	0.59
IDH Finance FRN 6.789% 15/08/2022	£2,350,000	2,149	0.20
GKN Holdings 5.375% 19/09/2022	£2,230,000	2,418	0.23
Coventry Building Society 5.875% 28/09/2022	£2,785,000	3,128	0.29
Moto Finance 4.5% 01/10/2022	£1,150,000	1,169	0.11
Shop Direct Funding 7.75% 15/11/2022	£2,447,000	2,326	0.22
TSB Bank FRN 1.022% 07/12/2022	£2,500,000	2,489	0.23

	Holding at 31.12.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Barclays Bank UK FRN 0.981% 09/01/2023	£3,154,000	3,139	0.30
Santander UK Group Holdings 3.571% 10/01/2023	US\$1,500,000	1,163	0.11
Algeco Global Finance 6.5% 15/02/2023	€6,067,000	5,144	0.48
Algeco Global Finance FRN 6.25% 15/02/2023	€4,021,000	3,346	0.32
Jaguar Land Rover Automotive 3.875% 01/03/2023	£1,870,000	1,791	0.17
Nationwide Building Society FRN 1.042% 12/04/2023	£897,000	894	0.08
BUPA Finance 5% 25/04/2023	£1,450,000	1,590	0.15
Close Brothers Group 2.75% 2 6/04/2023	£2,397,000	2,492	0.23
Nationwide Building Society FRN 3.622% 26/04/2023	US\$2,300,000	1,791	0.17
Voyage Care BondCo 5.875% 01/05/2023	£6,170,000	6,220	0.59
Skipton Building Society FRN 1.125% 02/05/2023	£1,200,000	1,196	0.11
Thames Water Utilities Finance 2.375% 03/05/2023	£1,169,000	1,180	0.11
Royal Bank of Scotland Group FRN 3.38% 15/05/2023	US\$1,700,000	1,301	0.12
Synlab Unsecured Bondco 8.25% 01/07/2023	€1,480,000	1,318	0.12
William Hill 4.875% 07/09/2023	£799,000	852	0.08
Ladbrokes Group Finance 5.125% 08/09/2023	£7,820,000	8,483	0.80
Royal Bank of Scotland Group 3.875% 12/09/2023	US\$3,010,000	2,388	0.23

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Arqiva Broadcast Finance 6.75% 30/09/2023	£6,936,000	7,391	0.70
Barclays FRN 2.375% 06/10/2023	£1,343,000	1,367	0.13
Miller Homes Group Holdings FRN 6.033% 15/10/2023	£4,236,000	4,252	0.40
Coventry Building Society 1.875% 24/10/2023	£531,000	541	0.05
Coventry Building Society FRN 1.312% 13/11/2023	£1,311,000	1,317	0.12
Jerrold Finco 6.125% 15/01/2024	£1,015,000	1,049	0.10
Barclays 3.125% 17/01/2024	£5,549,000	5,828	0.55
Santander UK FRN 1.441% 12/02/2024	£3,318,000	3,342	0.32
TSB Bank FRN 1.597% 15/02/2024	£1,136,000	1,148	0.11
Heathrow Finance 4.75% 01/03/2024	£3,511,000	3,757	0.35
EI Group 7.5% 15/03/2024	£4,781,000	5,118	0.48
Saga 3.375% 12/05/2024	£6,293,000	5,562	0.52
Co-Operative Group 5.125% 17/05/2024	£1,178,000	1,260	0.12
RSA Insurance Group 1.625% 28/08/2024	£2,219,000	2,224	0.21
Arrow Global Finance 5.125% 15/09/2024	£4,800,000	4,882	0.46
Viridian Group FinanceCo 4.75% 15/09/2024	£5,224,000	5,301	0.50
Miller Homes Group Holdings 5.5% 15/10/2024	£3,152,000	3,263	0.31
Liberty Living Finance 2.625% 28/11/2024	£1,014,000	1,047	0.10
eG Global Finance 6.75% 07/02/2025	US\$6,529,000	5,017	0.47
eG Global Finance 4.375% 07/02/2025	€4,791,000	4,072	0.38

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Pinnacle Bidco 6.375% 15/02/2025	£1,769,000	1,849	0.17
Royal Bank of Scotland Group FRN 2% 04/03/2025	€1,595,000	1,432	0.14
Iceland Bondco 4.625% 15/03/2025	£4,198,000	3,658	0.34
Royal Bank of Scotland Group FRN 4.269% 22/03/2025	US\$1,300,000	1,046	0.10
Yorkshire Building Society FRN 3% 18/04/2025	£938,000	969	0.09
Barclays FRN 3.932% 07/05/2025	US\$1,045,000	832	0.08
Neptune Energy Bondco 6.625% 15/05/2025	US\$1,142,000	864	0.08
Virgin Money UK FRN 3.125% 22/06/2025	£4,140,000	4,160	0.39
Annington Funding 2.646% 12/07/2025	£3,095,000	3,197	0.30
Tesco Personal Finance Group 3.5% 25/07/2025	£1,893,000	1,965	0.19
Next Group 3% 26/08/2025	£799,000	831	0.08
Pinewood Finance 3.25% 30/09/2025	£6,941,000	7,114	0.67
eG Global Finance 8.5% 30/10/2025	US\$2,205,000	1,771	0.17
eG Global Finance 6.25% 30/10/2025	€391,000	351	0.03
Phoenix Group Holdings 6.625% 18/12/2025	£1,232,000	1,433	0.14
Virgin Money UK FRN 5% 09/02/2026	£6,341,000	6,476	0.61
Anglian Water Osprey Financing 4% 08/03/2026	£1,120,000	1,084	0.10
William Hill 4.75% 01/05/2026	£5,099,000	5,278	0.50
TSB Banking Group FRN 5.75% 06/05/2026	£4,170,000	4,273	0.40

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
NIE Finance 6.375% 02/06/2026	£500,000	638	0.06
Merlin Entertainments 5.75% 15/06/2026	US\$16,996,000	14,089	1.33
Virgin Money UK FRN 4% 25/09/2026	£4,564,000	4,768	0.45
ITV 1.375% 26/09/2026	€2,988,000	2,545	0.24
BUPA Finance 5% 08/12/2026	£800,000	920	0.09
Phoenix Group Holdings 5.375% 06/07/2027	US\$933,000	738	0.07
Sainsbury's Bank FRN 6% 23/11/2027	£4,816,000	4,979	0.47
Quilter FRN 4.478% 28/02/2028	£11,265,000	11,772	1.11
Grainger 3.375% 24/04/2028	£2,065,000	2,168	0.20
Metro Bank FRN 5.5% 26/06/2028	£1,986,000	1,614	0.15
Investec Bank FRN 4.25% 24/07/2028	£1,047,000	1,076	0.10
RI Finance Bonds No. 3 6.125% 13/11/2028	£2,050,000	2,450	0.23
Virgin Media Secured Finance 6.25% 28/03/2029	£1,692,000	1,802	0.17
Reassure Group 5.867% 13/06/2029	£2,488,000	2,788	0.26
Liberty Living Finance 3.375% 28/11/2029	£689,000	733	0.07
Wm Morrison Supermarkets 2.5% 01/10/2031	£1,274,000	1,273	0.12
Spirit Issuer FRN 3.494% 28/12/2031	£3,650,000	3,577	0.34
Telereal Securitisation FRN 1.523% 10/12/2033	£2,050,000	1,774	0.17
Telereal Securitisation FRN 4.09% 10/12/2033	£920,000	948	0.09
Arqiva Financing 4.04% 30/06/2035	£8,783,000	8,892	0.84

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Aviva FRN 6.125% 14/11/2036	£2,300,000	2,787	0.26
Aviva FRN 6.625% 03/06/2041	£10,228,000	10,952	1.03
Legal & General Group FRN 10% 23/07/2041	£3,040,000	3,436	0.32
RL Finance Bonds No. 2 FRN 6.125% 30/11/2043	£8,847,000	10,009	0.94
M&G FRN 3.875% 20/07/2049	£692,000	708	0.07
Aviva FRN 4.375% 12/09/2049	£800,000	878	0.08
Aviva FRN 5.125% 04/06/2050	£900,000	1,043	0.10
SSE FRN 3.625% 16/09/2077	£3,832,000	3,926	0.37
SSE FRN 4.75% 16/09/2077	US\$4,171,000	3,240	0.31
Vodafone Group FRN 6.25% 03/10/2078	US\$4,900,000	4,039	0.38
J Sainsbury FRN 6.5% Perpetual	£13,994,000	14,364	1.36
Lloyds Banking Group FRN 7.875% Perpetual	£2,455,000	3,095	0.29
Pennon Group FRN 2.875% Perpetual	£6,823,000	6,822	0.64
Royal Bank of Scotland Group FRN 4.265% Perpetual	US\$8,300,000	6,188	0.58
SSE FRN 3.875% Perpetual	£2,900,000	2,922	0.28
		<b>384,364</b>	<b>36.22</b>

## United States of America 6.60% (4.21%)

Reynolds Group Issuer 5.75% 15/10/2020	US\$2,631,127	1,994	0.19
Ball 4.375% 15/12/2020	US\$2,500,000	1,932	0.18
JPMorgan Chase Bank FRN 1.04% 10/05/2021	£6,900,000	6,893	0.65

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Reynolds Group Issuer FRN 5.501% 15/07/2021	US\$2,090,000	1,584	0.15
CNH Industrial Capital 3.875% 15/10/2021	US\$4,000,000	3,107	0.29
CNH Industrial Capital 4.375% 05/04/2022	US\$600,000	474	0.05
Infor US 6.5% 15/05/2022	US\$750,000	576	0.05
Infor US 5.75% 15/05/2022	€300,000	258	0.02
General Electric 0.375% 17/05/2022	€1,872,000	1,592	0.15
General Electric 2.7% 09/10/2022	US\$894,000	686	0.07
General Electric 3.1% 09/01/2023	US\$1,490,000	1,153	0.11
Mylan 3.125% 15/01/2023	US\$7,847,000	6,028	0.57
Community Health Systems 6.25% 31/03/2023	US\$2,200,000	1,691	0.16
General Electric 1.25% 26/05/2023	€2,793,000	2,435	0.23
Dell International 5.45% 15/06/2023	US\$5,650,000	4,640	0.44
MPT Operating Partnership REIT 2.55% 05/12/2023	£5,449,000	5,544	0.52
MPT Operating Partnership REIT 6.375% 01/03/2024	US\$2,532,000	1,993	0.19
Ford Motor Credit 5.584% 18/03/2024	US\$1,350,000	1,106	0.10
Mauser Packaging Solutions Holding 4.75% 15/04/2024	€3,673,000	3,231	0.30
T-Mobile USA 6% 15/04/2024	US\$1,647,000	1,287	0.12
Tenet Healthcare 4.625% 15/07/2024	US\$1,694,000	1,313	0.12
Digital Stout Holding REIT 2.75% 19/07/2024	£562,000	585	0.06

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
General Motors Financial 2.25% 06/09/2024	£800,000	801	0.08
Ford Motor Credit 4.535% 06/03/2025	£3,784,000	3,982	0.38
BAT Capital 2.125% 15/08/2025	£1,817,000	1,808	0.17
Refinitiv US Holdings 4.5% 15/05/2026	€1,747,000	1,616	0.15
Refinitiv US Holdings 6.25% 15/05/2026	US\$874,000	722	0.07
MPT Operating Partnership REIT 5.25% 01/08/2026	US\$4,013,000	3,210	0.30
Select Medical 6.25% 15/08/2026	US\$890,000	729	0.07
Sotheby's 7.375% 15/10/2027	US\$3,340,000	2,560	0.24
MPT Operating Partnership REIT 3.692% 05/06/2028	£2,467,000	2,530	0.24
Energy Transfer Operating FRN 6.25% Perpetual	US\$2,694,000	1,917	0.18
		<b>69,977</b>	<b>6.60</b>
<b>Corporate Bonds total</b>			
		<b>1,038,872</b>	<b>97.90</b>
<b>Convertible Bonds 0.34% (0.99%)</b>			
<b>Jersey 0.30% (0.28%)</b>			
Intu Jersey 2 REIT 2.88% 01/11/2022	£4,600,000	3,158	0.30
		<b>3,158</b>	<b>0.30</b>
<b>Spain 0.04% (0.71%)</b>			
International Consolidated Airlines Group 0.63% 17/11/2022	€500,000	428	0.04
		<b>428</b>	<b>0.04</b>
<b>Convertible Bonds total</b>			
		<b>3,586</b>	<b>0.34</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value €000's	% of net assets
<b>Swaps (0.02)% (0.02%)</b>			
Credit Default Swap Morgan Stanley Buy Cable & Wireless 8.625% 25/03/2019 20/09/2020	EUR 2,000,000	(61)	(0.01)
Credit Default Swap Barclays Buy Synlab Unsecured Bondco 8.25% 01/07/2023 20/12/2020	EUR 1,000,000	(40)	0.00
Credit Default Swap J.P. Morgan Buy Deutsche Bank 0% 07/12/2020 20/12/2022	EUR 1,330,000	2	0.00
Credit Default Swap Goldman Sachs Buy Constellium 4.625% 15/05/2021 20/12/2022	EUR 792,500	(81)	(0.01)
Credit Default Swap Goldman Sachs Buy Wind Tre 3.125% 20/01/2025 20/06/2023	EUR 800,000	(112)	(0.01)
Credit Default Swap Barclays Buy Iceland Bondco 6.75% 15/07/2024 20/12/2024	EUR 500,000	14	0.00
Credit Default Swap Citigroup Buy Iceland Bondco 6.75% 15/07/2024 20/12/2024	EUR 554,303	15	0.00
Credit Default Swap Credit Suisse Buy Iceland Bondco 6.75% 15/07/2024 20/12/2024	EUR 600,000	17	0.00
Credit Default Swap J.P. Morgan Buy Iceland Bondco 6.75% 15/07/2024 20/12/2024	EUR 277,151	8	0.00
Credit Default Swap Citigroup Sell Tesco 6% 14/12/2029 20/06/2020	EUR 2,000,000	7	0.00
Credit Default Swap BNP Paribas Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2021	EUR 76,805	3	0.00

	Holding at 31.12.19	Market Value €000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap Citigroup Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2021	EUR 1,000,000	38	0.01
Credit Default Swap J.P. Morgan Sell Deutsche Bank 0% 07/12/2020 20/12/2021	EUR 1,560,000	2	0.00
Credit Default Swap Citigroup Sell Galp Energia 4.125% 25/01/2019 20/12/2021	EUR 666,667	55	0.01
Credit Default Swap Citigroup Sell Rolls-Royce 6.75% 30/04/2019 20/12/2021	EUR 1,400,000	15	0.00
Credit Default Swap Vale J.P. Morgan Sell Overseas 8.25% 17/01/2034 20/12/2021	USD 2,000,000	(2)	0.00
Credit Default Swap Barclays Sell Novafives 4.5% 30/06/2021 20/06/2023	EUR 650,000	(18)	0.00
Credit Default Swap Barclays Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2023	EUR 826,667	29	0.00
Credit Default Swap Credit Suisse Sell Imperit 1.375% 27/01/2025 20/06/2024	EUR 2,294,488	20	0.00
Credit Default Swap Barclays Sell Casino Guichard Perrachon 1.865% 13/06/2022 20/06/2024	EUR 270,479	(14)	0.00
Credit Default Swap Citigroup Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 1,088,710	11	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap J.P. Morgan Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 1,088,709	11	0.00
Credit Default Swap Credit Suisse Sell British Telecommuni- cations 5.75% 07/12/2028 20/06/2024	EUR 2,750,908	41	0.01
Credit Default Swap BNP Paribas Sell Imperit 1.375% 27/01/2025 20/12/2024	EUR 1,148,114	7	0.00
Credit Default Swap J.P. Morgan Sell Cellnex Telecom 3.125% 27/07/2022 2 0/12/2024	EUR 552,070	83	0.01
Credit Default Swap Merrill Lynch Sell British Telecommuni- cations 5.75% 07/12/2028 20/12/2024	EUR 1,000,000	13	0.00
Interest Rate Swap Morgan Stanley Pay fixed 1.058% Receive floating LIBOR 6 month 15/09/2022	GBP 6,650,000	(45)	0.00
Interest Rate Swap Morgan Stanley Pay fixed 1.019% Receive floating LIBOR 6 month 15/03/2023	GBP 13,390,000	(84)	(0.01)
Interest Rate Swap Morgan Stanley Pay fixed 1.327% Receive floating LIBOR 6 month 15/09/2023	GBP 3,100,000	(55)	(0.01)
Interest Rate Swap Morgan Stanley Pay fixed 1.507% Receive floating LIBOR 6 month 15/12/2023	GBP 4,700,000	(120)	(0.01)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Interest Rate Swap Morgan Stanley Pay fixed 1.31% Receive floating LIBOR 6 month 15/03/2024	GBP 2,500,000	(47)	0.00
Interest Rate Swap Morgan Stanley Pay fixed 0.677% Receive floating LIBOR 6 month 15/09/2024	GBP 2,200,000	20	0.00
<b>Swaps total</b>		<b>(268)</b>	<b>(0.02)</b>
<b>Forward Foreign Currency Contracts 0.72% (0.03%)</b>			
Buy CHF 2,485 Sell GBP 1,955 30/01/2020	CHF 2,485	0	0.00
Buy EUR 1,024,422 Sell GBP 864,569 30/01/2020	EUR 1,024,422	7	0.00
Buy EUR 22,053,989 Sell GBP 19,262,782 30/01/2020	EUR 22,053,989	(501)	(0.04)
Buy EUR 4,020,000 Sell GBP 3,463,219 21/02/2020	EUR 4,020,000	(41)	0.00
Buy EUR 4,500,000 Sell GBP 3,874,600 26/03/2020	EUR 4,500,000	(38)	0.00
Buy EUR 700,000 Sell GBP 594,321 23/04/2020	EUR 700,000	3	0.00
Buy EUR 1,000,000 Sell GBP 855,247 23/04/2020	EUR 1,000,000	(2)	0.00
Buy USD 20,456,016 Sell GBP 15,702,030 30/01/2020	USD 20,456,016	(228)	(0.03)
Buy USD 3,000,000 Sell GBP 2,233,782 21/02/2020	USD 3,000,000	34	0.01
Buy USD 400,000 Sell GBP 303,507 21/02/2020	USD 400,000	(1)	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell CHF 836,355 Buy GBP 657,201 30/01/2020	CHF (836,355)	1	0.00
Sell CHF 3,509,688 Buy GBP 2,696,883 30/01/2020	CHF (3,509,688)	(55)	(0.01)
Sell EUR 106,904,864 Buy GBP 93,963,440 30/01/2020	EUR (106,904,864)	3,010	0.28
Sell EUR 9,849,325 Buy GBP 8,301,072 30/01/2020	EUR (9,849,325)	(78)	(0.01)
Sell EUR 117,415,758 Buy GBP 101,416,099 21/02/2020	EUR (117,415,758)	1,446	0.14
Sell EUR 99,208,785 Buy GBP 85,166,278 26/03/2020	EUR (99,208,785)	593	0.06
Sell EUR 70,078,991 Buy GBP 59,271,970 23/04/2020	EUR (70,078,991)	(530)	(0.05)
Sell USD 184,826,560 Buy GBP 141,738,057 30/01/2020	USD (184,826,560)	1,934	0.17

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell USD 776,573 Buy GBP 581,930 30/01/2020	USD (776,573)	(5)	0.00
Sell USD 166,370,097 Buy GBP 127,929,956 21/02/2020	USD (166,370,097)	2,157	0.20
<b>Forward Foreign Currency Contracts total</b>		<b>7,706</b>	<b>0.72</b>
<b>Futures 0.02% ((0.02)%)</b>			
Euro-Bobl March 2020	(108)	61	0.01
Long Gilt March 2020	(109)	154	0.01
US 5 Year Note March 2020	(41)	14	0.00
<b>Futures total</b>		<b>229</b>	<b>0.02</b>
Portfolio of investments		<b>1,052,151</b>	<b>99.15</b>
Net other assets		9,011	0.85
<b>Net assets attributable to shareholders</b>		<b>1,061,162</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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



# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	49,312	(53,571)
Revenue	3	49,372	43,713
Expenses	4	(7,267)	(6,642)
Net revenue before taxation		<b>42,105</b>	<b>37,071</b>
Taxation	5	0	0
Net revenue after taxation		<b>42,105</b>	<b>37,071</b>
<b>Total return before distributions</b>		<b>91,417</b>	<b>(16,500)</b>
Distributions	6	(49,312)	(43,686)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>42,105</b>	<b>(60,186)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	1,089,031	963,480
Amounts receivable on issue of shares	113,018	247,666
Amounts payable on cancellation of shares	(196,634)	(74,461)
	<b>(83,616)</b>	<b>173,205</b>
Dilution adjustment	55	81
Change in net assets attributable to shareholders from investment activities	42,105	(60,186)
Retained distribution on Accumulation shares	13,586	12,448
Unclaimed distributions	1	3
<b>Closing net assets attributable to shareholders</b>	<b>1,061,162</b>	<b>1,089,031</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		1,054,309	1,076,519
<b>Current assets</b>			
Debtors	8	13,892	14,878
Cash and bank balances	9	14,239	21,882
<b>Total assets</b>		<b>1,082,440</b>	<b>1,113,279</b>
<b>Liabilities</b>			
Investment liabilities		(2,158)	(3,196)
<b>Creditors</b>			
Bank overdrafts	10	(1,129)	(685)
Distributions payable		(16,793)	(17,307)
Other creditors	11	(1,198)	(3,060)
<b>Total liabilities</b>		<b>(21,278)</b>	<b>(24,248)</b>
<b>Net assets attributable to shareholders</b>		<b>1,061,162</b>	<b>1,089,031</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder Strategic Credit Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	27,162	(35,768)
Derivative contracts	(2,072)	(1,589)
Forward foreign currency contracts	25,142	(16,197)
Foreign currency losses	(899)	(3)
Transaction costs	(21)	(14)
<b>Net capital gains/(losses)</b>	<b>49,312</b>	<b>(53,571)</b>

## 3 Revenue

	2019 £000's	2018 £000's
Overseas dividends	67	0
Interest on debt securities	48,914	42,635
Bank interest	117	86
Net revenue return from derivative contracts	274	992
<b>Total revenue</b>	<b>49,372</b>	<b>43,713</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	5,366	4,904
Administration charge	1,706	1,582
	<b>7,072</b>	<b>6,486</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	84	83
Safe custody fees	40	35
	<b>124</b>	<b>118</b>
<b>Other expenses:</b>		
Audit fee	11	11
Interest payable	60	27
	<b>71</b>	<b>38</b>
<b>Total expenses</b>	<b>7,267</b>	<b>6,642</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>42,105</b>	<b>37,071</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	8,421	7,414
<b>Effects of:</b>		
Revenue not subject to corporation tax	(13)	0
Interest distributions deductible for tax purposes	(8,408)	(7,414)
<b>Current tax charge for the year</b>	<b>0</b>	<b>0</b>

## 6 Distributions

The distributions, which are on an effective yield, take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2019 £000's	2018 £000's
Interim Interest distribution	24,353	21,354
Final Interest distribution	23,424	23,921
	<b>47,777</b>	<b>45,275</b>
Add: Revenue deducted on cancellation of shares	2,458	961
Deduct: Revenue received on issue of shares	(923)	(2,550)
<b>Distributions</b>	<b>49,312</b>	<b>43,686</b>
Net revenue after taxation	42,105	37,071
Expenses taken to capital	7,207	6,615
<b>Distributions</b>	<b>49,312</b>	<b>43,686</b>

Details of the distributions per share are set out in the Distribution Table on pages 179 to 181.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	2,255	0	0	(279)
Level 2: Observable market data	1,052,054	(2,158)	1,076,519	(2,917)
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>1,054,309</b>	<b>(2,158)</b>	<b>1,076,519</b>	<b>(3,196)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	458	1,323
Accrued revenue	13,424	13,533
Amounts receivable on derivative contracts	10	22
<b>Total debtors</b>	<b>13,892</b>	<b>14,878</b>

## 9 Cash and bank balances

	2019 £000's	2018 £000's
Cash and bank balances	11,575	16,411
Amounts held at futures clearing houses and brokers	2,664	5,471
<b>Total cash and bank balances</b>	<b>14,239</b>	<b>21,882</b>

## 10 Bank overdrafts

	2019 £000's	2018 £000's
Amounts overdrawn at futures clearing houses and brokers	1,129	685
<b>Total bank overdrafts</b>	<b>1,129</b>	<b>685</b>

# Notes to the Accounts (continued)

## 11 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	561	2,371
Amounts payable on derivative contracts	28	20
Accrued expenses	609	669
<b>Total other creditors</b>	<b>1,198</b>	<b>3,060</b>

## 12 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 13 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 19.93% (2018 – 21.68%).

## 14 Share classes

The fund currently has twelve share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Income shares	1.00%
A Accumulation shares	1.00%
C Income shares	0.75%
C Accumulation shares	0.75%
D Income shares	0.45%
D Accumulation shares	0.45%
L Income shares	0.50%
L Accumulation shares	0.50%
S Income shares	0.30%
S Accumulation shares	0.30%
Z Income shares	0.60%
Z Accumulation shares	0.60%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 147 to 152. The distributions per share class are given in the Distribution Table on pages 179 to 181. All classes have the same rights on winding up.

## 15 Derivative and other financial instruments

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

### Market price risk

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

# Notes to the Accounts (continued)

## Derivative risk

Where a fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

## Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

## Liquidity risk

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

## Credit risk

Certain transactions in securities that the fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities. The fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

## Interest rate risk

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

The fund may invest in fixed and floating rate securities. The revenue of the fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities. The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Sterling denominated floating rate stocks bear interest at rates referenced to the Retail Price Index. Sterling denominated floating rate bonds, foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on the London Interbank Offer Rate or its international equivalent. Euro denominated floating rate notes/bonds bear interest at rates based on Euro Interbank Offer Rate. US dollar denominated floating rate notes/bonds bear interest at rates based on US London Interbank Offer Rate.

## Fair value of financial assets and financial liabilities

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

## Derivatives

During the year the fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management. During the year the fund entered into derivative contracts for the efficient management of the fund.

## Global risk exposure

### Absolute VaR approach

The approach used for the funds managed with an absolute return target, an absolute volatility limit or a target of outperforming an interest rate benchmark.

### Regulatory VaR limit utilisation

2019			2018		
Lowest	Highest	Average	Lowest	Highest	Average
4.72%	10.62%	6.45%	4.11%	10.15%	5.97%

# Notes to the Accounts (continued)

## Information on VaR model

Model type	Length of data history	2019		Holding period	Length of data history	2018		Holding period
		Confidence interval				Confidence interval		
Monte Carlo simulation	All available history	99%		20 days	All available history	99%		20 days

## Leverage

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

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the fund. The figure is not representative of the maximum amount that a fund could lose, as it includes the derivatives used to protect the Net Asset Value of a fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a fund and is expressed as a percentage of the fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
60.00%	120.00%	78.27%	70.00%	63.13%	111.47%	76.56%	69.22%

- Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.
- Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

## 16 Debt security credit analysis

	2019 £000's	2018 £000's
Investment grade securities	416,553	282,668
Below investment grade securities	581,197	737,437
Unrated securities	44,708	52,966
<b>Total debt securities</b>	<b>1,042,458</b>	<b>1,073,071</b>

The fund invests in credit default swaps to adjust the credit risk profile of the fund. The notional exposure of these swaps has been included in the above table.

## 17 Direct transaction costs

The transaction costs on the purchase and sale of investments incurred by the fund during 2019 were immaterial. The total purchases for the year amounted to £316,559,947 (2018 – £501,939,353) and the total sales amounted to £372,692,661 (2018 – £301,684,151).

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.64% (2018 – 0.65%).

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



# Notes to the Accounts (continued)

## 18 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Income shares	2,338,428	123,094	(484,269)	(359,786)	1,617,467
A Accumulation shares	10,952,688	1,999,296	(2,101,794)	(102,848)	10,747,342
C Income shares	5,681,158	46,347	(748,235)	(649,122)	4,330,148
C Accumulation shares	1,076,371	57,915	(192,903)	(1,229)	940,154
D Income shares	50,592,560	2,307,817	(4,675,916)	3,837,472	52,061,933
D Accumulation shares	880,563	504,919	(413,850)	0	971,632
L Income shares	586,294,331	67,084,818	(77,325,110)	886,373	576,940,412
L Accumulation shares	94,910,960	16,577,067	(24,165,506)	21,939	87,344,460
S Income shares	445,730,635	12,317,950	(110,471,353)	(1,399,004)	346,178,228
S Accumulation shares	38,667,793	825,115	(6,561,897)	(770,547)	32,160,464
Z Income shares	24,900,656	5,710,700	(5,233,134)	625,880	26,004,102
Z Accumulation shares	116,246,710	12,003,731	(13,400,544)	132,803	114,982,700

## 19 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts, credit default swaps and interest rate swaps. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Total £000's
<b>ANZ Banking Group</b>				
2019	34	0	0	34
2018	(13)	0	0	(13)
<b>Bank of America</b>				
2019	(95)	0	0	(95)
2018	1,376	31	0	1,407
<b>Barclays Capital</b>				
2019	8	(29)	0	(21)
2018	0	(172)	0	(172)
<b>BNP Paribas</b>				
2019	(87)	10	0	(77)
2018	0	(13)	0	(13)
<b>Canadian Imperial Bank of Commerce</b>				
2019	6	0	0	6
2018	0	0	0	0

# Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Total £000's
<b>Citibank</b>				
2019	74	141	0	215
2018	272	175	0	447
<b>Credit Suisse</b>				
2019	0	78	0	78
2018	0	54	0	54
<b>Deutsche Bank</b>				
2019	(34)	0	0	(34)
2018	0	0	0	0
<b>Goldman Sachs</b>				
2019	(241)	(193)	0	(434)
2018	0	34	0	34
<b>HSBC</b>				
2019	1,423	0	0	1,423
2018	(22)	0	0	(22)
<b>JPMorgan Chase</b>				
2019	420	104	0	524
2018	32	(31)	0	1
<b>Merrill Lynch</b>				
2019	0	13	0	13
2018	0	0	0	0
<b>Morgan Stanley</b>				
2019	0	(61)	(331)	(392)
2018	(50)	(143)	230	37
<b>Nomura</b>				
2019	0	0	0	0
2018	(8)	0	0	(8)
<b>Royal Bank of Scotland</b>				
2019	0	0	0	0
2018	(3)	0	0	(3)
<b>Standard Chartered</b>				
2019	104	0	0	104
2018	336	0	0	336

# Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Total £000's
<b>State Street</b>				
2019	6,043	0	0	6,043
2018	(1,554)	0	0	(1,554)
<b>UBS</b>				
2019	51	0	0	51
2018	0	(279)	0	(279)

Previously futures contracts were disclosed in the table above. The prior comparative year figures have not been amended.  
The collateral held/(pledged) by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
Bank of America	0	(850)
Citibank	250	250
Credit Suisse	10	260
Goldman Sachs	(430)	200
HSBC	1,120	0
JPMorgan Chase	290	270
Merrill Lynch	0	150
Morgan Stanley	(787)	(350)
State Street	3,150	(2,900)
<b>Total</b>	<b>3,603</b>	<b>(2,970)</b>

The nature of collateral held/(pledged) by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
Cash	3,603	(2,970)
<b>Total</b>	<b>3,603</b>	<b>(2,970)</b>

# Notes to the Accounts (continued)

## 20 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
A Accumulation units	10,747,342	10,178,600	(5.29)	171.4	158.6	(7.47)
A Income units	1,617,467	1,495,918	(7.51)	90.97	82.36	(9.46)
C Accumulation units	940,154	913,607	(2.82)	175.9	162.9	(7.39)
C Income units	4,330,148	4,193,473	(3.16)	93.86	85.06	(9.38)
D Accumulation units	971,632	924,000	(4.90)	60.88	56.44	(7.29)
D Income units	52,061,933	59,169,995	13.65	48.19	43.7	(9.32)
L Accumulation units	87,344,460	97,076,901	11.14	182.2	168.9	(7.30)
L Income units	576,940,412	447,705,259	(22.40)	97.2	88.14	(9.32)
S Accumulation units	32,160,464	29,522,381	(8.20)	175.7	162.9	(7.29)
S Income units	346,178,228	304,525,949	(12.03)	49.47	44.89	(9.26)
Z Accumulation units	114,982,700	226,391,911	96.89	60.71	56.25	(7.35)
Z Income units	26,004,102	23,714,248	(8.81)	48.52	43.98	(9.36)

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

# Securities Financing Transactions

The fund has not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2019.

# Distribution Table

## Interim distribution for the six months ended 30 June 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Income shares</b>				
Group 1	1.8929	–	1.8929	1.8635
Group 2	0.7360	1.1569	1.8929	1.8635
<b>A Accumulation shares</b>				
Group 1	3.4912	–	3.4912	3.2932
Group 2	2.1039	1.3873	3.4912	3.2932
<b>C Income shares</b>				
Group 1	1.9491	–	1.9491	1.9142
Group 2	0.6873	1.2618	1.9491	1.9142
<b>C Accumulation shares</b>				
Group 1	3.5751	–	3.5751	3.3641
Group 2	1.4966	2.0785	3.5751	3.3641
<b>D Income shares</b>				
Group 1	0.9985	–	0.9985	0.9776
Group 2	0.6099	0.3886	0.9985	0.9776
<b>D Accumulation shares</b>				
Group 1	1.2350	–	1.2350	1.1585
Group 2	0.3424	0.8926	1.2350	1.1585
<b>L Income shares</b>				
Group 1	2.0149	–	2.0149	1.9735
Group 2	1.1213	0.8936	2.0149	1.9735
<b>L Accumulation shares</b>				
Group 1	3.6979	–	3.6979	3.4707
Group 2	2.3090	1.3889	3.6979	3.4707
<b>S Income shares</b>				
Group 1	1.0239	–	1.0239	1.0009
Group 2	0.6177	0.4062	1.0239	1.0009
<b>S Accumulation shares</b>				
Group 1	3.5599	–	3.5599	3.3347
Group 2	2.4325	1.1274	3.5599	3.3347
<b>Z Income shares</b>				
Group 1	1.0065	–	1.0065	0.9868
Group 2	0.4541	0.5524	1.0065	0.9868

# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>Z Accumulation shares</b>				
Group 1	1.2328	–	1.2328	1.1583
Group 2	0.6594	0.5734	1.2328	1.1583

## Final distribution for the six months ended 31 December 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Income shares</b>				
Group 1	1.9731	–	1.9731	1.9002
Group 2	0.6452	1.3279	1.9731	1.9002
<b>A Accumulation shares</b>				
Group 1	3.7168	–	3.7168	3.4290
Group 2	1.7310	1.9858	3.7168	3.4290
<b>C Income shares</b>				
Group 1	2.0348	–	2.0348	1.9544
Group 2	0.7905	1.2443	2.0348	1.9544
<b>C Accumulation shares</b>				
Group 1	3.8109	–	3.8109	3.5070
Group 2	1.3497	2.4612	3.8109	3.5070
<b>D Income shares</b>				
Group 1	1.0438	–	1.0438	0.9996
Group 2	0.3709	0.6729	1.0438	0.9996
<b>D Accumulation shares</b>				
Group 1	1.3183	–	1.3183	1.2096
Group 2	1.3183	0.0000	1.3183	1.2096
<b>L Income shares</b>				
Group 1	2.1057	–	2.1057	2.0176
Group 2	1.1475	0.9582	2.1057	2.0176
<b>L Accumulation shares</b>				
Group 1	3.9463	–	3.9463	3.6228
Group 2	2.0588	1.8875	3.9463	3.6228

# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>S Income shares</b>				
Group 1	1.0711	–	1.0711	1.0243
Group 2	0.3676	0.7035	1.0711	1.0243
<b>S Accumulation shares</b>				
Group 1	3.8029	–	3.8029	3.4841
Group 2	2.2288	1.5741	3.8029	3.4841
<b>Z Income shares</b>				
Group 1	1.0514	–	1.0514	1.0085
Group 2	0.4521	0.5993	1.0514	1.0085
<b>Z Accumulation shares</b>				
Group 1	1.3152	–	1.3152	1.2085
Group 2	0.6450	0.6702	1.3152	1.2085

## Equalisation

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

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



# Schroder European Alpha Income Fund

## Fund Information

### Investment objective and policy

The Schroder European Alpha Income Fund (the 'fund') aims to provide income and capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK. The Fund typically holds 30 to 50 companies.

'Alpha' funds invest in companies in which the Investment Manager has a high conviction that the current share price does not reflect the future prospects for that business.

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

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

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

The Fund aims to provide income and capital growth by investing in equity and equity related securities of European companies, excluding the UK.

The Fund invests at least 80% of its assets in a concentrated range of equity and equity related securities of European countries, excluding the UK. The Fund typically holds 30 to 50 companies.

'Alpha' funds invest in companies in which the Investment Manager has a high conviction that the current share price does not reflect the future prospects for that business.

The Fund may also invest in other equity and equity related securities including UK companies, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against the target benchmark, being to exceed the FTSE World Series Europe ex UK (Gross Total Return) index, and compared against the Investment Association Europe ex UK sector average return. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 15.38%. In the same period, the FTSE<sup>1</sup> World European ex UK Index generated a total return of 20.45%<sup>2</sup> in sterling terms.

European equities gained over the year, supported by accommodative monetary policy from major central banks. This helped offset worries over a potential slowdown in the economic cycle. Towards year end, further positive catalysts were the phase one trade agreement between the US and China, and the UK general election result.

The year was dominated by the market's preference for growth and quality stocks over anything with a value bent. The fund has a skew towards value and so this accounted for almost all of its relative underperformance. Borr Drilling was the main individual detractor, largely due to the market's concerns over the stability of its financing. We have stuck with the stock as we think the fundamental value is well above the current market value, whether they fund their remaining liquidity requirement via debt or equity. The recovery in their end market is well under way and should continue for years to come.

On the positive side, Altran Technologies was the leading individual contributor. This stock performed very poorly in 2018, with a profit warning over a recently acquired company and concerns around the balance sheet. We checked our assumptions and bought more. This was rewarded this year with a takeover offer for Altran Technologies from CapGemini.

We have said for some time the slowdown in Europe was passing and we now think we are moving into the recovery stage of the cycle. The recovery phase is typically good for equity returns, as well as earnings growth. As businesses brush themselves off after a sluggish couple of years, we think earnings estimates will be beaten which will benefit investors who can find the right businesses to own.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

Fund Manager:

James Sym



James Sym joined Schroders in July 2013 following the acquisition of Cazenove Capital

James is a member of the Pan-European Equity team at Schroders

He manages the Schroder European Alpha Income Fund and the Schroder European Alpha Plus Fund

James graduated from St John's College, Cambridge with a degree in Natural Sciences and is a CFA Charterholder

James has 11 years' investment experience

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2 Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

The risk and reward indicator changed from 5 to 6 with effect from 17 May 2019 for L Income shares.

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

# Comparative Table

Financial year to 31 December	A Income shares			A Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	167.70	208.55	185.77	211.23	253.42	219.17
Return before operating charges*	26.83	(30.78)	32.47	33.93	(38.06)	38.33
Operating charges	(2.99)	(3.36)	(3.48)	(3.78)	(4.13)	(4.08)
<b>Return after operating charges*</b>	<b>23.84</b>	<b>(34.14)</b>	<b>28.99</b>	<b>30.15</b>	<b>(42.19)</b>	<b>34.25</b>
Distributions <sup>1</sup>	(5.88)	(6.71)	(6.21)	(7.44)	(8.19)	(7.37)
Retained distributions <sup>1</sup>	–	–	–	7.44	8.19	7.37
<b>Closing net asset value</b>	<b>185.66</b>	<b>167.70</b>	<b>208.55</b>	<b>241.38</b>	<b>211.23</b>	<b>253.42</b>
*after direct transaction costs of	(0.29)	(0.24)	(0.38)	(0.36)	(0.29)	(0.44)
<b>Performance</b>						
Return after charges (%)	14.22	(16.37)	15.61	14.27	(16.65)	15.63
<b>Other information</b>						
Closing net asset value (£000's)	10,504	36,652	36,688	12,807	42,202	43,545
Closing number of shares	5,657,400	21,855,598	17,591,826	5,305,837	19,978,677	17,182,555
Operating charges (%)	1.67	1.67	1.64	1.67	1.67	1.67
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	190.10	216.90	218.50	244.30	263.50	261.40
Lowest dealing price (p)	168.30	168.30	186.50	211.80	208.30	220.40

# Comparative Table (continued)

Financial year to 31 December	C Income shares			C Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	173.48	214.67	190.28	216.62	258.58	222.52
Return before operating charges*	27.89	(31.83)	33.23	34.95	(39.03)	38.97
Operating charges	(2.20)	(2.44)	(2.47)	(2.77)	(2.93)	(2.91)
<b>Return after operating charges*</b>	<b>25.69</b>	<b>(34.27)</b>	<b>30.76</b>	<b>32.18</b>	<b>(41.96)</b>	<b>36.06</b>
Distributions <sup>1</sup>	(6.11)	(6.92)	(6.37)	(7.66)	(8.37)	(7.48)
Retained distributions <sup>1</sup>	–	–	–	7.66	8.37	7.48
<b>Closing net asset value</b>	<b>193.06</b>	<b>173.48</b>	<b>214.67</b>	<b>248.80</b>	<b>216.62</b>	<b>258.58</b>
*after direct transaction costs of	(0.30)	(0.25)	(0.38)	(0.38)	(0.30)	(0.45)
<b>Performance</b>						
Return after charges (%)	14.81	(15.96)	16.17	14.86	(16.23)	16.21
<b>Other information</b>						
Closing net asset value (£000's)	2,302	2,305	2,984	531	456	309
Closing number of shares	1,192,291	1,328,636	1,390,046	213,302	210,335	119,301
Operating charges (%)	1.17	1.17	1.17	1.17	1.17	1.17
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	197.80	223.30	224.50	251.80	269.00	266.40
Lowest dealing price (p)	174.10	174.20	191.30	217.20	213.60	224.10

# Comparative Table (continued)

Financial year to 31 December	GBP Hedged C Income shares			GBP Hedged S Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	149.60	184.95	186.37	169.51	208.72	207.50
Return before operating charges*	55.62	(27.10)	7.18	37.65	(31.16)	5.96
Operating charges	(2.15)	(2.20)	(2.38)	(1.26)	(1.22)	(0.46)
<b>Return after operating charges*</b>	<b>53.47</b>	<b>(29.30)</b>	<b>4.80</b>	<b>36.39</b>	<b>(32.38)</b>	<b>5.50</b>
Distributions <sup>1</sup>	(5.47)	(6.05)	(6.22)	(6.23)	(6.83)	(4.28)
Retained distributions <sup>1</sup>	–	–	–	–	–	–
<b>Closing net asset value</b>	<b>197.60</b>	<b>149.60</b>	<b>184.95</b>	<b>199.67</b>	<b>169.51</b>	<b>208.72</b>
*after direct transaction costs of	(0.27)	(0.22)	(0.37)	(0.30)	(0.24)	(0.38)
<b>Performance</b>						
Return after charges (%)	35.74	(15.84)	2.58	21.47	(15.51)	2.65
<b>Other information</b>						
Closing net asset value (£000's)	148	146	199	20,516	29,460	35,517
Closing number of shares	74,706	97,533	107,651	10,274,596	17,379,960	17,016,522
Operating charges (%)	1.28	1.27	1.17	0.67	0.65	0.22
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	201.00	193.80	213.90	204.00	218.90	216.90
Lowest dealing price (p)	149.10	148.90	187.40	169.00	169.30	204.40

## GBP Hedged S Income shares

The share class was launched on 11 August 2017.

# Comparative Table (continued)

Financial year to 31 December	GBP Hedged Z Income shares			L Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	168.30	208.02	188.18	62.21	76.74	67.83
Return before operating charges*	37.42	(30.94)	28.02	10.00	(11.42)	11.82
Operating charges	(1.88)	(1.98)	(1.89)	(0.57)	(0.63)	(0.64)
<b>Return after operating charges*</b>	<b>35.54</b>	<b>(32.92)</b>	<b>26.13</b>	<b>9.43</b>	<b>(12.05)</b>	<b>11.18</b>
Distributions <sup>1</sup>	(6.09)	(6.80)	(6.29)	(2.18)	(2.48)	(2.27)
Retained distributions <sup>1</sup>	–	–	–	–	–	–
<b>Closing net asset value</b>	<b>197.75</b>	<b>168.30</b>	<b>208.02</b>	<b>69.46</b>	<b>62.21</b>	<b>76.74</b>
*after direct transaction costs of	(0.30)	(0.24)	(0.37)	(0.11)	(0.09)	(0.14)
<b>Performance</b>						
Return after charges (%)	21.12	(15.83)	13.89	15.16	(15.70)	16.48
<b>Other information</b>						
Closing net asset value (£000's)	51,063	103,954	138,266	235,689	280,706	384,375
Closing number of shares	25,822,401	61,768,286	66,467,138	339,329,996	451,251,782	500,886,765
Operating charges (%)	1.02	1.02	0.92	0.85	0.85	0.84
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	201.80	218.10	216.50	71.24	79.84	80.22
Lowest dealing price (p)	167.80	168.00	189.20	62.42	62.55	68.24

# Comparative Table (continued)

Financial year to 31 December	L Accumulation shares			S Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	73.75	87.75	75.27	59.43	73.10	64.44
Return before operating charges*	11.91	(13.27)	13.20	9.57	(10.91)	11.22
Operating charges	(0.68)	(0.73)	(0.72)	(0.35)	(0.39)	(0.40)
<b>Return after operating charges*</b>	<b>11.23</b>	<b>(14.00)</b>	<b>12.48</b>	<b>9.22</b>	<b>(11.30)</b>	<b>10.82</b>
Distributions <sup>1</sup>	(2.60)	(2.85)	(2.53)	(2.09)	(2.37)	(2.16)
Retained distributions <sup>1</sup>	2.60	2.85	2.53	–	–	–
<b>Closing net asset value</b>	<b>84.98</b>	<b>73.75</b>	<b>87.75</b>	<b>66.56</b>	<b>59.43</b>	<b>73.10</b>
*after direct transaction costs of	(0.13)	(0.10)	(0.15)	(0.10)	(0.09)	(0.13)
<b>Performance</b>						
Return after charges (%)	15.23	(15.95)	16.58	15.51	(15.46)	16.79
<b>Other information</b>						
Closing net asset value (£000's)	51,948	68,109	103,333	259,374	258,940	302,946
Closing number of shares	61,126,927	92,346,522	117,753,851	389,684,509	435,726,241	414,401,518
Operating charges (%)	0.85	0.85	0.84	0.55	0.55	0.54
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	86.02	91.29	90.35	68.37	76.07	76.39
Lowest dealing price (p)	73.95	72.74	75.85	59.63	59.85	64.89



# Comparative Table (continued)

Financial year to 31 December	S Accumulation shares			Z Income shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	218.05	258.65	257.00	176.38	217.71	192.51
Return before operating charges*	35.25	(39.21)	1.74	28.38	(32.35)	33.58
Operating charges	(1.30)	(1.39)	(0.09)	(1.76)	(1.95)	(1.96)
<b>Return after operating charges*</b>	<b>33.95</b>	<b>(40.60)</b>	<b>1.65</b>	<b>26.62</b>	<b>(34.30)</b>	<b>31.62</b>
Distributions <sup>1</sup>	(7.72)	(8.40)	(3.71)	(6.22)	(7.03)	(6.42)
Retained distributions <sup>1</sup>	7.72	8.40	3.71	–	–	–
<b>Closing net asset value</b>	<b>252.00</b>	<b>218.05</b>	<b>258.65</b>	<b>196.78</b>	<b>176.38</b>	<b>217.71</b>
*after direct transaction costs of	(0.38)	(0.30)	(0.47)	(0.31)	(0.25)	(0.39)
<b>Performance</b>						
Return after charges (%)	15.57	(15.70)	0.64	15.09	(15.75)	16.43
<b>Other information</b>						
Closing net asset value (£000's)	10,819	11,779	14,205	111,124	140,238	180,260
Closing number of shares	4,293,426	5,402,243	5,492,008	56,471,879	79,508,046	82,798,979
Operating charges (%)	0.55	0.55	0.04	0.92	0.92	0.92
Direct transaction costs (%)**	0.16	0.12	0.18	0.16	0.12	0.18
<b>Prices</b>						
Highest dealing price (p)	255.10	269.10	261.10	201.60	226.50	227.40
Lowest dealing price (p)	218.60	215.00	257.00	177.00	177.10	193.70

## S Accumulation shares

The share class was launched on 15 December 2017.

# Comparative Table (continued)

## Z Accumulation shares

Financial year to 31 December	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>			
Opening net asset value	221.97	264.30	226.88
Return before operating charges*	35.84	(39.96)	39.76
Operating charges	(2.23)	(2.37)	(2.34)
<b>Return after operating charges*</b>	<b>33.61</b>	<b>(42.33)</b>	<b>37.42</b>
Distributions <sup>1</sup>	(7.84)	(8.57)	(7.63)
Retained distributions <sup>1</sup>	7.84	8.57	7.63
<b>Closing net asset value</b>	<b>255.58</b>	<b>221.97</b>	<b>264.30</b>
*after direct transaction costs of	(0.39)	(0.31)	(0.46)
<b>Performance</b>			
Return after charges (%)	15.14	(16.02)	16.49
<b>Other information</b>			
Closing net asset value (£000's)	86,688	94,150	95,235
Closing number of shares	33,918,671	42,415,672	36,032,857
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)**	0.16	0.12	0.18
<b>Prices</b>			
Highest dealing price (p)	258.70	275.00	272.20
Lowest dealing price (p)	222.60	218.90	228.60

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 99.17% (94.73%)</b>			
<b>Austria 1.17% (0.17%)</b>			
AT&S Austria Technologie & Systemtechnik	592,686	9,985	1.17
		<b>9,985</b>	<b>1.17</b>
<b>Belgium 2.86% (2.96%)</b>			
KBC Group	429,695	24,449	2.86
		<b>24,449</b>	<b>2.86</b>
<b>Bermuda 4.96% (2.24%)</b>			
Borr Drilling	5,450,122	35,513	4.16
Odfjell Drilling	2,421,370	6,826	0.80
		<b>42,339</b>	<b>4.96</b>
<b>Denmark 0.73% (8.60%)</b>			
Drilling Co. of 1972	124,349	6,227	0.73
		<b>6,227</b>	<b>0.73</b>
<b>Finland 3.11% (2.17%)</b>			
Cargotec B	534,467	13,774	1.61
UPM-Kymmene	486,302	12,776	1.50
		<b>26,550</b>	<b>3.11</b>
<b>France 26.22% (26.73%)</b>			
Altran Technologies	1,435,980	17,259	2.02
AXA	1,981,695	42,278	4.95
BNP Paribas	387,505	17,401	2.04
IPSOS	1,164,300	28,501	3.34
Lagardere	1,172,763	19,368	2.27
Peugeot	617,968	11,188	1.31
Sanofi	513,557	39,112	4.58
TOTAL	638,441	26,683	3.13
Valeo	354,650	9,468	1.11
Vinci	149,034	12,513	1.47
		<b>223,771</b>	<b>26.22</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Germany 15.84% (7.15%)</b>			
AURELIUS Equity Opportunities	661,210	21,907	2.57
Bayer	316,772	19,623	2.30
Fresenius	413,106	17,571	2.06
Infineon Technologies	804,005	13,845	1.62
LANXESS	362,489	18,431	2.16
Siemens	197,403	19,591	2.29
Siltronic	85,315	6,506	0.76
Volkswagen Preference	118,322	17,741	2.08
		<b>135,215</b>	<b>15.84</b>
<b>Ireland 2.06% (0.00%)</b>			
Ryanair Holdings	1,414,253	17,551	2.06
		<b>17,551</b>	<b>2.06</b>
<b>Italy 1.22% (3.90%)</b>			
Intesa Sanpaolo	5,234,764	10,447	1.22
		<b>10,447</b>	<b>1.22</b>
<b>Jersey 1.50% (0.00%)</b>			
IWG	2,932,222	12,770	1.50
		<b>12,770</b>	<b>1.50</b>
<b>Luxembourg 0.95% (0.57%)</b>			
ArcelorMittal	612,514	8,142	0.95
		<b>8,142</b>	<b>0.95</b>
<b>Netherlands 15.12% (11.76%)</b>			
ABN AMRO Bank	937,502	12,925	1.52
ASML Holding	80,203	17,949	2.10
IMCD	105,577	6,964	0.82
ING Groep	1,411,947	12,825	1.50
Intertrust	1,385,761	20,271	2.38
Koninklijke KPN	7,685,394	17,187	2.01
SBM Offshore	1,338,496	18,874	2.21

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
TKH Group	524,104	22,051	2.58
		<b>129,046</b>	<b>15.12</b>
<b>Norway 3.81% (1.36%)</b>			
Atea	550,621	6,101	0.72
Salmar	682,187	26,407	3.09
		<b>32,508</b>	<b>3.81</b>
<b>Portugal 0.00% (2.06%)</b>			
<b>Spain 10.39% (10.56%)</b>			
Bankinter	5,090,423	28,262	3.31
Gestamp Automocion	3,082,660	11,230	1.31
Grifols Preference B	1,185,728	20,963	2.46
Grupo Catalana Occidente	1,067,668	28,269	3.31
		<b>88,724</b>	<b>10.39</b>
<b>Sweden 3.97% (4.18%)</b>			
Dometic Group	2,352,114	18,061	2.12
Lundin Petroleum	609,008	15,794	1.85
		<b>33,855</b>	<b>3.97</b>
<b>Switzerland 4.42% (9.27%)</b>			
Roche Holding	87,568	21,533	2.52
Swiss Re	189,934	16,168	1.90
		<b>37,701</b>	<b>4.42</b>
<b>United Kingdom 0.84% (1.05%)</b>			
IQE <sup>#</sup>	14,626,214	7,167	0.84
		<b>7,167</b>	<b>0.84</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities total</b>		<b>846,447</b>	<b>99.17</b>
<b>Forward Foreign Currency Contracts 0.02% (0.06%)</b>			
Buy CHF 52,696 Sell GBP 41,236 31/01/2020	CHF 52,696	0	0.00
Buy CHF 3,168 Sell GBP 2,497 31/01/2020	CHF 3,168	0	0.00
Buy EUR 233,929 Sell GBP 199,467 31/01/2020	EUR 233,929	0	0.00
Buy NOK 1,909,052 Sell GBP 163,160 31/01/2020	NOK 1,909,052	2	0.00
Buy NOK 46,992 Sell GBP 4,059 31/01/2020	NOK 46,992	0	0.00
Buy SEK 1,408,908 Sell GBP 114,962 31/01/2020	SEK 1,408,908	0	0.00
Sell CHF 4,133,713 Buy GBP 3,241,544 31/01/2020	CHF (4,133,713)	0	0.00
Sell EUR 68,617,723 Buy GBP 58,573,259 31/01/2020	EUR (68,617,723)	193	0.03
Sell NOK 1,049,180 Buy GBP 90,639 31/01/2020	NOK (1,049,180)	0	0.00
Sell NOK 75,815,924 Buy GBP 6,486,123 31/01/2020	NOK (75,815,924)	(42)	(0.01)
Sell SEK 36,418,765 Buy GBP 2,975,498 31/01/2020	SEK (36,418,765)	10	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>163</b>	<b>0.02</b>
Portfolio of investments		<b>846,610</b>	<b>99.19</b>
Net other assets		6,903	0.81
<b>Net assets attributable to shareholders</b>		<b>853,513</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Security traded on another regulated market.

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	123,932	(244,483)
Revenue	3	34,247	47,605
Expenses	4	(7,837)	(11,784)
Net revenue before taxation		<b>26,410</b>	<b>35,821</b>
Taxation	5	(3,729)	(2,671)
Net revenue after taxation		<b>22,681</b>	<b>33,150</b>
<b>Total return before distributions</b>		<b>146,613</b>	<b>(211,333)</b>
Distributions	6	(30,235)	(44,394)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>116,378</b>	<b>(255,727)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	1,069,097	1,337,862
Amounts receivable on issue of shares	71,343	262,034
Amounts payable on cancellation of shares	(408,680)	(283,951)
	<b>(337,337)</b>	<b>(21,917)</b>
Dilution adjustment	115	58
Change in net assets attributable to shareholders from investment activities	116,378	(255,727)
Retained distribution on Accumulation shares	5,260	8,821
<b>Closing net assets attributable to shareholders</b>	<b>853,513</b>	<b>1,069,097</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		846,652	1,013,399
<b>Current assets</b>			
Debtors	8	4,572	7,682
Cash and bank balances		12,876	68,210
<b>Total assets</b>		<b>864,100</b>	<b>1,089,291</b>
<b>Liabilities</b>			
Investment liabilities		(42)	(21)
<b>Creditors</b>			
Distributions payable		(9,277)	(16,553)
Other creditors	9	(1,268)	(3,620)
<b>Total liabilities</b>		<b>(10,587)</b>	<b>(20,194)</b>
<b>Net assets attributable to shareholders</b>		<b>853,513</b>	<b>1,069,097</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder European Alpha Income Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	119,351	(242,257)
Derivative contracts	300	(3,392)
Forward foreign currency contracts	1,772	(2,199)
Foreign currency gains	2,531	3,380
Transaction costs	(22)	(15)
<b>Net capital gains/(losses)</b>	<b>123,932</b>	<b>(244,483)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	127	0
Overseas dividends	34,027	47,335
Bank interest	93	270
<b>Total revenue</b>	<b>34,247</b>	<b>47,605</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	5,939	8,906
Administration charge	1,406	1,986
	<b>7,345</b>	<b>10,892</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	70	88
Safe custody fees	35	122
	<b>105</b>	<b>210</b>
<b>Other expenses:</b>		
Audit fee	9	9
Professional fee	49	49
Interest payable	231	540
Hedging programme cost	98	84
	<b>387</b>	<b>682</b>
<b>Total expenses</b>	<b>7,837</b>	<b>11,784</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	3,729	2,671
<b>Total current tax (Note 5(b))</b>	<b>3,729</b>	<b>2,671</b>

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>26,410</b>	<b>35,821</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,282	7,164
<b>Effects of:</b>		
Revenue not subject to corporation tax	(6,764)	(9,249)
Movement in excess management expenses	1,464	2,063
Irrecoverable overseas withholding tax	3,729	2,671
Expensed withholding tax incurred	(10)	(32)
Loan relationship deficit	28	54
<b>Current tax charge for the year (Note 5(a))</b>	<b>3,729</b>	<b>2,671</b>

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

At the balance sheet date, there is a potential deferred tax asset of £8,335,703 (2018 – 6,871,272) in respect of unutilised management expenses and loan relationship debits. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.



# Notes to the Accounts (continued)

## 6 Distributions

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

	2019 £000's	2018 £000's
Quarterly Dividend distribution	1,700	2,012
Interim Dividend distribution	7,577	10,254
Quarterly Dividend distribution	7,027	10,146
Final Dividend distribution	11,688	20,964
	<b>27,992</b>	<b>43,376</b>
Add: Revenue deducted on cancellation of shares	2,918	3,208
Deduct: Revenue received on issue of shares	(675)	(2,190)
<b>Distributions</b>	<b>30,235</b>	<b>44,394</b>
Net revenue after taxation	22,681	33,150
Expenses taken to capital	7,607	11,243
Tax relief on capital gains	(49)	0
Movement in undistributed revenue	(1)	1
Equalisation on conversions	(3)	0
<b>Distributions</b>	<b>30,235</b>	<b>44,394</b>

Details of the distributions per share are set out in the Distribution Table on pages 204 to 209.

## 7 Fair value hierarchy

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

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	846,447	0	1,012,725	0
Level 2: Observable market data	205	(42)	674	(21)
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>846,652</b>	<b>(42)</b>	<b>1,013,399</b>	<b>(21)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

# Notes to the Accounts (continued)

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	558	2,156
Sales awaiting settlement	23	0
Accrued revenue	1	563
Overseas withholding tax recoverable	3,990	4,963
<b>Total debtors</b>	<b>4,572</b>	<b>7,682</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	644	2,644
Accrued expenses	615	955
Interest payable	9	21
<b>Total other creditors</b>	<b>1,268</b>	<b>3,620</b>

## 10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 11 Related party transactions

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

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

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies paid through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 30.14% (2018 – 25.69%).

## 12 Share classes

The fund currently has thirteen share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

A Income shares	1.50%
A Accumulation shares	1.50%
C Income shares	1.00%
C Accumulation shares	1.00%
GBP Hedged C Income shares	1.00%
GBP Hedged S Income shares	0.375%
GBP Hedged Z Income shares	0.75%
L Income shares	0.675%
L Accumulation shares	0.675%
S Income shares	0.375%
S Accumulation shares	0.375%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 185 to 191. The distributions per share class are given in the Distribution Table on pages 204 to 209. All classes have the same rights on winding up.

# Notes to the Accounts (continued)

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

### Currency risk profile

The currency risk profile of the fund's net assets at the balance sheet date was as follows:

Currency	2019 £000's	2018 £000's
Danish krone	6,840	80,700
Euro	628,361	691,028
Norwegian krone	68,642	39,461
Sterling	84,160	131,852
Swedish krona	31,004	39,218
Swiss franc	34,504	86,835
US dollar	2	3

### Liquidity risk

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

### Interest rate risk

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

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

As at the year end date 1.51% (2018: 6.38%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

### Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

### Fair value of financial assets and financial liabilities

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

# Notes to the Accounts (continued)

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	2.57%	0.37%	0.00%	0.00%	10.76%	2.44%	0.00%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	866,829	439	618	867,886	0.05	0.07
<b>Sales</b>						
Equities	1,154,032	(517)	0	1,153,515	(0.04)	0.00
Total cost of the fund's average net asset value (%)		<b>0.10</b>	<b>0.07</b>			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Purchases <sup>1</sup> :						
Equities	851,570	448	728	852,746	0.05	0.09
Corporate actions purchases:						
Equities	18,213	0	0	18,213	0.00	0.00
	869,783	448	728	870,959		
Sales						
Equities	918,447	(476)	0	917,971	(0.05)	0.00
Total cost of the fund's average net asset value (%)		0.07	0.06			

<sup>1</sup> Excluding corporate actions.

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.21% (2018 – 0.24%).

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

# Notes to the Accounts (continued)

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
A Income shares	21,855,598	28,656	(16,144,639)	(82,215)	5,657,400
A Accumulation shares	19,978,677	648,222	(15,267,109)	(53,953)	5,305,837
C Income shares	1,328,636	6,226	(165,641)	23,070	1,192,291
C Accumulation shares	210,335	31,330	(28,363)	0	213,302
GBP Hedged C Income shares	97,533	0	(22,827)	0	74,706
GBP Hedged S Income shares	17,379,960	545,945	(7,651,309)	0	10,274,596
GBP Hedged Z Income shares	61,768,286	4,190,809	(40,136,694)	0	25,822,401
L Income shares	451,251,782	32,299,187	(144,885,277)	664,304	339,329,996
L Accumulation shares	92,346,522	5,580,854	(36,726,828)	(73,621)	61,126,927
S Income shares	435,726,241	37,726,706	(82,094,736)	(1,673,702)	389,684,509
S Accumulation shares	5,402,243	39,759	(1,085,126)	(63,450)	4,293,426
Z Income shares	79,508,046	2,785,465	(26,372,541)	550,909	56,471,879
Z Accumulation shares	42,415,672	2,215,918	(10,722,423)	9,504	33,918,671

## 16 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Total £000's
<b>HSBC</b>		
2019	163	163
2018	0	0
<b>JPMorgan Chase</b>		
2019	0	0
2018	653	653

The collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
ABOR	(2,630)	0
<b>Total</b>	<b>(2,630)</b>	<b>0</b>

# Notes to the Accounts (continued)

The nature of collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
Cash	(2,630)	0
<b>Total</b>	<b>(2,630)</b>	<b>0</b>

## 17 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
GBP Hedged C Income units	74,706	74,706	0.00	199.3	128	(35.78)
GBP Hedged Z Income units	25,822,401	20,059,867	(22.32)	200	127.7	(36.15)
A Accumulation units	5,305,837	4,974,434	(6.25)	241.6	161.4	(33.20)
A Income units	5,657,400	146,739	(97.41)	187.9	123.7	(34.17)
C Accumulation units	213,302	186,228	(12.69)	249	166.7	(33.05)
C Income units	1,192,291	1,164,860	(2.30)	195.5	128.8	(34.12)
L Accumulation units	61,126,927	48,930,261	(19.95)	85.05	56.98	(33.00)
L Income units	339,329,996	53,659,595	(84.19)	70.44	46.38	(34.16)
S Income units	389,684,509	35,151,828	(90.98)	67.6	44.49	(34.19)
Z Accumulation units	33,918,671	24,797,672	(26.89)	255.8	171.3	(33.03)
Z Income units	56,471,879	29,952,203	(46.96)	199.3	131.4	(34.07)
GBP Hedged S Income units	10,274,596	1,670,291	(83.74)	202.3	129.3	(36.09)
S Accumulation units	4,293,426	482,964	(88.75)	252.2	169.1	(32.95)

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

# Distribution Table

## Quarterly distribution for the three months ended 31 March 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.5.19 p per share	Distribution paid 31.5.18 p per share
<b>A Income shares</b>				
Group 1	0.3200	–	0.3200	0.3100
Group 2	0.0625	0.2575	0.3200	0.3100
<b>A Accumulation shares</b>				
Group 1	0.3500	–	0.3500	0.3400
Group 2	0.2932	0.0568	0.3500	0.3400
<b>C Income shares</b>				
Group 1	0.3200	–	0.3200	0.3100
Group 2	0.2382	0.0818	0.3200	0.3100
<b>C Accumulation shares</b>				
Group 1	0.3500	–	0.3500	0.3400
Group 2	0.1661	0.1839	0.3500	0.3400
<b>GBP Hedged C Income shares</b>				
Group 1	0.3600	–	0.3600	0.3500
Group 2	0.3600	0.0000	0.3600	0.3500
<b>GBP Hedged S Income shares</b>				
Group 1	0.3700	–	0.3700	0.3600
Group 2	0.3082	0.0618	0.3700	0.3600
<b>GBP Hedged Z Income shares</b>				
Group 1	0.3700	–	0.3700	0.3600
Group 2	0.3348	0.0352	0.3700	0.3600
<b>L Income shares</b>				
Group 1	0.1200	–	0.1200	0.1150
Group 2	0.1031	0.0169	0.1200	0.1150
<b>L Accumulation shares</b>				
Group 1	0.1200	–	0.1200	0.1150
Group 2	0.0846	0.0354	0.1200	0.1150
<b>S Income shares</b>				
Group 1	0.1100	–	0.1100	0.1050
Group 2	0.0998	0.0102	0.1100	0.1050
<b>S Accumulation shares</b>				
Group 1	0.3500	–	0.3500	0.3400
Group 2	0.3416	0.0084	0.3500	0.3400

# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.5.19 p per share	Distribution paid 31.5.18 p per share
<b>Z Income shares</b>				
Group 1	0.3200	–	0.3200	0.3100
Group 2	0.2490	0.0710	0.3200	0.3100
<b>Z Accumulation shares</b>				
Group 1	0.3500	–	0.3500	0.3400
Group 2	0.2190	0.1310	0.3500	0.3400

## Interim distribution for the three months ended 30 June 2019

**Group 1** Shares purchased prior to 1 April 2019

**Group 2** Shares purchased on or after 1 April 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>A Income shares</b>				
Group 1	1.7200	–	1.7200	1.7200
Group 2	0.0000	1.7200	1.7200	1.7200
<b>A Accumulation shares</b>				
Group 1	1.8300	–	1.8300	1.8300
Group 2	0.0000	1.8300	1.8300	1.8300
<b>C Income shares</b>				
Group 1	1.7300	–	1.7300	1.7300
Group 2	0.2670	1.4630	1.7300	1.7300
<b>C Accumulation shares</b>				
Group 1	1.8400	–	1.8400	1.8400
Group 2	0.0000	1.8400	1.8400	1.8400
<b>GBP Hedged C Income shares</b>				
Group 1	1.7800	–	1.7800	1.7800
Group 2	1.7800	0.0000	1.7800	1.7800
<b>GBP Hedged S Income shares</b>				
Group 1	1.7200	–	1.7200	1.7200
Group 2	0.0000	1.7200	1.7200	1.7200
<b>GBP Hedged Z Income shares</b>				
Group 1	1.7900	–	1.7900	1.7900
Group 2	0.2655	1.5245	1.7900	1.7900



# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 31.8.19 p per share	Distribution paid 31.8.18 p per share
<b>L Income shares</b>				
Group 1	0.5700	–	0.5700	0.5700
Group 2	0.0000	0.5700	0.5700	0.5700
<b>L Accumulation shares</b>				
Group 1	0.6000	–	0.6000	0.6000
Group 2	0.0000	0.6000	0.6000	0.6000
<b>S Income shares</b>				
Group 1	0.5000	–	0.5000	0.5000
Group 2	0.0000	0.5000	0.5000	0.5000
<b>S Accumulation shares</b>				
Group 1	1.8500	–	1.8500	1.8500
Group 2	0.0000	1.8500	1.8500	1.8500
<b>Z Income shares</b>				
Group 1	1.7500	–	1.7500	1.7500
Group 2	0.0000	1.7500	1.7500	1.7500
<b>Z Accumulation shares</b>				
Group 1	1.8600	–	1.8600	1.8600
Group 2	0.0000	1.8600	1.8600	1.8600

## Quarterly distribution for the three months ended 30 September 2019

**Group 1** Shares purchased prior to 1 July 2019

**Group 2** Shares purchased on or after 1 July 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 30.11.19 p per share	Distribution paid 30.11.18 p per share
<b>A Income shares</b>				
Group 1	1.7200	–	1.7200	1.7200
Group 2	0.0000	1.7200	1.7200	1.7200
<b>A Accumulation shares</b>				
Group 1	1.8300	–	1.8300	1.8300
Group 2	0.0000	1.8300	1.8300	1.8300
<b>C Income shares</b>				
Group 1	1.7300	–	1.7300	1.7300
Group 2	0.0000	1.7300	1.7300	1.7300

# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution paid 30.11.19 p per share	Distribution paid 30.11.18 p per share
<b>C Accumulation shares</b>				
Group 1	1.8400	–	1.8400	1.8400
Group 2	0.0000	1.8400	1.8400	1.8400
<b>GBP Hedged C Income shares</b>				
Group 1	1.7800	–	1.7800	1.7800
Group 2	1.7800	0.0000	1.7800	1.7800
<b>GBP Hedged S Income shares</b>				
Group 1	1.7200	–	1.7200	1.7200
Group 2	0.0000	1.7200	1.7200	1.7200
<b>GBP Hedged Z Income shares</b>				
Group 1	1.7900	–	1.7900	1.7900
Group 2	0.0000	1.7900	1.7900	1.7900
<b>L Income shares</b>				
Group 1	0.5700	–	0.5700	0.5700
Group 2	0.0000	0.5700	0.5700	0.5700
<b>L Accumulation shares</b>				
Group 1	0.6000	–	0.6000	0.6000
Group 2	0.0000	0.6000	0.6000	0.6000
<b>S Income shares</b>				
Group 1	0.5000	–	0.5000	0.5000
Group 2	0.0000	0.5000	0.5000	0.5000
<b>S Accumulation shares</b>				
Group 1	1.8500	–	1.8500	1.8500
Group 2	1.8500	0.0000	1.8500	1.8500
<b>Z Income shares</b>				
Group 1	1.7500	–	1.7500	1.7500
Group 2	0.0000	1.7500	1.7500	1.7500
<b>Z Accumulation shares</b>				
Group 1	1.8600	–	1.8600	1.8600
Group 2	0.0000	1.8600	1.8600	1.8600

# Distribution Table (continued)

## Final distribution for the three months ended 31 December 2019

**Group 1** Shares purchased prior to 1 October 2019

**Group 2** Shares purchased on or after 1 October 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>A Income shares</b>				
Group 1	2.1247	–	2.1247	2.9570
Group 2	0.2777	1.8470	2.1247	2.9570
<b>A Accumulation shares</b>				
Group 1	3.4336	–	3.4336	4.1860
Group 2	0.4427	2.9909	3.4336	4.1860
<b>C Income shares</b>				
Group 1	2.3286	–	2.3286	3.1512
Group 2	0.2269	2.1017	2.3286	3.1512
<b>C Accumulation shares</b>				
Group 1	3.6318	–	3.6318	4.3517
Group 2	0.2318	3.4000	3.6318	4.3517
<b>GBP Hedged C Income shares</b>				
Group 1	1.5491	–	1.5491	2.1371
Group 2	1.5491	0.0000	1.5491	2.1371
<b>GBP Hedged S Income shares</b>				
Group 1	2.4176	–	2.4176	3.0262
Group 2	0.2309	2.1867	2.4176	3.0262
<b>GBP Hedged Z Income shares</b>				
Group 1	2.1357	–	2.1357	2.8619
Group 2	0.4412	1.6945	2.1357	2.8619
<b>L Income shares</b>				
Group 1	0.9245	–	0.9245	1.2235
Group 2	0.0801	0.8444	0.9245	1.2235
<b>L Accumulation shares</b>				
Group 1	1.2825	–	1.2825	1.5354
Group 2	0.0946	1.1879	1.2825	1.5354
<b>S Income shares</b>				
Group 1	0.9849	–	0.9849	1.2600
Group 2	0.0395	0.9454	0.9849	1.2600
<b>S Accumulation shares</b>				
Group 1	3.6657	–	3.6657	4.3601
Group 2	0.4744	3.1913	3.6657	4.3601

# Distribution Table (continued)

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>Z Income shares</b>				
Group 1	2.3962	–	2.3962	3.2174
Group 2	0.2384	2.1578	2.3962	3.2174
<b>Z Accumulation shares</b>				
Group 1	3.7723	–	3.7723	4.5071
Group 2	0.3256	3.4467	3.7723	4.5071

## Equalisation

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

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

# Schroder Global Recovery Fund

## Fund Information

### Investment objective and policy

The Schroder Global Recovery Fund (the 'fund') aims to provide capital growth by investing in equity and equity related securities of companies worldwide which are considered to be undervalued relative to their long term earnings potential.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of companies worldwide that have suffered a set back in either share price or profitability, but where long term prospects are believed to be good.

The Fund applies a disciplined value investment approach, seeking to invest in a select portfolio of companies that the Investment Manager believes are significantly undervalued relative to their long-term earnings potential.

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

The Fund may use derivative instruments for investment purposes as well as for efficient portfolio management (for more information please refer to Appendix III. Section 10: Derivatives and Forwards).

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

The Fund aims to provide capital growth over the mid to long term by investing in shares of companies worldwide which are considered to be undervalued relative to their long term earnings potential.

At least 80% of the fund's assets (excluding cash) will be invested in equity and equity related securities of companies worldwide that have suffered a set back in either share price or profitability, but where long term prospects are believed to be good. Recovery investments may be out of favour for many reasons, including weak short-term profitability, macro-economic concerns or an under strength balance sheet. These factors can significantly reduce the attractiveness of companies to short term investors and induce discounts to fair value. Our long term focused recovery investment approach seeks to exploit this in a diversified manner.

The fund can invest in any sector, industry, jurisdiction or geographic region but is not managed with regard to any benchmark. Consequently the fund may be particularly exposed to a specific sector, industry, jurisdiction or region at any time depending on where the fund identifies opportunities for recovery investments.

The fund may use derivative instruments for investment purposes as well as for efficient portfolio management.

### Fund characteristics

The Fund does not have a target benchmark. The Fund's performance should be compared against the MSCI World (Net Total Return) index and the Investment Association Global Equity Income sector average return. The comparator benchmark has been selected because the Investment Adviser and the ACD believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 17.87%. In comparison, the MSCI World Index generated a net return of 22.74%<sup>1</sup> in sterling terms and the Investment Association Global Equity Income Sector Average generated a total return of 18.87%<sup>1</sup>.

The portfolio underperformed the wider equity market over the 12 months under review. Asset manager GAM Holding was a leading detractor. This is a position we initiated in late 2018, in the wake of misconduct charges and the liquidation of a number of bond funds. Over 2019 GAM Holding has continued to revamp and simplify its business. A new CEO joined in September, and the fourth quarter brought news that GAM Holding is on track to achieve CHF40 million of cost savings as of end-2019. Elsewhere, South32 and Centrica detracted significantly. We remain holders of all three of these names and are happy to be patient until either fair value is reached, or the fundamental risks have changed. Impala Platinum Holdings was a strong contributor, with the market recognising the impact of the company's restructure. We have been reducing the position after the strong gain, and closed out the position in Q4.

The fund comprises undervalued, unloved businesses, many of which have had near-death experiences in the recent past and are therefore prudently managed and well-placed to weather any market or economic disruption. We focus on the fundamentals rather than the short-term fears and market "froth". In the long run, this is the surest way to safeguard investors' capital and to ensure that full advantage can be taken when margin of safety - and hence investment opportunity - becomes abundant once again.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

## Co-Fund Manager:

Nick Kirrage



Co-manager of UK Income, UK Recovery, Global Recovery and Global Income strategies

Founding member of the Global Value Team in 2013

Investment career commenced in 2001 within Schroders' Pan European research team

Previously analyst responsible for a number of sectors including Transport, Metals & Mining and Aerospace and Defence sectors

CFA Charterholder

Degree in Aeronautical Engineering, Bristol University

## Co-Fund Manager:

Simon Adler



Co-manager of Global Recovery and Global Income strategies

Joined the Global Value Team in July 2016

Investment career commenced in 2008, at Schroders as a UK equity analyst

Previously sector analyst responsible for Chemicals, Media, Transport, Travel & Leisure and Utilities

Global Sustainability Specialist in Global Equity team until 2016

CFA Charterholder

MA in Politics, Edinburgh University

## Co-Fund Manager:

Andrew Lyddon



Co-manager of European Income, European Recovery and Global Recovery strategies, with 14 years' investment experience

Past Specialist Value UK equities fund manager

UK equity analyst responsible for Telecommunications and Support Services

Joined Schroders in October 2005 as an Equity Analyst with the Pan European Industrials desk

CFA Charterholder

MSc in Intellectual Property Law, Queen Mary College

Degree in Chemistry, Bath University

<sup>1</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	L Income shares			L Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	65.85	72.84	66.39	69.05	74.83	67.19
Return before operating charges*	12.27	(4.98)	8.20	12.90	(5.12)	8.27
Operating charges	(0.63)	(0.64)	(0.62)	(0.66)	(0.66)	(0.63)
<b>Return after operating charges*</b>	<b>11.64</b>	<b>(5.62)</b>	<b>7.58</b>	<b>12.24</b>	<b>(5.78)</b>	<b>7.64</b>
Distributions <sup>1</sup>	(2.23)	(1.37)	(1.13)	(2.35)	(1.40)	(1.12)
Retained distributions <sup>1</sup>	–	–	–	2.35	1.40	1.12
<b>Closing net asset value</b>	<b>75.26</b>	<b>65.85</b>	<b>72.84</b>	<b>81.29</b>	<b>69.05</b>	<b>74.83</b>
*after direct transaction costs of	(0.06)	(0.08)	(0.05)	(0.06)	(0.08)	(0.05)
<b>Performance</b>						
Return after charges (%)	17.68	(7.72)	11.42	17.73	(7.72)	11.37
<b>Other information</b>						
Closing net asset value (£000's)	2,437	3,116	1,402	41,898	32,434	42,308
Closing number of shares	3,238,387	4,732,054	1,924,558	51,543,423	46,969,371	56,536,142
Operating charges (%)	0.87	0.89	0.88	0.87	0.89	0.88
Direct transaction costs (%)**	0.08	0.11	0.07	0.08	0.11	0.07
<b>Prices</b>						
Highest dealing price (p)	78.46	76.63	74.28	82.30	78.71	75.15
Lowest dealing price (p)	65.14	66.24	65.74	68.33	68.05	66.53



# Comparative Table (continued)

Financial year to 31 December	S Income shares			X Accumulation shares
	2019 p per share	2018 p per share	2017 p per share	2019 p per share
<b>Change in net asset value</b>				
Opening net asset value	50.95	56.37	51.37	50.00
Return before operating charges*	9.50	(3.86)	6.34	3.76
Operating charges	(0.32)	(0.33)	(0.32)	(0.02)
<b>Return after operating charges*</b>	<b>9.18</b>	<b>(4.19)</b>	<b>6.02</b>	<b>3.74</b>
Distributions <sup>1</sup>	(1.90)	(1.23)	(1.02)	(1.45)
Retained distributions <sup>1</sup>	–	–	–	1.45
<b>Closing net asset value</b>	<b>58.23</b>	<b>50.95</b>	<b>56.37</b>	<b>53.74</b>
*after direct transaction costs of	(0.05)	(0.06)	(0.04)	(0.04)
<b>Performance</b>				
Return after charges (%)	18.02	(7.43)	11.72	7.48
<b>Other information</b>				
Closing net asset value (£000's)	83,494	73,110	49,896	44,419
Closing number of shares	143,384,032	143,508,070	88,519,303	82,648,889
Operating charges (%)	0.57	0.59	0.58	0.04
Direct transaction costs (%)**	0.08	0.11	0.07	0.08
<b>Prices</b>				
Highest dealing price (p)	60.88	59.31	57.63	54.41
Lowest dealing price (p)	50.40	51.41	50.91	48.22

## X Accumulation shares

The share class was launched on 3 May 2019.

# Comparative Table (continued)

Financial year to 31 December	Z Income shares			Z Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	65.79	72.78	66.35	68.91	74.73	67.15
Return before operating charges*	12.27	(4.98)	8.19	12.86	(5.11)	8.26
Operating charges	(0.69)	(0.69)	(0.68)	(0.72)	(0.71)	(0.68)
<b>Return after operating charges*</b>	<b>11.58</b>	<b>(5.67)</b>	<b>7.51</b>	<b>12.14</b>	<b>(5.82)</b>	<b>7.58</b>
Distributions <sup>1</sup>	(2.18)	(1.32)	(1.08)	(2.28)	(1.35)	(1.08)
Retained distributions <sup>1</sup>	–	–	–	2.28	1.35	1.08
<b>Closing net asset value</b>	<b>75.19</b>	<b>65.79</b>	<b>72.78</b>	<b>81.05</b>	<b>68.91</b>	<b>74.73</b>
*after direct transaction costs of	(0.06)	(0.08)	(0.05)	(0.06)	(0.08)	(0.05)
<b>Performance</b>						
Return after charges (%)	17.60	(7.79)	11.32	17.62	(7.79)	11.29
<b>Other information</b>						
Closing net asset value (£000's)	26,484	18,453	1,934	60,245	34,726	18,440
Closing number of shares	35,220,759	28,046,699	2,657,116	74,330,890	50,394,300	24,675,828
Operating charges (%)	0.94	0.96	0.96	0.94	0.96	0.96
Direct transaction costs (%)**	0.08	0.11	0.07	0.08	0.11	0.07
<b>Prices</b>						
Highest dealing price (p)	78.34	76.56	74.16	82.06	78.60	75.04
Lowest dealing price (p)	65.09	66.15	65.69	68.18	67.91	66.47

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

\*\* Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Collective Investment Schemes 0.00% (5.17%)</b>			
<b>Cash Funds 0.00% (5.17%)</b>			
<b>Equities 92.55% (92.79%)</b>			
<b>Australia 3.75% (4.74%)</b>			
South32	6,780,114	9,726	3.75
		<b>9,726</b>	<b>3.75</b>
<b>Belgium 1.70% (1.71%)</b>			
Orange Belgium	249,720	4,394	1.70
		<b>4,394</b>	<b>1.70</b>
<b>Canada 1.34% (0.00%)</b>			
Teck Resources B	262,269	3,459	1.34
		<b>3,459</b>	<b>1.34</b>
<b>Croatia 0.76% (1.78%)</b>			
Hrvatski Telekom	99,694	1,981	0.76
		<b>1,981</b>	<b>0.76</b>
<b>Denmark 2.09% (0.00%)</b>			
Drilling Co. of 1972	108,194	5,418	2.09
		<b>5,418</b>	<b>2.09</b>
<b>Egypt 0.00% (0.49%)</b>			
<b>France 5.72% (7.19%)</b>			
Coface	39,519	366	0.14
Sanofi	146,366	11,147	4.31
Television Francaise 1	524,210	3,297	1.27
		<b>14,810</b>	<b>5.72</b>
<b>Germany 1.09% (0.00%)</b>			
Schaeffler Preference	346,103	2,822	1.09
		<b>2,822</b>	<b>1.09</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Greece 0.03% (5.21%)</b>			
Hellenic Exchanges – Athens Stock Exchange	17,413	68	0.03
		<b>68</b>	<b>0.03</b>
<b>Italy 7.73% (8.84%)</b>			
Eni	779,758	9,212	3.56
Intesa Sanpaolo	1,332,633	2,664	1.03
UniCredit	734,090	8,135	3.14
		<b>20,011</b>	<b>7.73</b>
<b>Japan 2.47% (0.00%)</b>			
NHK Spring	626,100	4,270	1.65
TV Asahi Holdings	152,000	2,118	0.82
		<b>6,388</b>	<b>2.47</b>
<b>Netherlands 4.27% (1.45%)</b>			
ING Groep	707,905	6,430	2.48
PostNL	2,710,000	4,634	1.79
		<b>11,064</b>	<b>4.27</b>
<b>Poland 0.79% (1.50%)</b>			
Orange Polska	1,445,963	2,051	0.79
		<b>2,051</b>	<b>0.79</b>
<b>Russia 5.41% (4.77%)</b>			
Gazprom ADR	1,034,147	6,435	2.48
LUKOIL ADR	101,077	7,576	2.93
		<b>14,011</b>	<b>5.41</b>
<b>South Africa 0.00% (1.96%)</b>			
<b>South Korea 5.73% (4.81%)</b>			
Hyundai Mobis	42,684	7,185	2.77
Kia Motors	265,115	7,654	2.96
		<b>14,839</b>	<b>5.73</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Spain 2.87% (3.04%)</b>			
Repsol	619,822	7,339	2.84
Repsol Rights 07/01/2020	236,166	85	0.03
		<b>7,424</b>	<b>2.87</b>
<b>Switzerland 2.09% (0.00%)</b>			
GAM Holding	2,462,644	5,408	2.09
		<b>5,408</b>	<b>2.09</b>
<b>Taiwan 2.69% (2.31%)</b>			
Asustek Computer	1,190,000	6,969	2.69
		<b>6,969</b>	<b>2.69</b>
<b>United Arab Emirates 0.89% (0.88%)</b>			
Aldar Properties	5,191,623	2,311	0.89
		<b>2,311</b>	<b>0.89</b>
<b>United Kingdom 24.66% (24.77%)</b>			
Anglo American	609,287	13,234	5.11
Barclays	5,365,119	9,638	3.72
Centrica	11,407,771	10,182	3.93
Royal Bank of Scotland Group	4,142,368	9,954	3.84
Royal Mail	1,328,213	3,006	1.16
Standard Chartered	1,510,196	10,759	4.16
Wm Morrison Supermarkets	3,551,168	7,095	2.74
		<b>63,868</b>	<b>24.66</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America 16.47% (17.34%)</b>			
Adtalem Global Education	53,270	1,413	0.54
American International Group	127,345	4,913	1.90
Cisco Systems	89,525	3,249	1.25
Citigroup	21,033	1,268	0.49
Diamond Offshore Drilling	737,063	3,995	1.54
Dillard's A	68,394	3,807	1.47
Gap	206,980	2,767	1.07
HP	598,022	9,262	3.58
Intel	171,496	7,744	2.99
Western Digital	85,138	4,056	1.57
Zovio	111,681	182	0.07
		<b>42,656</b>	<b>16.47</b>
<b>Equities total</b>			
		<b>239,678</b>	<b>92.55</b>
<b>Portfolio of investments</b>			
		<b>239,678</b>	<b>92.55</b>
<b>Net other assets</b>			
		19,299	7.45
<b>Net assets attributable to shareholders</b>			
		<b>258,977</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	24,948	(14,951)
Revenue	3	7,875	4,623
Expenses	4	(1,368)	(1,139)
Net revenue before taxation		<b>6,507</b>	<b>3,484</b>
Taxation	5	(395)	(272)
Net revenue after taxation		<b>6,112</b>	<b>3,212</b>
<b>Total return before distributions</b>		<b>31,060</b>	<b>(11,739)</b>
Distributions	6	(6,112)	(3,212)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>24,948</b>	<b>(14,951)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	161,839	113,980
Amounts receivable on issue of shares	87,751	85,656
Amounts payable on cancellation of shares	(19,814)	(24,352)
	<b>67,937</b>	<b>61,304</b>
Dilution adjustment	148	169
Change in net assets attributable to shareholders from investment activities	24,948	(14,951)
Retained distribution on Accumulation shares	4,105	1,337
<b>Closing net assets attributable to shareholders</b>	<b>258,977</b>	<b>161,839</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		239,678	158,541
<b>Current assets</b>			
Debtors	8	1,499	374
Cash and bank balances		21,675	5,443
<b>Total assets</b>		<b>262,852</b>	<b>164,358</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(3,563)	(2,193)
Other creditors	9	(312)	(326)
<b>Total liabilities</b>		<b>(3,875)</b>	<b>(2,519)</b>
<b>Net assets attributable to shareholders</b>		<b>258,977</b>	<b>161,839</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder Global Recovery Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	25,052	(14,853)
Foreign currency losses	(80)	(77)
Transaction costs	(24)	(21)
<b>Net capital gains/(losses)</b>	<b>24,948</b>	<b>(14,951)</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	2,740	1,497
Overseas dividends	5,074	3,090
Interest distributions	57	32
Bank interest	4	3
Administration charge rebates	0	1
<b>Total revenue</b>	<b>7,875</b>	<b>4,623</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	1,028	835
Administration charge	274	228
	<b>1,302</b>	<b>1,063</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	21	16
Safe custody fees	13	34
Dividend expenses	19	14
	<b>53</b>	<b>64</b>
<b>Other expenses:</b>		
Audit fee	10	9
Professional fee	3	3
	<b>13</b>	<b>12</b>
<b>Total expenses</b>	<b>1,368</b>	<b>1,139</b>

# Notes to the Accounts (continued)

## 5 Taxation

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

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	395	272
<b>Total current tax (Note 5(b))</b>	<b>395</b>	<b>272</b>

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>6,507</b>	<b>3,484</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1,301	697
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1,423)	(848)
Movement in excess management expenses	161	166
Irrecoverable overseas withholding tax	395	272
Expensed withholding tax incurred	(11)	(6)
Movement in revenue taxable in different periods	(28)	(9)
<b>Current tax charge for the year (Note 5(a))</b>	<b>395</b>	<b>272</b>

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

At the balance sheet date, there is a potential deferred tax asset of £511,481 (2018 – £350,331) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

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

	2019 £000's	2018 £000's
Final Dividend distribution	7,668	3,530
Add: Revenue deducted on cancellation of shares	231	289
Deduct: Revenue received on issue of shares	(1,787)	(607)
<b>Distributions</b>	<b>6,112</b>	<b>3,212</b>
Net revenue after taxation	6,112	3,212
<b>Distributions</b>	<b>6,112</b>	<b>3,212</b>

Details of the distributions per share are set out in the Distribution Table on page 228.



# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	239,678	150,166
Level 2: Observable market data	0	8,375
Level 3: Unobservable data	0	0
<b>Total</b>	<b>239,678</b>	<b>158,541</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	620	78
Sales awaiting settlement	219	0
Accrued revenue	579	250
Overseas withholding tax recoverable	81	46
<b>Total debtors</b>	<b>1,499</b>	<b>374</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	36	188
Purchases awaiting settlement	121	0
Accrued expenses	155	138
<b>Total other creditors</b>	<b>312</b>	<b>326</b>

# Notes to the Accounts (continued)

## 10 Contingent liabilities

The aggregate contingent liabilities not provided for at the balance sheet date are:

	2019 £000's	2018 £000's
Nil paid rights	105	140
<b>Total contingent liabilities</b>	<b>105</b>	<b>140</b>

## 11 Related party transactions

The Authorised Corporate Director exercises control over the fund and is therefore a related party by virtue of its controlling influence. Amounts paid during the year or due to the Authorised Corporate Director at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

Administration charge rebates received or receivable from the Authorised Corporate Director of £142 (2018 – £1,470) are disclosed under Net capital gains/(losses) and Revenue in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 24.08% (2018 – 9.36%).

The revenue earned from these investments of £57,270 (2018 – £31,546) is included under Revenue in the Notes to the Accounts.

## 12 Share classes

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

L Income shares	0.675%
L Accumulation shares	0.675%
S Income shares	0.375%
X Accumulation shares	0.00%
Z Income shares	0.75%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 213 to 215. The distributions per share class are given in the Distribution Table on page 228. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

### Market price risk

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

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

# Notes to the Accounts (continued)

## Currency risk profile

The currency risk profile of the fund's net assets at the balance sheet date was as follows:

Currency	2019 £000's	2018 £000's
Australian dollar	9,725	7,678
Canadian dollar	3,459	0
Croatian kuna	1,981	2,889
Czech koruna	13	14
Danish krone	5,418	0
Egyptian pound	3	801
Euro	60,711	47,787
Japanese yen	6,388	0
Polish zloty	2,053	2,426
South African rand	0	3,168
South Korean won	15,043	7,923
Sterling	82,502	48,099
Swiss franc	5,408	0
Taiwan dollar	6,969	3,738
United Arab Emirates dirham	2,311	1,420
US dollar	56,993	35,896

## Liquidity risk

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

## Interest rate risk

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

# Notes to the Accounts (continued)

## Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	2019			2018		
	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Australian dollar	0	9,725	9,725	0	7,678	7,678
Canadian dollar	0	3,459	3,459	0	0	0
Croatian kuna	0	1,981	1,981	0	2,889	2,889
Czech koruna	0	13	13	0	14	14
Danish krone	0	5,418	5,418	0	0	0
Egyptian pound	3	0	3	3	798	801
Euro	25	60,753	60,778	26	47,761	47,787
Japanese yen	121	6,388	6,509	0	0	0
Polish zloty	0	2,053	2,053	0	2,426	2,426
South African rand	0	0	0	0	3,168	3,168
South Korean won	0	15,043	15,043	0	7,923	7,923
Sterling	21,715	64,663	86,378	13,789	36,829	50,618
Swiss franc	0	5,408	5,408	0	0	0
Taiwan dollar	0	6,969	6,969	0	3,738	3,738
United Arab Emirates dirham	0	2,311	2,311	0	1,420	1,420
US dollar	0	56,993	56,993	0	35,896	35,896

Currency	2019			2018		
	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Euro	67	0	67	0	0	0
Japanese yen	0	121	121	0	0	0
Sterling	122	3,754	3,876	0	2,519	2,519

There are no material amounts of non-interest bearing financial assets, other than equities which do not have a maturity date.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

## Fair value of financial assets and financial liabilities

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

# Notes to the Accounts (continued)

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
0.00%	5.13%	0.22%	0.09%	0.00%	5.84%	0.29%	0.08%

## 14 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	126,747	53	182	126,982	0.04	0.14
<b>Sales</b>						
Equities	62,622	(39)	(7)	62,576	(0.06)	(0.01)
Funds	8,379	0	0	8,379	0.00	0.00
	<b>71,001</b>	<b>(39)</b>	<b>(7)</b>	<b>70,955</b>		
Total cost of the fund's average net asset value (%)		<b>0.05</b>	<b>0.09</b>			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	116,721	60	185	116,966	0.05	0.16
Funds	7,571	0	0	7,571	0.00	0.00
	<b>124,292</b>	<b>60</b>	<b>185</b>	<b>124,537</b>		
<b>Sales</b>						
Equities	56,423	(29)	(11)	56,383	(0.05)	(0.02)
Funds	6,154	0	0	6,154	0.00	0.00
	<b>62,577</b>	<b>(29)</b>	<b>(11)</b>	<b>62,537</b>		
Total cost of the fund's average net asset value (%)		<b>0.06</b>	<b>0.13</b>			

# Notes to the Accounts (continued)

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.18% (2018 – 0.52%).

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

## 15 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
L Income shares	4,732,054	971,269	(2,464,936)	0	3,238,387
L Accumulation shares	46,969,371	9,528,219	(5,002,203)	48,036	51,543,423
S Income shares	143,508,070	6,367,130	(6,491,168)	0	143,384,032
X Accumulation shares	0	83,623,168	(974,279)	0	82,648,889
Z Income shares	28,046,699	9,795,844	(2,621,784)	0	35,220,759
Z Accumulation shares	50,394,300	35,611,401	(11,626,672)	(48,139)	74,330,890

## 16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
L Accumulation units	51,543,423	54,662,308	6.05	81.32	53.69	(33.98)
L Income units	3,238,387	2,146,790	(33.71)	77.52	49.71	(35.87)
Z Accumulation units	74,330,890	106,007,392	42.62	81.08	53.52	(33.99)
Z Income units	35,220,759	28,945,039	(17.82)	77.4	49.66	(35.84)
S Income units	143,384,032	142,875,623	(0.35)	60.15	38.5	(35.99)
X Accumulation units	82,648,889	81,560,276	(1.32)	53.77	35.59	(33.81)

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

# Distribution Table

## Final distribution for the year ended 31 December 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>L Income shares</b>				
Group 1	2.2342	–	2.2342	1.3668
Group 2	1.1371	1.0971	2.2342	1.3668
<b>L Accumulation shares</b>				
Group 1	2.3494	–	2.3494	1.4016
Group 2	0.9140	1.4354	2.3494	1.4016
<b>S Income shares</b>				
Group 1	1.8997	–	1.8997	1.2251
Group 2	1.3108	0.5889	1.8997	1.2251
<b>Z Income shares</b>				
Group 1	2.1777	–	2.1777	1.3218
Group 2	0.5791	1.5986	2.1777	1.3218
<b>Z Accumulation shares</b>				
Group 1	2.2826	–	2.2826	1.3474
Group 2	0.5820	1.7006	2.2826	1.3474

## Final distribution for the year ended 31 December 2019

**Group 1** Shares purchased on 3 May 2019

**Group 2** Shares purchased after 3 May 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share
<b>X Accumulation shares</b>			
Group 1	1.4487	–	1.4487
Group 2	0.4866	0.9621	1.4487

## Equalisation

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

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

# Schroder Multi-Asset Total Return Fund

## Fund Information

### Investment objective and policy

The Schroder Multi-Asset Total Return Fund (the 'fund') aims to provide capital growth and income of 3 month GBP LIBOR (or an equivalent reference rate) plus 4% per annum (before fees have been deducted\*) over rolling three year periods by investing in a diversified range of assets and markets worldwide. The Fund also aims to target a volatility (a measure of how much the Fund's returns may vary) range of 4% – 8% over the same period. This cannot be guaranteed and your capital is at risk.

\* For the target return after fees for each unit class please visit the Schroder website <https://www.schroders.com/en/uk/private-investor/investing-with-us/historical-ongoingcharges/>.

The Fund is actively managed and invests directly, or indirectly through collective investment schemes, exchange traded funds, real estate investment trusts and closed ended funds, and derivatives in equity and equity related securities, fixed and floating rate securities, commodities and currencies worldwide. The weightings of these holdings are adjusted in response to changing market conditions.

The Fund may invest more than 10% of its assets in collective investment schemes (including other Schroder funds).

The Fund may invest in below investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) or in unrated securities.

The Fund may also invest in warrants and money market instruments, and may hold cash. The investment strategy of the Fund and its use of derivatives may lead to situations when it is considered appropriate that prudent levels of cash or cash equivalent liquidity will be maintained, which may be substantial or even represent (exceptionally) 100% of the Fund's assets.

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to Appendix III. Section 10: Derivatives and Forwards). The Fund will use leverage and take short positions.

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

The Fund aims to provide capital growth and income of UK 3 month LIBOR + 4% per annum (gross of fees\*) over rolling three year periods by investing in a diversified range of assets and markets worldwide. The Fund also aims to limit losses when markets fall. This cannot be guaranteed and your capital is at risk.

The Fund invests directly or indirectly (through collective investment schemes, ETFs and derivatives) in equity and equity related securities, fixed and floating rate securities, commodities and currencies worldwide. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund may invest more than 10% of its assets in collective investment schemes (including other Schroder Funds).

The Fund may invest in below investment grade securities (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) or in unrated securities.

The Fund may also invest in warrants and money market instruments, and hold cash. The investment strategy of the Fund and its use of derivatives may lead to situations when it is considered appropriate that prudent levels of cash or cash equivalent liquidity will be maintained, which may be substantial or even represent (exceptionally) 100% of the Fund's assets.

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

\* Gross of fees is before the deduction of the fund's ongoing charge.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark of 3 month GBP LIBOR (or an equivalent reference rate) plus 4%. The Fund also aims to target a volatility (a measure of how much the Fund's returns may vary) range of 4% – 8% over the same period. The target benchmark has been selected because the target return of the Fund is to deliver or exceed the return of that benchmark as stated in the investment objective.



# Review of Investment Activities

From 31 December 2018 to 31 December 2019, the price of Z Accumulation shares on a dealing price to dealing price basis rose 6.71%. In the same period, Sterling 3 Month London Interbank Offer Rate + 4% generated a total return of 4.81%<sup>1</sup>.

Both return seeking and risk reducing assets were positive over the year, offsetting the losses from diversifying assets. The Fund's return seeking equity allocation delivered the largest contribution to performance. Return seeking credit assets also supported returns. Within our risk reducing hedges, duration and gold earned their place in the fund adding value. Diversifiers were negative, with the equity market neutral strategy the largest drag on returns, specifically in the first half of the year dominated by losses from value.

From a positioning perspective, in the first half of the year we favoured return seeking carry strategies (i.e. those that generate positive income or yield) because they benefit from low interest rates with more contained levels of cyclical risk. For this reason, we emphasise corporate debt and high yielding currencies. In the final part of the year, we saw easing geopolitical risks, signs of cyclical stabilisation and an improving global growth outlook supported return-seeking assets. In this more positive environment, we decreased our risk reducing exposure in favour of return seeking assets, by reintroducing some equity risk to the portfolio, particularly to more cyclically-exposed (economically-sensitive) markets. Mindful of balancing risks in the fund, we finished the year with risk reducing hedges against a deterioration in global growth and liquidity in the form of duration (sensitivity to interest rates), currency strategies and gold.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

## Co-Fund Manager:

Johanna Kyrklund



Global Head of Multi-Asset Investments

Joined Schroders in March 2007 and is based in London

Johanna leads the Multi-Asset Investments division, is a member of the Group Management Committee (GMC) and Chairs Global Asset Allocation Committee

Responsible for investments on behalf of Multi-Asset clients globally and is the lead portfolio manager of the Schroder Diversified Growth and Multi-Asset Total Return Strategies

Prior to joining Schroders, Johanna specialised in tactical asset allocation strategies

From 2005 she worked at Insight Investment where she managed an unconstrained global macro absolute return fund. From 1997 to 2005 she worked at Deutsche Asset Management where she was Head of Asset Allocation in the UK and fund manager of the Deutsche tactical asset allocation fund

CFA Charterholder

Degree in Philosophy, Politics & Economics from Oxford University

Johanna is a member of the Cambridge University Investment Board

## Co-Fund Manager:

Alastair Baker



Multi-Asset Fund Manager

Joined Schroders in 2007 and is based in London

Member of the Diversified Growth portfolio management team, including co-fund manager of the Multi-Asset Total Return strategy

Member of the commodity risk premium team and the alternative risk premium team of the Strategic Investment Group Multi-Asset

Member of the Model Review Group

Member of the Global Asset Allocation Committee Farm

CFA Charterholder

BSc in Economics and Econometrics, University of Bristol

<sup>1</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

Financial year to 31 December	I Income shares			I Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	48.16	52.06	50.00	48.50	52.06	50.00
Return before operating charges*	3.61	(3.26)	2.36	3.62	(3.20)	2.36
Operating charges	(0.32)	(0.31)	(0.30)	(0.32)	(0.36)	(0.30)
<b>Return after operating charges*</b>	<b>3.29</b>	<b>(3.57)</b>	<b>2.06</b>	<b>3.30</b>	<b>(3.56)</b>	<b>2.06</b>
Distributions <sup>1</sup>	(0.15)	(0.33)	Nil <sup>†</sup>	(0.47)	Nil <sup>†</sup>	Nil <sup>†</sup>
Retained distributions <sup>1</sup>	–	–	–	0.47	Nil <sup>†</sup>	Nil <sup>†</sup>
<b>Closing net asset value</b>	<b>51.30</b>	<b>48.16</b>	<b>52.06</b>	<b>51.80</b>	<b>48.50</b>	<b>52.06</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	6.83	(6.86)	4.12	6.80	(6.84)	4.12
<b>Other information</b>						
Closing net asset value (£000's)	17,552	16,479	1	44,660	1	1
Closing number of shares	34,215,099	34,215,099	2,000	86,219,735	2,000	2,000
Operating charges (%)	0.64	0.61	0.84	0.64	0.61	0.84
<b>Prices</b>						
Highest dealing price (p)	51.64	53.08	52.16	51.99	53.08	52.16
Lowest dealing price (p)	48.19	48.20	49.79	48.54	48.20	49.79

## I Income shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

## I Accumulation shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

# Comparative Table (continued)

Financial year to 31 December	L Income shares			L Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	48.41	52.03	50.00	48.47	52.08	50.00
Return before operating charges*	3.64	(3.24)	2.37	3.63	(3.23)	2.37
Operating charges	(0.39)	(0.38)	(0.34)	(0.39)	(0.38)	(0.29)
<b>Return after operating charges*</b>	<b>3.25</b>	<b>(3.62)</b>	<b>2.03</b>	<b>3.24</b>	<b>(3.61)</b>	<b>2.08</b>
Distributions <sup>1</sup>	(0.35)	Nil <sup>†</sup>	Nil <sup>†</sup>	(0.09)	(0.32)	Nil <sup>†</sup>
Retained distributions <sup>1</sup>	–	–	–	0.09	0.32	Nil <sup>†</sup>
<b>Closing net asset value</b>	<b>51.31</b>	<b>48.41</b>	<b>52.03</b>	<b>51.71</b>	<b>48.47</b>	<b>52.08</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	6.71	(6.96)	4.06	6.68	(6.93)	4.16
<b>Other information</b>						
Closing net asset value (£000's)	21	30	1	548	244	17
Closing number of shares	40,740	61,895	2,000	1,059,219	502,881	32,951
Operating charges (%)	0.78	0.75	0.97	0.78	0.75	0.82
<b>Prices</b>						
Highest dealing price (p)	51.85	53.04	52.13	51.90	53.10	52.18
Lowest dealing price (p)	48.45	48.11	49.79	48.50	48.17	49.79

## L Income shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

## L Accumulation shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

# Comparative Table (continued)

Financial year to 31 December	X Income shares			X Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	48.93	52.26	50.00	48.92	52.27	50.00
Return before operating charges*	3.62	(3.30)	2.32	3.61	(3.32)	2.33
Operating charges	(0.04)	(0.03)	(0.06)	(0.04)	(0.03)	(0.06)
<b>Return after operating charges*</b>	<b>3.58</b>	<b>(3.33)</b>	<b>2.26</b>	<b>3.57</b>	<b>(3.35)</b>	<b>2.27</b>
Distributions <sup>1</sup>	(1.17)	Nil <sup>†</sup>	Nil <sup>†</sup>	(0.37)	(0.54)	(0.26)
Retained distributions <sup>1</sup>	–	–	–	0.37	0.54	0.26
<b>Closing net asset value</b>	<b>51.34</b>	<b>48.93</b>	<b>52.26</b>	<b>52.49</b>	<b>48.92</b>	<b>52.27</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	7.32	(6.37)	4.52	7.30	(6.41)	4.54
<b>Other information</b>						
Closing net asset value (£000's)	1	1	1	93,534	32,440	16,729
Closing number of shares	2,000	2,000	2,000	178,202,632	66,308,102	32,002,126
Operating charges (%)	0.09	0.06	0.13	0.09	0.06	0.13
<b>Prices</b>						
Highest dealing price (p)	52.70	53.31	52.36	52.68	53.32	52.37
Lowest dealing price (p)	48.97	48.63	49.79	48.96	48.61	49.79

## X Income shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

## X Accumulation shares

The share class was launched on 28 April 2017.

# Comparative Table (continued)

Financial year to 31 December	Z Income shares			Z Accumulation shares		
	2019 p per share	2018 p per share	2017 p per share	2019 p per share	2018 p per share	2017 p per share
<b>Change in net asset value</b>						
Opening net asset value	48.47	52.11	50.00	48.43	52.07	50.00
Return before operating charges*	3.64	(3.22)	2.44	3.64	(3.22)	2.39
Operating charges	(0.43)	(0.42)	(0.33)	(0.43)	(0.42)	(0.32)
<b>Return after operating charges*</b>	<b>3.21</b>	<b>(3.64)</b>	<b>2.11</b>	<b>3.21</b>	<b>(3.64)</b>	<b>2.07</b>
Distributions <sup>1</sup>	(0.40)	Nil <sup>†</sup>	Nil <sup>†</sup>	(0.06)	(0.28)	Nil <sup>†</sup>
Retained distributions <sup>1</sup>	–	–	–	0.06	0.28	Nil <sup>†</sup>
<b>Closing net asset value</b>	<b>51.28</b>	<b>48.47</b>	<b>52.11</b>	<b>51.64</b>	<b>48.43</b>	<b>52.07</b>
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
<b>Performance</b>						
Return after charges (%)	6.62	(6.99)	4.22	6.63	(6.99)	4.14
<b>Other information</b>						
Closing net asset value (£000's)	10	9	8	278	307	102
Closing number of shares	19,108	19,393	15,335	538,816	634,542	196,005
Operating charges (%)	0.85	0.83	0.93	0.85	0.83	0.89
<b>Prices</b>						
Highest dealing price (p)	51.87	53.13	52.21	51.83	53.09	52.17
Lowest dealing price (p)	48.50	48.17	49.79	48.47	48.13	49.79

## Z Income shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

## Z Accumulation shares

The share class was launched on 28 April 2017.

† There was no distribution as the total amount distributable was below de minimis.

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

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Collective Investment Schemes 39.82% (31.52%)</b>			
<b>Cash Funds 0.00% (4.60%)</b>			
<b>Chinese Equity Funds 0.00% (0.54%)</b>			
<b>Commodity Funds 3.95% (1.97%)</b>			
iShares Physical Gold ETC USD	274,546	6,187	3.95
		<b>6,187</b>	<b>3.95</b>
<b>Emerging Markets Equity Funds 0.00% (3.06%)</b>			
<b>Emerging Markets Fixed Interest Funds 3.71% (4.29%)</b>			
Schroder Emerging Markets Debt Absolute Return Fund I Accumulation USD <sup>^†</sup>	190,136	5,810	3.71
		<b>5,810</b>	<b>3.71</b>
<b>Global Equity Funds 10.41% (7.85%)</b>			
Schroder Global Equity Fund I Accumulation USD <sup>^†</sup>	452,853	13,196	8.43
Schroder QEP Global Active Value Fund I Accumulation USD <sup>^†</sup>	14,561	3,102	1.98
		<b>16,298</b>	<b>10.41</b>
<b>Global Fixed Interest Funds 21.75% (9.21%)</b>			
Schroder Global High Yield Fund I Accumulation USD <sup>^†</sup>	478,755	21,634	13.81
Schroder Global Sustainable Convertible Bond Fund I Accumulation EUR <sup>^†</sup>	64,427	5,857	3.74
Schroder Securitised Credit Fund I Accumulation USD <sup>^†</sup>	80,804	6,576	4.20
		<b>34,067</b>	<b>21.75</b>
<b>Collective Investment Schemes total</b>		<b>62,362</b>	<b>39.82</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 0.74% (0.00%)</b>			
<b>Bermuda 0.01% (0.00%)</b>			
Helen of Troy	137	19	0.01
		<b>19</b>	<b>0.01</b>
<b>Ireland 0.06% (0.00%)</b>			
Allegion	469	44	0.03
Johnson Controls International	1,723	53	0.03
		<b>97</b>	<b>0.06</b>
<b>United States of America 0.67% (0.00%)</b>			
Aaron's	708	31	0.02
AO Smith	1,089	39	0.03
Armstrong World Industries	315	22	0.02
Cavco Industries	43	6	0.00
Century Communities	311	7	0.01
DR Horton	1,271	51	0.03
Floor & Decor Holdings A	878	34	0.02
Fortune Brands Home & Security	931	46	0.03
Home Depot	325	53	0.04
Installed Building Products	150	8	0.01
Leggett & Platt	806	31	0.02
Lennar A	1,195	50	0.03
Lennox International	268	49	0.03
LGI Homes	257	14	0.01
Lowe's	585	53	0.03
M/I Homes	158	5	0.00
Masco	1,482	54	0.04
MDC Holdings	498	14	0.01
Mohawk Industries	505	52	0.03
NVR	18	51	0.03
Owens Corning	1,079	53	0.03
PulteGroup	1,725	51	0.03
Skyline Champion	314	8	0.01
Taylor Morrison Home None	1,578	26	0.02

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Tempur Sealy International	525	35	0.02
Toll Brothers	1,244	37	0.02
TopBuild	210	16	0.01
Trex	430	29	0.02
TRI Pointe Group	1,465	17	0.01
Whirlpool	469	52	0.03
William Lyon Homes A	342	5	0.00
Williams-Sonoma	864	48	0.03
		<b>1,047</b>	<b>0.67</b>

<b>Equities total</b>		<b>1,163</b>	<b>0.74</b>
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<b>Government Bonds 36.44% (64.43%)</b>			
<b>United Kingdom 33.46% (64.43%)</b>			
UK Treasury Bill 0% 13/01/2020	£10,700,000	10,697	6.83
UK Treasury Bill 0% 23/03/2020	£6,200,000	6,189	3.95
UK Treasury Bill 0% 14/04/2020	£10,100,000	10,078	6.43
UK Treasury Bill 0% 11/05/2020	£6,550,000	6,532	4.17
UK Treasury Bill 0% 26/05/2020	£3,200,000	3,191	2.04
UK Treasury Bill 0% 08/06/2020	£5,500,000	5,482	3.50
UK Treasury Bill 0% 22/06/2020	£10,275,000	10,239	6.54
		<b>52,408</b>	<b>33.46</b>

<b>United States of America 2.98% (0.00%)</b>			
US Treasury Inflation Indexed 0.25% 15/07/2029	US\$6,066,200	4,664	2.98
		<b>4,664</b>	<b>2.98</b>

<b>Government Bonds total</b>		<b>57,072</b>	<b>36.44</b>
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<b>Corporate Bonds 17.05% (0.00%)</b>			
<b>Australia 0.06% (0.00%)</b>			
Commonwealth Bank of Australia 1.125% 18/01/2028	€108,000	97	0.06
		<b>97</b>	<b>0.06</b>
<b>Austria 0.06% (0.00%)</b>			
OMV 0.75% 04/12/2023	€100,000	87	0.06
		<b>87</b>	<b>0.06</b>

<b>Belgium 0.12% (0.00%)</b>			
Anheuser-Busch InBev 2.7% 31/03/2026	€200,000	196	0.12
		<b>196</b>	<b>0.12</b>

<b>Canada 0.49% (0.00%)</b>			
Royal Bank of Canada 2.8% 29/04/2022	US\$300,000	232	0.15
Toronto-Dominion Bank 2.65% 12/06/2024	US\$100,000	77	0.05
Magna International 3.625% 15/06/2024	US\$100,000	80	0.05
Bank of Montreal 2.5% 28/06/2024	US\$200,000	153	0.10
Bank of Nova Scotia 2.7% 03/08/2026	US\$300,000	231	0.14
		<b>773</b>	<b>0.49</b>

<b>Finland 0.06% (0.00%)</b>			
Nordea Bank 0.875% 26/06/2023	€100,000	87	0.06
		<b>87</b>	<b>0.06</b>

<b>France 2.00% (0.00%)</b>			
Pernod Ricard 4.45% 15/01/2022	US\$300,000	237	0.15
Engie 2.625% 20/07/2022	€100,000	91	0.06
Banque Federative du Credit Mutuel 3.75% 20/07/2023	US\$300,000	238	0.15



# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>France (continued)</b>			
Air Liquide Finance 2.25% 27/09/2023	US\$300,000	226	0.14
Renault 1% 18/04/2024	€100,000	85	0.05
Credit Agricole 3.25% 04/10/2024	US\$250,000	196	0.13
Societe Generale 2.625% 27/02/2025	€100,000	93	0.06
Suez 1% 03/04/2025	€100,000	89	0.06
BNP Paribas FRN 2.875% 20/03/2026	€105,000	92	0.06
Cie de Saint-Gobain 1.125% 23/03/2026	€100,000	88	0.06
BPCE 2.875% 22/04/2026	€100,000	96	0.06
HSBC France 0.1% 03/09/2027	€100,000	82	0.05
Veolia Environnement 1.59% 10/01/2028	€100,000	92	0.06
HSBC France 1.375% 04/09/2028	€100,000	91	0.06
BPCE 4.625% 12/09/2028	US\$250,000	212	0.14
Electricite de France 4.5% 21/09/2028	US\$300,000	252	0.16
Orange 2% 15/01/2029	€100,000	95	0.06
Total Capital International 3.455% 19/02/2029	US\$200,000	164	0.10
BNP Paribas FRN 5.198% 10/01/2030	US\$300,000	266	0.17
APRR 1.875% 06/01/2031	€100,000	95	0.06
Autoroutes du Sud de la France 1.375% 21/02/2031	€100,000	91	0.06
Total Capital International 3.461% 12/07/2049	US\$200,000	160	0.10
		<b>3,131</b>	<b>2.00</b>
<b>Germany 0.17% (0.00%)</b>			
Volkswagen Bank 1.875% 31/01/2024	€200,000	179	0.11
E.ON 0.875% 22/05/2024	€100,000	87	0.06
		<b>266</b>	<b>0.17</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Guernsey 0.06% (0.00%)</b>			
Credit Suisse Group Funding Guernsey 1.25% 14/04/2022	€105,000	92	0.06
		<b>92</b>	<b>0.06</b>
<b>Ireland 0.06% (0.00%)</b>			
CRH Finance 3.125% 03/04/2023	€100,000	93	0.06
		<b>93</b>	<b>0.06</b>
<b>Italy 0.28% (0.00%)</b>			
Intesa Sanpaolo 1.125% 04/03/2022	€100,000	87	0.06
Eni 0.625% 19/09/2024	€100,000	86	0.05
Terna Rete Elettrica Nazionale 1.375% 26/07/2027	€100,000	90	0.06
Eni 4.75% 12/09/2028	US\$200,000	171	0.11
		<b>434</b>	<b>0.28</b>
<b>Jersey 0.06% (0.00%)</b>			
Heathrow Funding 1.875% 14/03/2036	€100,000	91	0.06
		<b>91</b>	<b>0.06</b>
<b>Luxembourg 0.29% (0.00%)</b>			
GELF Bond Issuer I REIT 0.875% 20/10/2022	€200,000	173	0.11
Holcim Finance Luxembourg 1.375% 26/05/2023	€100,000	89	0.06
Allergan Funding 3.8% 15/03/2025	US\$100,000	79	0.05
Medtronic Global Holdings 1.125% 07/03/2027	€122,000	109	0.07
		<b>450</b>	<b>0.29</b>
<b>Netherlands 1.34% (0.00%)</b>			
ABN AMRO Bank 3.4% 27/08/2021	US\$300,000	232	0.15

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
Daimler International Finance 0.25% 11/05/2022	€100,000	85	0.05
Iberdrola International 1.125% 27/01/2023	€100,000	88	0.06
Enel Finance International 4.875% 17/04/2023	€100,000	99	0.06
ABN AMRO Bank 0.5% 17/07/2023	€100,000	86	0.05
Enel Finance International 4.25% 14/09/2023	US\$200,000	160	0.10
Cooperatieve Rabobank 3.875% 26/09/2023	US\$400,000	319	0.20
Deutsche Telekom International Finance 0.875% 30/01/2024	€100,000	88	0.06
Heineken 1% 04/05/2026	€100,000	89	0.06
ASML Holding 1.625% 28/05/2027	€200,000	186	0.12
ING Groep FRN 3% 11/04/2028	€100,000	92	0.06
Shell International Finance 3.875% 13/11/2028	US\$400,000	335	0.21
Siemens Financierings- maatschappij 0.125% 05/09/2029	€32,000	26	0.02
Siemens Financierings- maatschappij 4.2% 16/03/2047	US\$250,000	222	0.14
		<b>2,107</b>	<b>1.34</b>
<b>Norway 0.16% (0.00%)</b>			
Equinor 3.625% 10/09/2028	US\$300,000	249	0.16
		<b>249</b>	<b>0.16</b>
<b>Spain 0.20% (0.00%)</b>			
Telefonica Emisiones 3.987% 23/01/2023	€100,000	95	0.06
Inmobiliaria Colonial Socimi REIT 2.728% 05/06/2023	€100,000	93	0.06

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Spain (continued)</b>			
Telefonica Emisiones 4.665% 06/03/2038	US\$150,000	126	0.08
		<b>314</b>	<b>0.20</b>
<b>Sweden 0.23% (0.00%)</b>			
Essity 1.125% 27/03/2024	€100,000	88	0.06
Svenska Handelsbanken 0.125% 18/06/2024	€100,000	85	0.05
Svenska Handelsbanken 0.05% 03/09/2026	€136,000	112	0.07
Castellum 0.75% 04/09/2026	€100,000	84	0.05
		<b>369</b>	<b>0.23</b>
<b>Switzerland 0.18% (0.00%)</b>			
UBS Group 1.5% 30/11/2024	€210,000	188	0.12
Credit Suisse Group FRN 1.25% 17/07/2025	€100,000	88	0.06
		<b>276</b>	<b>0.18</b>
<b>United Kingdom 2.15% (0.00%)</b>			
Rolls-Royce 2.375% 14/10/2020	US\$200,000	151	0.10
Nationwide Building Society 1.125% 03/06/2022	€100,000	87	0.06
DS Smith 2.25% 16/09/2022	€100,000	89	0.06
BUPA Finance 5% 25/04/2023	£200,000	219	0.14
Santander UK Group Holdings 1.125% 08/09/2023	€100,000	87	0.06
Barclays 3.125% 17/01/2024	£100,000	105	0.07
Lloyds Banking Group 3.9% 12/03/2024	US\$200,000	160	0.10
GlaxoSmithKline Capital 3% 01/06/2024	US\$300,000	236	0.15

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Diageo Finance 0.5% 19/06/2024	€100,000	87	0.05
British Telecommunications 1% 21/11/2024	€241,000	209	0.13
Yorkshire Building Society FRN 3% 18/04/2025	£150,000	155	0.10
Next Group 3% 26/08/2025	£100,000	104	0.07
Sky 2.25% 17/11/2025	€135,000	127	0.08
Royal Bank of Scotland Group FRN 1.75% 02/03/2026	€205,000	183	0.12
Nationwide Building Society 4% 14/09/2026	US\$250,000	197	0.13
Smiths Group 2% 23/02/2027	€100,000	89	0.06
InterContinental Hotels Group 2.125% 15/05/2027	€100,000	91	0.06
Lloyds Banking Group 1.5% 12/09/2027	€100,000	90	0.06
Aviva 1.875% 13/11/2027	€105,000	98	0.06
HSBC Holdings FRN 3.973% 22/05/2030	US\$200,000	163	0.10
Western Power Distribution East Midlands 1.75% 09/09/2031	£200,000	193	0.12
Notting Hill Genesis 3.75% 20/12/2032	£100,000	114	0.07
United Utilities Water Finance 2% 03/07/2033	£100,000	101	0.06
Southern Gas Networks 3.1% 15/09/2036	£100,000	111	0.07
Futures Treasury 3.375% 08/02/2044	£100,000	118	0.07
		<b>3,364</b>	<b>2.15</b>
<b>United States of America 9.08% (0.00%)</b>			
Metropolitan Life Global Funding I 3.375% 11/01/2022	US\$150,000	117	0.07
AT&T 4% 15/01/2022	US\$150,000	118	0.08

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Dominion Energy 2.75% 15/01/2022	US\$200,000	153	0.10
Fox 3.666% 25/01/2022	US\$102,000	80	0.05
Pfizer 0.25% 06/03/2022	€104,000	89	0.06
Bristol-Myers Squibb 2.6% 16/05/2022	US\$150,000	115	0.07
General Motors Financial 3.55% 08/07/2022	US\$103,000	80	0.05
Intel 3.1% 29/07/2022	US\$102,000	80	0.05
Gilead Sciences 3.25% 01/09/2022	US\$102,000	80	0.05
Caterpillar Financial Services 1.9% 06/09/2022	US\$354,000	268	0.17
AbbVie 3.2% 06/11/2022	US\$102,000	79	0.05
Oracle 2.625% 15/02/2023	US\$100,000	77	0.05
ViacomCBS 2.5% 15/02/2023	US\$176,000	134	0.09
Ford Motor Credit 1.514% 17/02/2023	€200,000	172	0.11
JPMorgan Chase FRN 3.207% 01/04/2023	US\$250,000	194	0.12
Cigna 3% 15/07/2023	US\$104,000	80	0.05
Bank of New York Mellon 3.45% 11/08/2023	US\$300,000	239	0.15
AbbVie 3.75% 14/11/2023	US\$200,000	159	0.10
DuPont de Nemours 4.205% 15/11/2023	US\$300,000	243	0.15
Bank of America FRN 3.004% 20/12/2023	US\$150,000	116	0.07
McDonald's 0.625% 29/01/2024	€200,000	173	0.11
Air Lease 4.25% 01/02/2024	US\$300,000	243	0.16
Microsoft 2.875% 06/02/2024	US\$200,000	157	0.10
Goldman Sachs Group 3.625% 20/02/2024	US\$150,000	119	0.08
Daimler Finance North America 3.65% 22/02/2024	US\$150,000	119	0.08

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
United States of America (continued)			
John Deere Capital 2.6% 07/03/2024	US\$300,000	232	0.15
BMW US Capital 3.15% 18/04/2024	US\$300,000	235	0.15
Morgan Stanley FRN 3.737% 24/04/2024	US\$150,000	119	0.08
ONEOK 2.75% 01/09/2024	US\$200,000	153	0.10
Walmart 2.65% 15/12/2024	US\$200,000	156	0.10
CVS Health 4.1% 25/03/2025	US\$150,000	122	0.08
McDonald's 3.375% 26/05/2025	US\$100,000	80	0.05
Nestle Holdings 3.5% 24/09/2025	US\$200,000	162	0.10
United Parcel Service 1.625% 15/11/2025	€100,000	92	0.06
BP Capital Markets America 3.41% 11/02/2026	US\$150,000	121	0.08
Mondelez International 3.625% 13/02/2026	US\$200,000	161	0.10
Alexandria Real Estate Equities REIT 3.8% 15/04/2026	US\$250,000	202	0.13
American Express 3.125% 20/05/2026	US\$300,000	236	0.15
Bristol-Myers Squibb 3.2% 15/06/2026	US\$150,000	119	0.08
AT&T 2.95% 15/07/2026	US\$150,000	116	0.07
Apple 2.05% 11/09/2026	US\$200,000	150	0.10
Thermo Fisher Scientific 2.95% 19/09/2026	US\$300,000	233	0.15
Gilead Sciences 2.95% 01/03/2027	US\$200,000	157	0.10
Mondelez International 1.625% 08/03/2027	€100,000	91	0.06
Procter & Gamble 2.85% 11/08/2027	US\$200,000	160	0.10
Thermo Fisher Scientific 3.2% 15/08/2027	US\$100,000	79	0.05

	Holding at 31.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Citigroup 4.45% 29/09/2027	US\$150,000	125	0.08
Amgen 3.2% 02/11/2027	US\$100,000	80	0.05
Apple 3% 13/11/2027 Berkshire Hathaway	US\$200,000	159	0.10
Energy 3.25% 15/04/2028	US\$100,000	80	0.05
Citigroup 4.125% 25/07/2028	US\$100,000	82	0.05
Comcast 4.15% 15/10/2028	US\$150,000	127	0.08
Kroger 4.5% 15/01/2029	US\$100,000	85	0.05
Moody's 4.25% 01/02/2029	US\$300,000	256	0.16
Verizon Communications 3.875% 08/02/2029	US\$150,000	125	0.08
American International Group 4.25% 15/03/2029	US\$300,000	252	0.16
CSX 4.25% 15/03/2029	US\$200,000	170	0.11
Eli Lilly 3.375% 15/03/2029	US\$200,000	163	0.10
Target 3.375% 15/04/2029	US\$200,000	164	0.10
Fidelity National Information Services 3.75% 21/05/2029	US\$200,000	165	0.11
Mastercard 2.95% 01/06/2029	US\$200,000	158	0.10
Waste Management 3.45% 15/06/2029	US\$200,000	162	0.10
Digital Realty Trust REIT 3.6% 01/07/2029	US\$200,000	158	0.10
Fiserv 3.5% 01/07/2029	US\$200,000	159	0.10
American Tower REIT 3.8% 15/08/2029	US\$300,000	242	0.15
Duke Energy Carolinas 2.45% 15/08/2029	US\$100,000	75	0.05
Hartford Financial Services Group 2.8% 19/08/2029	US\$300,000	230	0.15
United Parcel Service 2.5% 01/09/2029	US\$200,000	151	0.10

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Walt Disney 2% 01/09/2029	US\$300,000	220	0.14
Crown Castle International REIT 3.1% 15/11/2029	US\$200,000	153	0.10
Welltower REIT 3.1% 15/01/2030	US\$200,000	153	0.10
Morgan Stanley FRN 4.431% 23/01/2030	US\$150,000	128	0.08
Citigroup FRN 3.98% 20/03/2030	US\$150,000	124	0.08
JPMorgan Chase FRN 3.702% 06/05/2030	US\$150,000	122	0.08
Bank of America FRN 3.194% 23/07/2030	US\$150,000	117	0.08
Verizon Communications 1.875% 19/09/2030	£100,000	98	0.06
Verizon Communications 4.5% 10/08/2033	US\$150,000	133	0.08
Microsoft 4.1% 06/02/2037	US\$150,000	134	0.09
Morgan Stanley FRN 4.457% 22/04/2039	US\$100,000	89	0.06
Goldman Sachs Group FRN 4.411% 23/04/2039	US\$150,000	129	0.08
Bank of America FRN 4.078% 23/04/2040	US\$150,000	128	0.08
Anheuser-Busch InBev Worldwide 4.95% 15/01/2042	US\$200,000	178	0.11
AT&T 4.65% 01/06/2044	US\$150,000	124	0.08
Liberty Mutual Group 4.85% 01/08/2044	US\$100,000	87	0.06
Phillips 66 Partners 4.68% 15/02/2045	US\$182,000	148	0.09
Waste Management 4.1% 01/03/2045	US\$100,000	85	0.05
Visa 4.3% 14/12/2045	US\$200,000	185	0.12
Target 3.625% 15/04/2046	US\$200,000	165	0.11
Burlington Northern Santa Fe 3.9% 01/08/2046	US\$100,000	83	0.05

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Aetna 3.875% 15/08/2047	US\$200,000	151	0.10
Comcast 4% 01/03/2048	US\$150,000	125	0.08
Florida Power & Light 4.125% 01/06/2048	US\$200,000	176	0.11
Amgen 4.563% 15/06/2048	US\$100,000	87	0.06
Berkshire Hathaway Energy 3.8% 15/07/2048	US\$100,000	81	0.05
Cigna 4.9% 15/12/2048	US\$200,000	180	0.12
Kroger 5.4% 15/01/2049	US\$100,000	92	0.06
Pfizer 4% 15/03/2049	US\$200,000	174	0.11
Dow Chemical 4.8% 15/05/2049	US\$300,000	262	0.17
Prudential Financial 3.935% 07/12/2049	US\$100,000	82	0.05
		<b>14,221</b>	<b>9.08</b>
<b>Corporate Bonds total</b>			
		<b>26,697</b>	<b>17.05</b>
<b>Swaps 0.03% (0.00%)</b>			
Commodity Index Swap J.P. Morgan Pay 0.07% Receive USBCOMF3.CI 09/01/2020	USD 1,461,376	41	0.03
<b>Swaps total</b>			
		<b>41</b>	<b>0.03</b>
<b>Contracts for Difference (0.05)% ((0.05)%)</b>			
<b>Argentina 0.00% (0.00%)</b>			
Banco Macro ADR	645	1	0.00
Grupo Financiero Galicia ADR	2,651	3	0.00
Transportadora de Gas del Sur ADR B	(3,321)	(2)	0.00
		<b>2</b>	<b>0.00</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Australia 0.00% (0.01%)</b>			
AGL Energy	4,583	(1)	0.00
Alumina	39,229	1	0.00
AMP	(45,719)	0	0.00
Aurizon Holdings	10,413	(1)	0.00
BlueScope Steel	4,084	0	0.00
Brambles	3,591	(1)	0.00
CIMIC Group	2,708	(1)	0.00
Coca-Cola Amatil	3,412	(1)	0.00
Cochlear	315	(2)	0.00
CSL	(236)	0	0.00
Fortescue Metals Group	8,826	2	0.00
Lendlease Group	(3,695)	2	0.01
Magellan Financial Group	503	0	0.00
Medibank	27,682	(2)	(0.01)
Qantas Airways	13,027	(2)	0.00
QBE Insurance Group	(4,031)	(1)	0.00
REA Group	722	(1)	0.00
South32	27,764	0	0.00
Telstra	22,086	(2)	0.00
Transurban Group	(6,254)	1	0.00
Treasury Wine Estates	(2,250)	1	0.00
WiseTech Global	(1,835)	2	0.00
Worley	(5,154)	(1)	0.00
		<b>(7)</b>	<b>0.00</b>

<b>Austria 0.00% ((0.01)%)</b>			
ANDRITZ	858	1	0.00
voestalpine	960	0	0.00
		<b>1</b>	<b>0.00</b>

<b>Belgium 0.00% (0.00%)</b>			
Galapagos	316	1	0.00
Umicore	(1,387)	(2)	0.00
		<b>(1)</b>	<b>0.00</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Bermuda 0.00% (0.00%)</b>			
Alibaba Pictures Group	(100,000)	0	0.00
Axis Capital Holdings	(1,061)	0	0.00
Beijing Enterprises Water Group	(64,000)	(1)	0.00
China Gas Holdings	(6,200)	(1)	0.00
China Oriental Group	52,000	1	0.00
Kerry Properties	7,500	(1)	0.00
Kunlun Energy	66,000	0	0.00
Marvell Technology Group	(564)	0	0.00
Norwegian Cruise Line Holdings	705	2	0.00
Sihuan Pharmaceutical Holdings Group	126,000	0	0.00
		<b>0</b>	<b>0.00</b>

<b>Brazil 0.00% ((0.01)%)</b>			
B2W Cia Digital	(900)	0	0.00
Banco BTG Pactual	1,100	1	0.00
BB Seguridade Participacoes	7,100	1	0.00
CCR	13,000	5	0.01
Cielo	(5,500)	0	0.00
Cogna Educacao	(8,300)	0	0.00
Energisa	(4,600)	(5)	0.00
Equatorial Energia	(1,600)	(1)	0.00
Itausa - Investimentos Itau	11,200	1	0.00
Localiza Rent a Car	(5,880)	(6)	(0.01)
Magazine Luiza	(1,400)	0	0.00
Multiplan Empreendimentos Imobiliario	4,700	2	0.00
Qualicorp Consultoria e Corretora de Seguros	7,800	5	0.00
Raia Drogasil	(600)	(1)	0.00
		<b>2</b>	<b>0.00</b>

<b>Canada (0.01)% ((0.02)%)</b>			
Air Canada	1,713	(2)	0.00
Bausch Health	1,390	0	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Canada (continued)</b>			
BlackBerry	(5,017)	(3)	(0.01)
Bombardier B	(28,023)	0	0.00
Cameco	(750)	0	0.00
Canadian Utilities A	(1,158)	1	0.00
Element Fleet Management	(3,262)	1	0.00
Fairfax Financial Holdings	(87)	(1)	0.00
First Quantum Minerals	(5,097)	1	0.00
Franco-Nevada	(483)	(2)	0.00
Magna International	847	(1)	0.00
Manulife Financial	3,321	1	0.00
Metro	(1,420)	3	0.01
Shopify A	(145)	(2)	0.00
SNC-Lavalin Group	(3,574)	(14)	(0.01)
Stars Group	(2,532)	(3)	0.00
West Fraser Timber	(597)	0	0.00
		<b>(21)</b>	<b>(0.01)</b>

## Cayman Islands 0.00% (0.00%)

AAC Technologies Holdings	2,500	0	0.00
Agile Group Holdings	(14,000)	(1)	0.00
Airtac International Group	1,000	1	0.00
BeiGene ADR	(130)	2	0.00
BEST ADR	(4,593)	0	0.00
China First Capital Group	380,000	(1)	0.00
China Hongqiao Group	(19,500)	(1)	0.00
China Medical System Holdings	18,000	1	0.00
China Resources Cement Holdings	30,000	3	0.00
China State Construction International Holdings	(24,000)	(1)	0.00
CIFI Holdings Group	(74,491)	(3)	0.00
Country Garden Services Holdings	14,000	0	0.00
Dali Foods Group	29,500	0	0.00
GDS Holdings ADR	(978)	(3)	(0.01)
Geely Automobile Holdings	5,000	0	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Cayman Islands (continued)</b>			
Genscript Biotech	(26,000)	3	0.00
iQIYI ADR	(1,705)	(1)	0.00
JD.com ADR	674	0	0.00
Kaisa Group Holdings	(59,000)	(3)	0.00
Kingboard Laminates Holdings	27,000	1	0.00
Longfor Group Holdings	9,500	4	0.00
New Oriental Education & Technology Group ADR	345	0	0.00
Nexteer Automotive Group	22,000	0	0.00
Qudian ADR	12,504	(1)	0.00
Sands China	12,800	6	0.01
Sunac China Holdings	5,000	2	0.00
Sunny Optical Technology Group	(400)	0	0.00
TAL Education Group ADR	(1,278)	(3)	0.00
Tingyi Cayman Islands Holding	24,000	1	0.00
WH Group	35,500	1	0.00
Wynn Macau	27,600	5	0.01
Xiaomi B	(27,400)	(2)	0.00
Xinyi Solar Holdings	(36,000)	0	0.00
Yuzhou Properties	(35,000)	(1)	0.00
ZTO Express Cayman ADR	(1,868)	(4)	(0.01)
		<b>5</b>	<b>0.00</b>

## China 0.00% ((0.04)%)

Air China H	38,000	3	0.00
Anhui Conch Cement H	6,000	3	0.00
BAIC Motor H	24,500	0	0.00
China Communications Construction H	(46,000)	(1)	0.00
China Eastern Airlines H	32,000	1	0.00
China Galaxy Securities H	(47,500)	(2)	0.00
China Longyuan Power Group H	44,000	0	0.00
China National Building Material H	46,000	6	0.01

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>China (continued)</b>			
China Pacific Insurance Group H	9,800	3	0.00
China Railway Construction H	(20,500)	(1)	0.00
China Railway Group H	(49,000)	(1)	0.00
CITIC Securities H	(8,500)	(2)	0.00
Great Wall Motor H	37,000	0	0.00
Guangzhou R&F Properties H	(26,000)	(3)	0.00
Haitong Securities H	(28,800)	(3)	0.00
Huatai Securities H	(16,400)	(1)	0.00
Sinopharm Group H	(18,000)	(4)	(0.01)
Yanzhou Coal Mining	28,000	0	0.00
ZTE H	(14,600)	(1)	0.00
		<b>(3)</b>	<b>0.00</b>

<b>Czech Republic 0.00% (0.00%)</b>			
CEZ	(827)	0	0.00
		<b>0</b>	<b>0.00</b>

<b>Denmark 0.01% ((0.01)%)</b>			
AP Moller – Maersk B	44	(2)	0.00
Carlsberg B	449	0	0.00
Coloplast B	539	2	0.00
Demant	(1,083)	0	0.00
Genmab	(229)	(1)	0.00
Novo Nordisk B	1,125	1	0.00
Orsted	(556)	(1)	0.00
Pandora	1,585	5	0.01
		<b>4</b>	<b>0.01</b>

<b>Finland 0.00% (0.00%)</b>			
Kone B	653	0	0.00
Metso	(1,320)	1	0.00
Neste	(643)	(1)	0.00
Nokia	(13,174)	(1)	0.00
Nokian Renkaat	(672)	0	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Finland (continued)</b>			
Orion B	1,308	1	0.00
Sampo A	(1,290)	(1)	0.00
Wartsila	(1,160)	0	0.00
		<b>(1)</b>	<b>0.00</b>

<b>France (0.01)% (0.02%)</b>			
Accor	(1,391)	(3)	(0.01)
Alstom	(1,306)	(2)	0.00
Bolloré	(5,957)	0	0.00
Casino Guichard Perrachon	554	(2)	0.00
Cie de Saint-Gobain	1,358	(1)	0.00
Dassault Aviation	(32)	(1)	0.00
Edenred	(611)	0	0.00
Electricite de France	4,943	2	0.00
Getlink	(3,763)	(1)	0.00
Pernod Ricard	(95)	0	0.00
Remy Cointreau	(380)	2	0.00
Sartorius Stedim Biotech	(235)	(1)	0.00
Teleperformance	(269)	(1)	0.00
Ubisoft Entertainment	712	1	0.00
Valeo	1,015	(2)	0.00
Worldline	(353)	0	0.00
		<b>(9)</b>	<b>(0.01)</b>

<b>Germany (0.01)% (0.02%)</b>			
1&1 Drillisch	(1,117)	0	0.00
Allianz	264	0	0.00
Bayerische Motoren Werke	(555)	1	0.00
Beiersdorf	(307)	(1)	0.00
Commerzbank	(1,500)	0	0.00
Covestro	889	0	0.00
Daimler	(728)	0	0.00
Deutsche Bank	(8,165)	0	0.00
Deutsche Lufthansa	2,267	(1)	0.00
Deutsche Wohnen	(1,638)	(1)	0.00



# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Germany (continued)</b>			
Henkel	369	0	0.00
HOCHTIEF	505	0	0.00
METRO	2,572	1	0.00
Porsche Automobil Holding	(638)	0	0.00
ProSiebenSat.1 Media	3,327	0	0.00
Puma	(449)	(1)	0.00
Schaeffler	2,978	(1)	0.00
Symrise	(653)	(4)	(0.01)
thyssenkrupp	(4,060)	(2)	0.00
United Internet	(920)	1	0.00
Vonovia	(729)	(1)	0.00
Wirecard	155	0	0.00
		<b>(9)</b>	<b>(0.01)</b>

<b>Hong Kong (0.01)% (0.00%)</b>			
China Everbright International	(46,000)	0	0.00
China Overseas Land & Investment	(12,000)	(3)	(0.01)
China Unicom Hong Kong	40,000	1	0.00
Hua Hong Semiconductor	(17,000)	1	0.00
MTR	(10,516)	(2)	0.00
New World Development	(29,000)	(1)	0.00
Sinotruk Hong Kong	20,000	3	0.00
Vitasoy International Holdings	10,000	0	0.00
Yuexiu Property	84,000	0	0.00
		<b>(1)</b>	<b>(0.01)</b>

<b>Ireland 0.00% (0.01%)</b>			
Bank of Ireland Group	(5,447)	0	0.00
James Hardie Industries	(3,365)	1	0.00
Kerry Group A	(450)	0	0.00
Seagate Technology	764	1	0.00
Smurfit Kappa Group	704	2	0.00
		<b>4</b>	<b>0.00</b>

<b>Israel 0.00% (0.00%)</b>			
Azrieli Group	(361)	1	0.00
Elbit Systems	(189)	1	0.00
Israel Chemicals	(5,623)	0	0.00
Nice	(201)	0	0.00
Teva Pharmaceutical Industries ADR	2,156	0	0.00
		<b>2</b>	<b>0.00</b>

<b>Italy 0.00% ((0.01)%)</b>			
Assicurazioni Generali	3,161	0	0.00
Atlantia	(2,083)	1	0.00
Davide Campari-Milano	(5,573)	0	0.00
FinecoBank Banca Fineco	(2,477)	0	0.00
Leonardo	(4,303)	1	0.00
Poste Italiane	5,547	(1)	0.00
Prysmian	(2,417)	(1)	0.00
Telecom Italia	64,947	0	0.00
UniCredit	3,119	(1)	0.00
		<b>(1)</b>	<b>0.00</b>

<b>Japan (0.03)% (0.02%)</b>			
Aeon	1,600	0	0.00
AGC	1,500	(1)	0.00
Alps Alpine	2,200	(2)	0.00
ANA Holdings	1,900	(1)	0.00
Asahi Intecc	(1,700)	(1)	0.00
Astellas Pharma	3,800	0	0.00
Bandai Namco Holdings	800	0	0.00
Bank of Kyoto	(1,000)	0	0.00
Benesse Holdings	(1,500)	1	0.00
Brother Industries	2,600	0	0.00
Credit Saison	(2,400)	(1)	0.00
Daifuku	(900)	0	0.00
Daito Trust Construction	400	0	0.00
Daiwa House Industry	400	0	0.00
East Japan Railway	400	0	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
Fukuoka Financial Group	(700)	0	0.00
GMO Payment Gateway	(1,000)	1	0.00
Hisamitsu Pharmaceutical	(500)	0	0.00
Hitachi	1,300	3	0.01
Hitachi Construction Machinery	(2,200)	(3)	(0.01)
Hitachi Metals	(4,400)	(2)	0.00
Hoya	200	0	0.00
Japan Airlines	2,100	0	0.00
Japan Airport Terminal	(1,200)	(2)	0.00
Japan Exchange Group	(1,200)	0	0.00
JGC	(4,000)	0	0.00
JSR	(3,400)	(2)	0.00
JTEKT	4,000	(2)	0.00
Kajima	(500)	0	0.00
Kakaku.com	2,000	1	0.00
Kansai Electric Power	3,500	(1)	0.00
Kansai Paint	(2,600)	2	0.01
Kao	800	0	0.00
Kawasaki Heavy Industries	1,900	(2)	0.00
KDDI	900	0	0.00
Keisei Electric Railway	(600)	0	0.00
Kobayashi Pharmaceutical	(600)	(1)	0.00
Konami Holdings	500	0	0.00
Kose	(200)	0	0.00
Kubota	(1,900)	0	0.00
Kyushu Railway	(1,900)	0	0.00
Lawson	500	0	0.00
M3	(1,200)	(2)	0.00
Makita	(1,900)	(2)	0.00
Marubeni	7,900	(1)	0.00
Marui Group	(1,000)	0	0.00
McDonald's Holdings Co. Japan	800	0	0.00
MINEBEA MITSUMI	700	0	0.00
MISUMI Group	(2,600)	0	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
Mitsubishi Heavy Industries	1,600	0	0.00
Mitsubishi Materials	800	(1)	0.00
Mitsui	1,700	(1)	0.00
Mitsui OSK Lines	(900)	0	0.00
Murata Manufacturing	(600)	0	0.00
Nexon	2,100	0	0.00
NGK Spark Plug	(3,100)	2	0.00
Nikon	2,600	(2)	0.00
Nippon Electric Glass	2,300	1	0.00
Nippon Paint Holdings	(1,200)	0	0.00
Nippon Telegraph & Telephone	2,600	(18)	(0.01)
Nissan Motor	10,500	(4)	(0.01)
Nomura Holdings	(12,700)	0	0.00
Nomura Real Estate Holdings	1,700	0	0.00
NTT Data	4,100	(1)	0.00
NTT DOCOMO	2,300	1	0.00
ORIX	1,900	0	0.00
Park24	2,000	1	0.00
PeptiDream	300	1	0.00
Pola Orbis Holdings	2,600	(1)	0.00
Renesas Electronics	(2,600)	0	0.00
Rohm	(500)	1	0.00
Ryohin Keikaku	(2,400)	(1)	0.00
SBI Holdings	(300)	0	0.00
Sega Sammy Holdings	(1,600)	0	0.00
Seven Bank	(17,200)	(1)	0.00
Shimadzu	(2,100)	(1)	0.00
Shimizu	(5,600)	0	0.00
Shionogi	1,100	2	0.00
Shiseido	(600)	(1)	0.00
Shizuoka Bank	(6,000)	1	0.00
Showa Denko KK	1,500	(1)	0.00
SoftBank Group	(1,600)	(4)	(0.01)
Sohgo Security Services	(900)	0	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
Sompo Holdings	(1,100)	1	0.00
Sony Financial Holdings	1,400	0	0.00
SUMCO	2,700	2	0.00
Sumitomo	3,200	(1)	0.00
Sumitomo Metal Mining	(1,700)	(2)	0.00
Sumitomo Rubber Industries	2,000	(1)	0.00
Suntory Beverage & Food	1,200	(1)	0.00
Suzuken	500	(1)	0.00
Suzuki Motor	700	(1)	0.00
Taisei	(1,600)	0	0.00
Taisho Pharmaceutical Holdings	(700)	1	0.00
Taiyo Nippon Sanso	(2,800)	0	0.00
Takashimaya	4,400	(2)	0.00
Takeda Pharmaceutical	(1,400)	1	0.00
THK	800	0	0.00
Tohoku Electric Power	4,500	(1)	0.00
Tokyu	(1,900)	1	0.00
TOTO	(1,500)	2	0.00
Toyo Seikan Group Holdings	(900)	1	0.00
Toyota Industries	(1,000)	1	0.00
Trend Micro	1,100	(1)	0.00
Tsuruha Holdings	(500)	(3)	(0.01)
Welcia Holdings	(600)	(1)	0.00
West Japan Railway	700	0	0.00
Yamaha	(800)	1	0.00
Yamaha Motor	(2,600)	2	0.00
Yamato Holdings	2,700	0	0.00
Yaskawa Electric	(1,500)	(1)	0.00
Yokogawa Electric	(2,100)	0	0.00
Yokohama Rubber	1,100	(1)	0.00
		<b>(49)</b>	<b>(0.03)</b>
<b>Jersey 0.00% (0.00%)</b>			
Glencore	21,086	3	0.00
		<b>3</b>	<b>0.00</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Luxembourg 0.00% (0.00%)</b>			
Aroundtown	(6,902)	(1)	0.00
Globant	(372)	(2)	0.00
PLAY Communications	3,020	1	0.00
		<b>(2)</b>	<b>0.00</b>
<b>Mauritius 0.00% (0.00%)</b>			
Golden Agri-Resources	134,900	1	0.00
		<b>1</b>	<b>0.00</b>
<b>Mexico 0.00% (0.00%)</b>			
Alfa A	26,400	0	0.00
Grupo Aeroportuario del Pacifico B	3,200	5	0.00
Grupo Financiero Banorte O	4,700	(2)	0.00
Grupo Mexico B	6,200	(1)	0.00
Grupo Televisa ADR	963	0	0.00
		<b>2</b>	<b>0.00</b>
<b>Netherlands 0.01% ((0.03)%)</b>			
ABN AMRO Bank	1,422	0	0.00
Adyen	61	2	0.01
Aegon	(13,942)	1	0.00
AerCap Holdings	785	0	0.00
Airbus	(384)	(2)	0.00
EXOR	220	0	0.00
ING Groep	2,108	(1)	0.00
Koninklijke Vopak	(1,177)	0	0.00
LyondellBasell Industries A	616	1	0.00
NN Group	(1,677)	1	0.00
Randstad	591	0	0.00
X5 Retail Group GDR	1,389	1	0.00
		<b>3</b>	<b>0.01</b>
<b>New Zealand 0.00% (0.00%)</b>			
Auckland International Airport	(5,129)	1	0.00
		<b>1</b>	<b>0.00</b>

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Norway 0.00% (0.00%)</b>			
Gjensidige Forsikring	(2,004)	0	0.00
Norsk Hydro	(9,645)	0	0.00
Yara International	(1,003)	(1)	0.00
		<b>(1)</b>	<b>0.00</b>

<b>Panama 0.00% (0.00%)</b>			
Carnival	695	2	0.00
		<b>2</b>	<b>0.00</b>

<b>Poland 0.00% (0.00%)</b>			
CCC	545	0	0.00
Dino Polska	(688)	(1)	0.00
Jastrzebska Spolka Weglowa	2,683	1	0.00
		<b>0</b>	<b>0.00</b>

<b>Portugal 0.00% (0.00%)</b>			
EDP - Energias de Portugal	15,403	3	0.00
Jeronimo Martins	1,414	0	0.00
		<b>3</b>	<b>0.00</b>

<b>Singapore (0.01)% (0.00%)</b>			
City Developments	(4,900)	(1)	0.00
ComfortDelGro	15,600	0	0.00
Flex	(5,180)	(6)	(0.01)
Jardine Cycle & Carriage	1,200	0	0.00
Venture	1,700	0	0.00
		<b>(7)</b>	<b>(0.01)</b>

<b>South Africa 0.00% (0.02%)</b>			
Aspen Pharmacare Holdings	4,324	2	0.00
Coronation Fund Managers	3,299	0	0.00
Impala Platinum Holdings	3,371	(1)	0.00
Kumba Iron Ore	1,718	0	0.00
Mr Price Group	3,001	(1)	0.00
Netcare	36,076	(1)	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>South Africa (continued)</b>			
RMB Holdings	9,289	(1)	0.00
Truworths International	12,997	0	0.00
		<b>(2)</b>	<b>0.00</b>

<b>South Korea 0.00% ((0.02)%)</b>			
Celltrion Healthcare	(961)	(1)	0.00
CJ ENM	191	1	0.00
Daelim Industrial	420	2	0.00
Daewoo Shipbuilding & Marine Engineering	596	1	0.00
Hanmi Pharm	(98)	0	0.00
Hotel Shilla	168	1	0.00
Korean Air Lines	2,031	3	0.01
KT&G	(107)	0	0.00
LG Chem	(164)	(3)	(0.01)
LG Electronics	770	2	0.00
LG Uplus	2,662	0	0.00
Lotte	(483)	(2)	0.00
OCI	(540)	(1)	0.00
Orange Life Insurance	546	0	0.00
Posco International	850	0	0.00
Samsung Engineering	3,439	1	0.00
Samsung Heavy Industries	(5,369)	(2)	0.00
Samsung SDI	(70)	(1)	0.00
Yuhan	(125)	(2)	0.00
		<b>(1)</b>	<b>0.00</b>

<b>Spain 0.00% (0.01%)</b>			
ACS Actividades de Construcción y Servicios	1,623	1	0.00
Bankia	(15,874)	0	0.00
CaixaBank	(15,060)	1	0.00
Cellnex Telecom	(1,529)	0	0.00
Ferrovial	(1,551)	0	0.00
Grifols	(1,684)	0	0.00
Naturgy Energy Group	2,497	(1)	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Spain (continued)</b>			
Siemens Gamesa Renewable Energy	(2,824)	(3)	0.00
Telefonica	1,942	(1)	0.00
		<b>(3)</b>	<b>0.00</b>

<b>Sweden 0.00% ((0.01)%)</b>			
Alfa Laval	(917)	0	0.00
Atlas Copco A	762	(1)	0.00
Boliden	849	0	0.00
Essity B	2,047	1	0.00
Hennes & Mauritz B	1,698	(1)	0.00
Sandvik	3,223	(1)	0.00
SKF B	3,083	(1)	0.00
Swedish Match	1,292	4	0.00
		<b>1</b>	<b>0.00</b>

<b>Switzerland 0.00% (0.00%)</b>			
Cie Financiere Richemont	(526)	0	0.00
Givaudan	(9)	0	0.00
Lonza Group	(117)	0	0.00
Roche Holding	180	2	0.00
Sika	(359)	(1)	0.00
Vifor Pharma	(172)	0	0.00
		<b>1</b>	<b>0.00</b>

<b>Taiwan 0.01% ((0.02)%)</b>			
Asia Cement	(19,000)	(1)	0.00
Cathay Financial Holding	(46,235)	(2)	(0.01)
Chunghwa Telecom	(18,000)	0	0.00
Compal Electronics	(43,000)	0	0.00
E.Sun Financial Holding	(56,000)	(2)	0.00
Eclat Textile	1,000	0	0.00
Feng TAY Enterprise	4,500	1	0.00
First Financial Holding	(54,040)	(2)	0.00
Fubon Financial Holding	(30,000)	(1)	0.00
Globalwafers	3,000	1	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Taiwan (continued)</b>			
Nan Ya Plastics	(23,000)	(2)	0.00
Nanya Technology	6,000	0	0.00
Nien Made Enterprise	3,000	0	0.00
Phison Electronics	(2,000)	(2)	0.00
Powertech Technology	12,000	2	0.01
Shin Kong Financial Holding	(68,295)	0	0.00
Walsin Technology	11,000	16	0.01
Wiwynn	3,000	2	0.00
		<b>10</b>	<b>0.01</b>

## Turkey 0.00% (0.02%)

<b>United Kingdom 0.01% (0.01%)</b>			
Admiral Group	1,526	3	0.00
Anglo American	900	1	0.00
Antofagasta	1,612	0	0.00
Ashtead Group	(911)	0	0.00
Associated British Foods	795	0	0.00
Auto Trader Group	7,995	1	0.00
Babcock International Group	5,333	1	0.00
Barclays	(19,083)	(2)	0.00
BHP Group	2,778	1	0.00
Centrica	55,319	5	0.01
Direct Line Insurance Group	15,702	(1)	0.00
Evrax	12,563	5	0.01
Fresnillo	(3,051)	(2)	0.00
G4S	(8,665)	(1)	0.00
GlaxoSmithKline	1,350	0	0.00
Hargreaves Lansdown	2,445	1	0.00
Imperial Brands	2,393	1	0.00
Informa	(6,052)	(1)	0.00
John Wood Group	(13,076)	(1)	0.00
Johnson Matthey	(1,582)	0	0.00
Legal & General Group	(15,872)	1	0.00
Liberty Global A	2,425	2	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Marks & Spencer Group	15,933	1	0.00
Mediclinic International	4,998	1	0.00
Next	402	(1)	0.00
Nielsen Holdings	2,943	1	0.00
Reckitt Benckiser Group	(607)	(1)	0.00
Rolls-Royce Holdings	5,304	(2)	(0.01)
SSE	(2,199)	0	0.00
Standard Chartered	(6,812)	(1)	0.00
Standard Life Aberdeen	13,610	2	0.00
Tesco	(4,742)	0	0.00
Weir Group	(3,206)	1	0.00
Whitbread	(464)	0	0.00
		<b>15</b>	<b>0.01</b>

<b>United States of America (0.01)% ((0.01)%)</b>			
Advanced Micro Devices	(1,532)	(8)	(0.01)
AES	3,463	3	0.01
Affiliated Managers Group	(282)	0	0.00
Align Technology	207	1	0.00
Alliance Data Systems	502	2	0.00
Alliant Energy	(1,120)	(2)	0.00
Amerco	(149)	(1)	0.00
American International Group	(1,236)	0	0.00
Ameriprise Financial	322	0	0.00
AmerisourceBergen	416	0	0.00
Aqua America	(781)	(1)	0.00
Archer-Daniels-Midland	(1,418)	(2)	0.00
Arconic	(1,187)	0	0.00
Atmos Energy	(575)	(1)	0.00
Baker Hughes	(1,504)	(3)	0.00
Best Buy	421	1	0.00
Biogen	147	0	0.00
Boston Scientific	(712)	(1)	0.00
Campbell Soup	841	1	0.00
Cardinal Health	1,158	(3)	(0.01)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
CarMax	(618)	4	0.01
CenturyLink	4,227	(3)	(0.01)
CF Industries Holdings	981	2	0.00
Chemours	1,334	0	0.00
Chipotle Mexican Grill	(50)	0	0.00
Church & Dwight	(538)	0	0.00
Cigna	(150)	(1)	0.00
Comerica	901	1	0.00
Conagra Brands	(1,330)	(5)	(0.01)
CoStar Group	(72)	0	0.00
Coty A	1,849	0	0.00
Cummins	350	(1)	0.00
DaVita	690	1	0.00
Deere	(286)	(1)	0.00
Delta Air Lines	820	1	0.00
DexCom	(151)	0	0.00
Discovery A	862	0	0.00
DocuSign	(238)	0	0.00
DR Horton	(1,209)	1	0.00
Dropbox A	930	1	0.00
Duke Energy	(633)	0	0.00
Edison International	(891)	(3)	0.00
Equifax	(168)	0	0.00
Erie Indemnity A	313	(1)	0.00
Exelon	1,083	0	0.00
Fidelity National Financial	1,376	(2)	0.00
Fidelity National Information Services	(236)	0	0.00
First Republic Bank	(558)	(1)	0.00
Fluor	1,681	2	0.00
FMC	(649)	0	0.00
Fortinet	351	1	0.00
Fortive	(800)	0	0.00
GrubHub	(345)	(2)	0.00
H&R Block	1,541	0	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
United States of America (continued)			
Halliburton	(787)	0	0.00
Hanesbrands	1,078	0	0.00
HCA Healthcare	382	1	0.00
Hilton Worldwide Holdings	(358)	(1)	0.00
Home Depot	121	0	0.00
HP	2,166	0	0.00
Incyte	251	(1)	0.00
Insulet	(239)	0	0.00
International Flavors & Fragrances	(471)	1	0.00
International Paper	605	0	0.00
IPG Photonics	(181)	(1)	0.00
Jacobs Engineering Group	(456)	(1)	0.00
Jones Lang LaSalle	(226)	0	0.00
KKR A	(1,645)	0	0.00
Knight-Swift Transportation Holdings	(744)	0	0.00
Kohl's	760	1	0.00
L Brands	1,605	1	0.00
Lam Research	188	3	0.01
Lennar A	(163)	0	0.00
Lennox International	112	0	0.00
Liberty Broadband C	(309)	(1)	0.00
Liberty Media Corp-Liberty Formula One C	(643)	(1)	0.00
Lincoln National	(1,074)	0	0.00
Macy's	991	0	0.00
Markel	(57)	0	0.00
Marriott International A	(194)	(1)	0.00
Masco	1,230	0	0.00
Match Group	339	3	0.00
Mattel	(2,088)	(2)	0.00
McKesson	332	(1)	0.00
MercadoLibre	(54)	1	0.00
Micron Technology	937	3	0.00
Middleby	(475)	1	0.00
Molson Coors Brewing B	1,148	2	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
United States of America (continued)			
MongoDB	(364)	0	0.00
Monster Beverage	324	0	0.00
Nektar Therapeutics	(1,417)	1	0.00
NetApp	331	0	0.00
Netflix	(208)	(3)	0.00
Newell Brands	1,377	1	0.00
NiSource	(2,045)	(2)	0.00
Nordstrom	1,012	2	0.00
NortonLifeLock	1,118	0	0.00
NRG Energy	1,654	2	0.00
Occidental Petroleum	(929)	(2)	0.00
Okta	(366)	0	0.00
People's United Financial	(2,215)	(1)	0.00
Philip Morris International	773	0	0.00
Plains GP Holdings A	2,026	1	0.00
Principal Financial Group	767	1	0.00
Progressive	850	0	0.00
Prudential Financial	689	1	0.00
QUALCOMM	490	0	0.00
Regions Financial	2,330	0	0.00
Robert Half International	1,057	3	0.00
Roku	(221)	0	0.00
Sabre	1,457	0	0.00
Sarepta Therapeutics	(230)	0	0.00
Skyworks Solutions	189	1	0.00
Snap A	(1,942)	(2)	0.00
Southwest Airlines	895	(1)	0.00
Splunk	(346)	0	0.00
Sprint	3,077	0	0.00
Starbucks	729	0	0.00
Steel Dynamics	1,878	(2)	0.00
Stericycle	(600)	1	0.00
Targa Resources	(490)	(1)	0.00
Tesla	(98)	(2)	0.00
T-Mobile US	(782)	(1)	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
TransDigm Group	(87)	0	0.00
Trimble	(439)	(1)	0.00
TripAdvisor	472	1	0.00
Truist Financial	(354)	0	0.00
Twitter	(385)	(1)	0.00
UGI	1,079	1	0.00
United Rentals	343	3	0.01
Vistra Energy	2,737	(2)	0.00
Wayfair A	(692)	(1)	0.00
Westinghouse Air Brake Technologies	(844)	(2)	0.00
Westrock	771	1	0.00
WW Grainger	147	1	0.00
Xerox Holdings	699	0	0.00
XPO Logistics	(215)	0	0.00
Yum China Holdings	571	1	0.00
Zillow Group C	(1,514)	(5)	(0.01)
		<b>(20)</b>	<b>(0.01)</b>

<b>Virgin Islands, British 0.00% (0.00%)</b>			
Capri Holdings	(250)	0	0.00
		<b>0</b>	<b>0.00</b>

<b>Contracts for Difference total</b>		<b>(76)</b>	<b>(0.05)</b>
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<b>Forward Foreign Currency Contracts 0.92% ((0.41)%)</b>			
Buy AUD 136,000 Sell GBP 70,769 03/02/2020	AUD 136,000	2	0.00
Buy AUD 5,391,000 Sell USD 3,675,417 03/02/2020	AUD 5,391,000	83	0.05
Buy BRL 22,321,000 Sell USD 5,243,710 04/02/2020	BRL 22,321,000	229	0.15
Buy CAD 734,000 Sell GBP 421,446 03/02/2020	CAD 734,000	5	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy CAD 6,870,000 Sell GBP 4,009,515 03/02/2020	CAD 6,870,000	(19)	(0.01)
Buy CAD 4,955,000 Sell USD 3,752,657 03/02/2020	CAD 4,955,000	40	0.02
Buy CHF 192,000 Sell USD 193,194 03/02/2020	CHF 192,000	4	0.00
Buy COP 25,068,180,000 Sell USD 7,267,428 03/02/2020	COP 25,068,180,000	271	0.17
Buy CZK 88,586,000 Sell USD 3,842,049 03/02/2020	CZK 88,586,000	55	0.04
Buy EUR 4,404,369 Sell JPY 530,600,000 03/02/2020	EUR 4,404,369	45	0.03
Buy EUR 35,037,850 Sell USD 38,863,963 08/01/2020	EUR 35,037,850	369	0.23
Buy EUR 4,250,000 Sell USD 4,744,710 03/02/2020	EUR 4,250,000	27	0.02
Buy HKD 508,000 Sell USD 64,843 03/02/2020	HKD 508,000	0	0.00
Buy HUF 1,148,720,000 Sell USD 3,813,230 03/02/2020	HUF 1,148,720,000	71	0.05
Buy IDR 78,053,200,000 Sell USD 5,498,648 03/02/2020	IDR 78,053,200,000	96	0.06



# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy ILS 326,000 Sell USD 94,170 03/02/2020	ILS 326,000	0	0.00
Buy INR 122,301,000 Sell USD 1,691,423 03/02/2020	INR 122,301,000	14	0.01
Buy JPY 530,600,000 Sell EUR 4,415,703 03/02/2020	JPY 530,600,000	(55)	(0.04)
Buy JPY 61,700,000 Sell GBP 431,690 03/02/2020	JPY 61,700,000	(1)	0.00
Buy JPY 54,100,000 Sell USD 497,506 03/02/2020	JPY 54,100,000	1	0.00
Buy KRW 121,700,000 Sell USD 104,513 03/02/2020	KRW 121,700,000	1	0.00
Buy MXN 108,393,000 Sell USD 5,552,972 04/02/2020	MXN 108,393,000	111	0.07
Buy MYR 7,060,000 Sell USD 1,686,574 23/01/2020	MYR 7,060,000	29	0.02
Buy NZD 62,000 Sell USD 39,844 03/02/2020	NZD 62,000	2	0.00
Buy PHP 373,100,000 Sell USD 7,316,807 03/02/2020	PHP 373,100,000	34	0.02
Buy PLN 14,831,000 Sell USD 3,825,266 03/02/2020	PLN 14,831,000	64	0.04
Buy RUB 335,840,000 Sell USD 5,214,736 03/02/2020	RUB 335,840,000	123	0.08
Buy SEK 409,000 Sell USD 42,595 03/02/2020	SEK 409,000	1	0.00
Buy TWD 117,113,000 Sell USD 3,868,183 03/02/2020	TWD 117,113,000	39	0.02

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy USD 3,959,258 Sell AUD 5,806,000 03/02/2020	USD 3,959,258	(88)	(0.05)
Buy USD 194,993 Sell BRL 831,000 04/02/2020	USD 194,993	(9)	(0.01)
Buy USD 16,425,464 Sell CAD 21,680,000 03/02/2020	USD 16,425,464	(171)	(0.11)
Buy USD 5,431,966 Sell CHF 5,356,000 03/02/2020	USD 5,431,966	(92)	(0.06)
Buy USD 12,824 Sell CZK 294,000 03/02/2020	USD 12,824	0	0.00
Buy USD 47,336,565 Sell EUR 42,674,812 08/01/2020	USD 47,336,565	(448)	(0.29)
Buy USD 2,321,078 Sell EUR 2,087,000 03/02/2020	USD 2,321,078	(20)	(0.01)
Buy USD 1,714,203 Sell GBP 1,331,266 08/01/2020	USD 1,714,203	(34)	(0.02)
Buy USD 5,717,998 Sell GBP 4,417,154 03/02/2020	USD 5,717,998	(93)	(0.06)
Buy USD 64,826 Sell HKD 508,000 03/02/2020	USD 64,826	0	0.00
Buy USD 5,224,656 Sell HUF 1,586,540,000 03/02/2020	USD 5,224,656	(131)	(0.08)
Buy USD 5,608,123 Sell ILS 19,349,000 03/02/2020	USD 5,608,123	0	0.00
Buy USD 3,523,843 Sell INR 254,797,000 03/02/2020	USD 3,523,843	(29)	(0.02)
Buy USD 5,987,296 Sell JPY 648,132,000 03/02/2020	USD 5,987,296	5	0.00
Buy USD 165,418 Sell KRW 193,180,000 03/02/2020	USD 165,418	(2)	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy USD 146,040 Sell MXN 2,857,000 04/02/2020	USD 146,040	(3)	0.00
Buy USD 7,378,876 Sell NZD 11,498,000 03/02/2020	USD 7,378,876	(283)	(0.18)
Buy USD 7,098 Sell PHP 362,000 03/02/2020	USD 7,098	0	0.00
Buy USD 5,259,728 Sell SEK 50,402,000 03/02/2020	USD 5,259,728	(126)	(0.09)
Buy USD 3,536,972 Sell SGD 4,808,000 03/02/2020	USD 3,536,972	(28)	(0.02)
Buy USD 3,518,095 Sell THB 106,250,000 03/02/2020	USD 3,518,095	(39)	(0.03)
Buy USD 1,912,477 Sell TWD 57,857,000 03/02/2020	USD 1,912,477	(18)	(0.01)
Buy USD 7,214,891 Sell ZAR 107,682,000 03/02/2020	USD 7,214,891	(319)	(0.20)
Buy ZAR 76,303,000 Sell USD 5,123,980 03/02/2020	ZAR 76,303,000	218	0.14
Sell AUD 638,000 Buy GBP 336,137 03/02/2020	AUD (638,000)	(2)	0.00
Sell CAD 7,741,000 Buy GBP 4,521,792 03/02/2020	CAD (7,741,000)	24	0.02
Sell CHF 855,000 Buy GBP 666,096 03/02/2020	CHF (855,000)	(4)	0.00
Sell EUR 8,755,000 Buy GBP 7,503,184 03/02/2020	EUR (8,755,000)	55	0.04
Sell EUR 594,000 Buy GBP 500,837 03/02/2020	EUR (594,000)	(5)	0.00
Sell HKD 3,395,000 Buy GBP 334,091 03/02/2020	HKD (3,395,000)	4	0.00

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell HKD 2,336,000 Buy GBP 226,248 03/02/2020	HKD (2,336,000)	(1)	0.00
Sell JPY 194,780,000 Buy GBP 1,387,072 03/02/2020	JPY (194,780,000)	28	0.02
Sell NOK 581,000 Buy GBP 48,352 03/02/2020	NOK (581,000)	(2)	0.00
Sell SGD 148,000 Buy GBP 83,057 03/02/2020	SGD (148,000)	0	0.00
Sell USD 104,305,611 Buy GBP 80,344,490 03/02/2020	USD (104,305,611)	1,454	0.94
Sell USD 6,180,000 Buy GBP 4,626,961 03/02/2020	USD (6,180,000)	(47)	(0.03)
<b>Forward Foreign Currency Contracts total</b>		<b>1,435</b>	<b>0.92</b>
<b>Futures 0.20% (0.09%)</b>			
Australia 10 Year Bond March 2020	(277)	412	0.26
CAC 40 10 Euro Index January 2020	(61)	(9)	(0.01)
Canada 10 Year Bond March 2020	(67)	97	0.07
DAX Index March 2020	11	(29)	(0.02)
Euro-Bund March 2020	132	(259)	(0.16)
Euro-Buxl March 2020	5	(31)	(0.02)
EURO STOXX 50 Index March 2020	134	29	0.02
FTSE 100 Index March 2020	12	37	0.02
Hang Seng Mini Index January 2020	3	1	0.00

# Portfolio Statement (continued)

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Futures 0.20% (0.09%)</b>			
Japan 10 Year Bond Mini March 2020	33	(10)	(0.01)
Long Gilt March 2020	74	(100)	(0.06)
MSCI Emerging Markets Index March 2020	148	328	0.20
NASDAQ 100 Emini Index March 2020	8	33	0.02
OMXS30 Index January 2020	85	(6)	0.00
Russell 2000 Emini Index March 2020	115	103	0.07
S&P 500 Emini Index March 2020	14	4	0.00
SPI 200 Index March 2020	19	(32)	(0.02)
TOPIX Index March 2020	24	(9)	(0.01)
TOPIX Mini Index March 2020	102	1	0.00
US 10 Year Note March 2020	116	(110)	(0.07)
US 10 Year Ultra Bond March 2020	65	(100)	(0.06)
US Long Bond March 2020	14	(31)	(0.02)
<b>Futures total</b>		<b>319</b>	<b>0.20</b>
Portfolio of investments		<b>149,013</b>	<b>95.15</b>
Net other assets		7,591	4.85
<b>Net assets attributable to shareholders</b>		<b>156,604</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2018.

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

^ Unlisted, suspended or delisted security.

† A related party to the fund (Note 14).

# Statement of Total Return

For the year ended 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Income</b>			
Net capital gains/(losses)	2	5,537	(3,424)
Revenue	3	1,364	462
Expenses	4	(236)	(44)
Interest payable and similar charges	5	(279)	0
Net revenue before taxation		<b>849</b>	<b>418</b>
Taxation	6	(170)	(69)
Net revenue after taxation		<b>679</b>	<b>349</b>
<b>Total return before distributions</b>		<b>6,216</b>	<b>(3,075)</b>
Distributions	7	(861)	(349)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>5,355</b>	<b>(3,424)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2019

	2019	2018
	£000's	£000's
Opening net assets attributable to shareholders	49,511	16,860
Amounts receivable on issue of shares	119,457	35,895
Amounts payable on cancellation of shares	(18,804)	(181)
	<b>100,653</b>	<b>35,714</b>
Dilution adjustment	6	1
Change in net assets attributable to shareholders from investment activities	5,355	(3,424)
Retained distribution on Accumulation shares	1,079	360
<b>Closing net assets attributable to shareholders</b>	<b>156,604</b>	<b>49,511</b>

# Balance Sheet

As at 31 December 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		152,188	48,812
<b>Current assets</b>			
Debtors	9	284	13
Cash and bank balances	10	7,892	2,500
<b>Total assets</b>		<b>160,364</b>	<b>51,325</b>
<b>Liabilities</b>			
Investment liabilities		(3,175)	(1,489)
<b>Creditors</b>			
Bank overdrafts	11	(309)	(100)
Distributions payable		(50)	(114)
Other creditors	12	(226)	(111)
<b>Total liabilities</b>		<b>(3,760)</b>	<b>(1,814)</b>
<b>Net assets attributable to shareholders</b>		<b>156,604</b>	<b>49,511</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder Multi Asset Total Return Fund are disclosed on pages 11 and 12.

## 2 Net capital gains/(losses)

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

	2019 £000's	2018 £000's
Non-derivative securities	431	(799)
Derivative contracts	940	(1,708)
Forward foreign currency contracts	4,181	(956)
Foreign currency gains	12	47
Transaction costs	(27)	(8)
<b>Net capital gains/(losses)</b>	<b>5,537</b>	<b>(3,424)</b>

## 3 Revenue

	2019 £000's	2018 £000's
Overseas dividends	6	0
Franked distributions	0	69
Unfranked distributions	0	106
Interest distributions	377	0
Interest on debt securities	443	163
Bank interest	106	7
Net revenue return from derivative contracts	432	116
Annual management charge rebates	0	1
<b>Total revenue</b>	<b>1,364</b>	<b>462</b>

# Notes to the Accounts (continued)

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director fee	206	36
Administration charge	1	0
	<b>207</b>	<b>36</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	12	4
Safe custody fees	1	0
	<b>13</b>	<b>4</b>
<b>Other expenses:</b>		
Audit fee	13	0 <sup>1</sup>
Professional fee	3	3
Interest payable	0	1
	<b>16</b>	<b>4</b>
<b>Total expenses</b>	<b>236</b>	<b>44</b>

1 The Audit fee of £12,979 has been invoiced directly to the Authorised Corporate Director.

## 5 Interest payable and similar charges

	2019 £000's	2018 £000's
Interest payable	218	0
Dividends payable on short positions	61	0
<b>Total interest payable and similar charges</b>	<b>279</b>	<b>0</b>

## 6 Taxation

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Corporation tax	169	70
Overseas withholding tax	1	(1)
<b>Total current tax (Note 6(b))</b>	<b>170</b>	<b>69</b>

Corporation tax has been provided for at a rate of 20% (2018 – 20%).

# Notes to the Accounts (continued)

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>849</b>	<b>418</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	170	84
<b>Effects of:</b>		
Revenue not subject to corporation tax	(1)	(14)
Irrecoverable overseas withholding tax	1	(1)
<b>Current tax charge for the year (Note 6(a))</b>	<b>170</b>	<b>69</b>

## 7 Distributions

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

	2019 £000's	2018 £000's
Final Dividend distribution	1,129	474
Add: Revenue deducted on cancellation of shares	62	1
Deduct: Revenue received on issue of shares	(330)	(126)
<b>Distributions</b>	<b>861</b>	<b>349</b>
Net revenue after taxation	679	349
Equalisation on conversions	182	0
<b>Distributions</b>	<b>861</b>	<b>349</b>

Details of the distributions per share are set out in the Distribution Table on page 270.

## 8 Fair value hierarchy

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

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	116,977	(685)	33,339	(418)
Level 2: Observable market data	35,211	(2,490)	15,473	(1,071)
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>152,188</b>	<b>(3,175)</b>	<b>48,812</b>	<b>(1,489)</b>

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

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

Level 3: Valuation techniques using unobservable inputs.



# Notes to the Accounts (continued)

## Unobservable data

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

## 9 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of shares	6	0
Accrued revenue	264	1
Amounts receivable on derivative contracts	14	12
<b>Total debtors</b>	<b>284</b>	<b>13</b>

## 10 Cash and bank balances

	2019 £000's	2018 £000's
Cash and bank balances	4,930	1,303
Amounts held at futures clearing houses and brokers	2,962	1,197
<b>Total cash and bank balances</b>	<b>7,892</b>	<b>2,500</b>

## 11 Bank overdrafts

	2019 £000's	2018 £000's
Amounts overdrawn at futures clearing houses and brokers	309	100
<b>Total bank overdrafts</b>	<b>309</b>	<b>100</b>

## 12 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of shares	3	0
Amounts payable on derivative contracts	2	28
Accrued expenses	52	13
Corporation tax payable	169	70
<b>Total other creditors</b>	<b>226</b>	<b>111</b>

## 13 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

## 14 Related party transactions

The Authorised Corporate Director exercises control over the fund and is therefore a related party by virtue of its controlling influence. Amounts paid during the year or due to the Authorised Corporate Director at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

# Notes to the Accounts (continued)

Annual management charge rebates received or receivable from the Authorised Corporate Director of £207 (2018 – £778) are disclosed under Net capital gains/(losses) and Revenue in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due from or to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 59.73% (2018 – 65.53%).

Related party holdings are disclosed in the Portfolio Statement. The revenue earned from these investments of £376,174 (2018 – £161,244) is included under Revenue in the Notes to the Accounts.

## 15 Share classes

The fund currently has eight share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

I Income shares	0.55%
I Accumulation shares	0.55%
L Income shares	0.55%
L Accumulation shares	0.55%
X Income shares	0.00%
X Accumulation shares	0.00%
Z Income shares	0.625%
Z Accumulation shares	0.625%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 232 to 235. The distributions per share class are given in the Distribution Table on page 270. All classes have the same rights on winding up.

## 16 Derivative and other financial instruments

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

### Market price risk

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

### Derivative risk

Where a fund trades in derivatives to achieve its investment objective, this involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The Authorised Corporate Director employs a risk management process to allow the Authorised Corporate Director to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process the Authorised Corporate Director conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

Revenue received in other currencies is translated to sterling on or near the date of receipt.

### Liquidity risk

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

### Credit risk

Certain transactions in securities that the fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities. The fund only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

# Notes to the Accounts (continued)

## Interest rate risk

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

The fund may invest in fixed and floating rate securities. The revenue of the fund may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities. The value of interest bearing securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

## Fair value of financial assets and financial liabilities

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

## Derivatives

During the year the fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

## Global risk exposure

### Absolute VaR approach

The approach used for the funds managed with an absolute return target, an absolute volatility limit or a target of outperforming an interest rate benchmark.

### Regulatory VaR limit utilisation

	2019			2018		
	Lowest	Highest	Average	Lowest	Highest	Average
	5.00%	15.00%	11.08%	5.40%	25.20%	11.23%

### Information on VaR model

Model type	Length of data history	2019			2018		
		Confidence interval	Holding period		Confidence interval	Holding period	
MonteCarlo simulation	All available history	99%	20 days		99%	20 days	

## Leverage

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

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the fund. The figure is not representative of the maximum amount that a fund could lose, as it includes the derivatives used to protect the Net Asset Value of a fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage<sup>1</sup> in the fund.

The level of leverage disclosed is based on the total notional value<sup>2</sup> of all derivative instruments held by a fund and is expressed as a percentage of the fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

### Leverage

2019				2018			
Lowest	Highest	Average	Leverage 31 December	Lowest	Highest	Average	Leverage 31 December
6.00%	1160.00%	443.60%	385.00%	243.54%	1005.04%	436.78%	470.86%

1 Where economic leverage is the sum of derivative commitments (calculated in line with European Securities and Markets Authority 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.

2 Delta adjusted in line with European Securities and Markets Authority 10/788 when appropriate.

# Notes to the Accounts (continued)

## 17 Debt securities credit analysis

	2019 £000's	2018 £000's
Investment grade securities	83,769	31,901
<b>Total debt securities</b>	<b>83,769</b>	<b>31,901</b>

## 18 Direct transaction costs

The transaction costs on the purchase and sale of investments incurred by the fund during the year were immaterial. The total purchases for the year amounted to £352,252,209 (2018 – £68,572,509) and the total sales amounted to £253,042,591 (2018 – £36,326,725).

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2018 – 0.01%).

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

## 19 Shares in issue reconciliation

	Number of shares in issue 31.12.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
I Income shares	34,215,099	0	0	0	34,215,099
I Accumulation shares	2,000	44,606	(3,280,813)	89,453,942	86,219,735
L Income shares	61,895	8,044	(29,199)	0	40,740
L Accumulation shares	502,881	1,012,705	(456,367)	0	1,059,219
X Income shares	2,000	0	0	0	2,000
X Accumulation shares	66,308,102	233,430,257	(33,089,619)	(88,446,108)	178,202,632
Z Income shares	19,393	0	(285)	0	19,108
Z Accumulation shares	634,542	12,677	(108,403)	0	538,816

## 20 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts, contracts for difference and commodity index swap. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Contracts for difference £000's	Commodity Index Swap £000's	Total £000's
<b>ANZ Banking Group</b>				
2019	14	0	0	14
2018	(10)	0	0	(10)
<b>Barclays Capital</b>				
2019	50	0	0	50
2018	(34)	0	0	(34)

# Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Contracts for difference £000's	Commodity Index Swap £000's	Total £000's
<b>BNP Paribas</b>				
2019	405	0	0	405
2018	1	0	0	1
<b>Canadian Imperial Bank of Commerce</b>				
2019	(1)	0	0	(1)
2018	0	0	0	0
<b>Citibank</b>				
2019	247	0	0	247
2018	(4)	0	0	(4)
<b>Deutsche Bank</b>				
2019	63	0	0	63
2018	(1)	0	0	(1)
<b>Goldman Sachs</b>				
2019	8	0	0	8
2018	2	0	0	2
<b>HSBC</b>				
2019	1,453	(39)	0	1,414
2018	1	0	0	1
<b>JPMorgan Chase</b>				
2019	(570)	(37)	41	(566)
2018	(85)	(23)	0	(108)
<b>Morgan Stanley</b>				
2019	28	0	0	28
2018	(16)	0	0	(16)
<b>Royal Bank of Canada</b>				
2019	(51)	0	0	(51)
<b>Standard Chartered</b>				
2019	(34)	0	0	(34)
2018	65	0	0	65
<b>State Street</b>				
2019	(185)	0	0	(185)
2018	(59)	0	0	(59)
<b>UBS</b>				
2019	8	0	0	8
2018	(62)	0	0	(62)

# Notes to the Accounts (continued)

Previously futures contracts were disclosed in the table above. The prior comparative year figures have not been amended. The collateral held/(pledged) by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2019 £000's	2018 £000's
BNP Paribas	300	0
HSBC	680	0
JPMorgan Chase	(290)	0
State Street	0	(310)
<b>Total</b>	<b>690</b>	<b>(310)</b>

The nature of collateral held/(pledged) by the fund on behalf of the counterparties at the balance sheet date was as follows:

	2019 £000's	2018 £000's
Cash	690	(310)
<b>Total</b>	<b>690</b>	<b>(310)</b>

## 21 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
Z Accumulation units	538,816	633,181	17.51	51.68	46.8	(9.44)
Z Income units	19,108	14,915	(21.95)	51.72	46.47	(10.15)
I Accumulation units	86,219,735	86,308,715	0.10	51.84	46.97	(9.39)
I Income units	34,215,099	34,215,099	0.00	51.48	46.51	(9.65)
L Accumulation units	1,059,219	1,172,155	10.66	51.75	46.87	(9.43)
L Income units	40,740	45,480	11.64	51.69	46.5	(10.04)
X Accumulation units	178,202,632	176,499,021	(0.96)	52.53	47.66	(9.27)
X Income units	2,000	2,000	0.00	52.55	46.61	(11.30)

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

# Securities Financing Transactions

The fund engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, these include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions, margin lending transactions and Total Return Swaps). In accordance with Article 13 of the Regulation, the fund's involvement in and exposures related to Securities Financing Transactions for the accounting year ended 31 December 2019 are detailed below.

## Global data

### Amount of assets engaged in each type of Securities Financing Transactions and Total Return Swaps

The total value of assets engaged in each type of Securities Financing Transactions including Total Return Swaps was as follows:

31.12.19	Total £000's	% of Net Assets
Total Return Swaps	1,147	0.73

## Concentration data

### Ten largest collateral issuers across all Securities Financing Transactions and Total Return Swaps

As at the balance sheet date, there are no collateral securities and commodities received in respect of Total Return Swaps.

### Top ten counterparties

The top ten counterparties (based on gross volume of outstanding transactions) in respect of Over The Counter derivative transactions, as at the balance sheet date was as follows:

Counterparty	Total £000's
JPMorgan Chase	1,147

## Aggregate transaction data

### Type and quality of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Maturity tenor of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Currency of collateral

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Maturity tenor of Securities Financing Transactions and Total Return Swaps

An analysis of the maturity tenor of Total Return Swaps, outstanding as at the balance sheet date was as follows:

Maturity tenor	Total Return Swaps £000's
1 to 4 weeks	1,147
<b>Total</b>	<b>1,147</b>

The above maturity tenor analysis has been based on the respective transaction contractual maturity date. Open maturity transactions are those transactions that are callable or terminable on a daily basis.

### Country in which counterparties are established

Details of the country of incorporation of counterparties across all Securities Financing Transactions securities on Total Return Swaps, as at the balance sheet date was as follows:

Country	Total Return Swaps £000's	Total £000's
United Kingdom	1,147	1,147

# Securities Financing Transactions (continued)

## Settlement and clearing

	Total £000's
Bilateral	1,147

## Safekeeping of collateral

### Collateral received

As at the balance sheet date, no collateral was received in respect of Total Return Swaps.

### Collateral granted

As at the balance sheet date, no collateral was granted in respect of Total Return Swaps.

## Return and cost

### Gross Return

All returns from Total Return Swaps transactions accrue to the fund and are not subject to any returns sharing arrangements with the Authorised Corporate Director or any other third party. Returns from those instruments are disclosed in specify statement/note [•] to the financial statements.

	Total Return Swaps return* £000's	% of overall returns
Net realised gains	10	19.61
Net change in unrealised gains	41	80.39
<b>Total</b>	<b>51</b>	<b>100.00</b>

\* Expressed in absolute terms.



# Distribution Table

## Final distribution for the year ended 31 December 2019

**Group 1** Shares purchased prior to 1 January 2019

**Group 2** Shares purchased on or after 1 January 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share	Distribution paid 28.2.19 p per share
<b>I Income shares</b>				
Group 1	0.1476	–	0.1476	0.3339
Group 2	0.1476	0.0000	0.1476	0.3339
<b>I Accumulation shares</b>				
Group 1	0.4747	–	0.4747	0.0000 <sup>†</sup>
Group 2	0.1071	0.3676	0.4747	0.0000 <sup>†</sup>
<b>L Income shares</b>				
Group 1	0.3495	–	0.3495	0.0000 <sup>†</sup>
Group 2	0.0816	0.2679	0.3495	0.0000 <sup>†</sup>
<b>L Accumulation shares</b>				
Group 1	0.0915	–	0.0915	0.3231
Group 2	0.0589	0.0326	0.0915	0.3231
<b>X Income shares</b>				
Group 1	1.1700	–	1.1700	0.0000 <sup>†</sup>
Group 2	1.1700	0.0000	1.1700	0.0000 <sup>†</sup>
<b>X Accumulation shares</b>				
Group 1	0.3749	–	0.3749	0.5370
Group 2	0.2337	0.1412	0.3749	0.5370
<b>Z Income shares</b>				
Group 1	0.4038	–	0.4038	0.0000 <sup>†</sup>
Group 2	0.4038	0.0000	0.4038	0.0000 <sup>†</sup>
<b>Z Accumulation shares</b>				
Group 1	0.0601	–	0.0601	0.2841
Group 2	0.0413	0.0188	0.0601	0.2841

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

## Equalisation

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

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

# Schroder India Equity Fund

## Fund Information

### Investment objective and policy

The Schroder India Equity Fund (the 'fund') aims to provide capital growth in excess of the MSCI India Total Return index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of Indian companies.

The Fund invests at least 80% of its assets in equity and equity related securities of Indian companies or companies which have their principal business activities in India. Typically, the Fund holds 30 to 70 companies.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

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

The Fund aims to provide capital growth by investing in equity and equity related securities of Indian companies.

The Fund invests at least 80% of its assets in equity and equity related securities of Indian companies or companies which have their principal business activities in India. Typically the Fund holds between 30-70 companies.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

### Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the MSCI India (Net Total Return) index. The Investment Adviser invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark.

The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide.

# Review of Investment Activities

From 7 June 2019 to 31 December 2019, the price of Z Accumulation units on a dealing price to dealing price basis fell 1.42%. In the same period, the MSCI India index generated a negative net return of 3.94%<sup>1</sup> in sterling terms.

Over the last six months Indian equities produced slightly positive returns in Indian rupee terms. Corporate tax reduction had a positive impact. Sterling strength reduced the gains of the fund, however.

Corporate earnings have displayed signs of improvement as green shoots in consumer demand and a cut in corporate tax rates began to bear fruit and sentiment has improved. We believe that the worst is over and things should improve going forward.

Our holdings in Bajaj Finance (BFIN) and Avenue Supermarts (DMart) have been key drivers of performance during the period under review. BFIN has been relatively unscathed amidst the ongoing liquidity crisis. The company has seen strong growth despite a tough market and raised \$1.1 billion in growth capital in November 2019. DMart's retail business has been buoyant given its positioning in the low-to-middle income retail segment.

Kitchen appliance firm TTK Prestige (TTK) and Bandhan Bank were key detractors over the period. Weak rural demand affected TTK's quarterly numbers and impacted the stock adversely. Bandhan Bank, meanwhile, has a large presence in the micro finance space across the east and north-east of India. Issues over indebtedness in certain geographies in the last few months has resulted in increased delinquencies. Political unrest has also hampered the company's operations in Assam.

We continue to believe both these companies continue to offer long term value in our portfolios and hence continue to hold these as part of our core allocations.

The worrying Covid-19 pandemic is understandably rattling markets, resulting in significant volatility. The true extent of the damage to the nation, economy and businesses will likely not be known for many months.

## Fund Manager:

### Asian Investment Team

The fund is managed by the Schroders Asian investment team and advised by Axis AMC, who have eleven investment professionals based in Mumbai. Axis AMC is a joint venture between Axis Bank and Schroders

<sup>1</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

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

# Comparative Table

## L Accumulation shares

## X Accumulation shares

Financial period to 31 December	2019 p per share	2019 p per share
<b>Change in net asset value</b>		
Opening net asset value	50.00	50.00
Return before operating charges*	(0.51)	(0.50)
Operating charges	(0.24)	(0.04)
<b>Return after operating charges*</b>	<b>(0.75)</b>	<b>(0.54)</b>
Distributions <sup>1</sup>	(0.10)	(0.30)
Retained distributions <sup>1</sup>	0.10	0.30
<b>Closing net asset value</b>	<b>49.25</b>	<b>49.46</b>
*after direct transaction costs of	(0.11)	(0.11)
<b>Performance</b>		
Return after charges (%)	(1.50)	(1.08)
<b>Other information</b>		
Closing net asset value (£000's)	1	20,774
Closing number of shares	2,000	42,000,000
Operating charges (%)	0.94	0.12
Direct transaction costs (%)	0.23	0.23
<b>Prices</b>		
Highest dealing price (p)	51.41	51.50
Lowest dealing price (p)	46.46	46.54

### L Accumulation shares

The share class was launched on 7 June 2019.

### X Accumulation shares

The share class was launched on 7 June 2019.

# Comparative Table (continued)

## Z Accumulation shares

Financial period to 31 December	2019 p per share
<b>Change in net asset value</b>	
Opening net asset value	50.00
Return before operating charges*	(0.45)
Operating charges	(0.29)
<b>Return after operating charges*</b>	<b>(0.74)</b>
Distributions <sup>1</sup>	(0.10)
Retained distributions <sup>1</sup>	0.10
<b>Closing net asset value</b>	<b>49.26</b>
*after direct transaction costs of	(0.11)
<b>Performance</b>	
Return after charges (%)	(1.48)
<b>Other information</b>	
Closing net asset value (£000's)	61
Closing number of shares	123,170
Operating charges (%)	1.01
Direct transaction costs (%)	0.23
<b>Prices</b>	
Highest dealing price (p)	51.41
Lowest dealing price (p)	46.46

## Z Accumulation shares

The share class was launched on 7 June 2019.

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

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

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

# Portfolio Statement

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Equities 95.65%</b>			
<b>Basic Materials 3.87%</b>			
Pidilite Industries	54,683	806	3.87
		<b>806</b>	<b>3.87</b>
<b>Industrials 5.85%</b>			
Astral Poly Technik	35,482	444	2.13
Cummins India	46,846	274	1.31
Eicher Motors	1,125	268	1.29
Shree Cement	488	106	0.51
V-Guard Industries	56,884	127	0.61
		<b>1,219</b>	<b>5.85</b>
<b>Consumer Goods 18.96%</b>			
Endurance Technologies	30,735	349	1.68
Maruti Suzuki India	12,917	1,011	4.85
Motherson Sumi Systems	128,654	200	0.96
Nestle India	5,863	920	4.42
Symphony	16,605	204	0.98
Tata Global Beverages	30,829	105	0.50
TTK Prestige	13,610	824	3.95
WABCO India	4,919	338	1.62
		<b>3,951</b>	<b>18.96</b>
<b>Health Care 2.26%</b>			
Divi's Laboratories	24,070	470	2.26
		<b>470</b>	<b>2.26</b>
<b>Consumer Services 10.11%</b>			
Avenue Supermarts	60,946	1,191	5.72
Info Edge India	34,028	915	4.39
		<b>2,106</b>	<b>10.11</b>

	Holding at 31.12.19	Market Value £000's	% of net assets
<b>Telecommunications 0.67%</b>			
Bharti Airtel	28,859	140	0.67
		<b>140</b>	<b>0.67</b>
<b>Utilities 4.14%</b>			
Torrent Power	286,086	862	4.14
		<b>862</b>	<b>4.14</b>
<b>Financials 43.36%</b>			
Bajaj Finance	35,039	1,572	7.54
Bandhan Bank	139,182	754	3.62
Godrej Properties	197	2	0.01
GRUH Finance <sup>^</sup>	29,995	101	0.49
HDFC Bank	144,608	1,957	9.39
Housing Development Finance	39,809	1,021	4.90
ICICI Bank	104,807	600	2.88
Kotak Mahindra Bank	99,706	1,785	8.57
MAS Financial Services	36,316	332	1.59
Multi Commodity Exchange of India	19,273	239	1.15
Sundaram Finance	25,956	451	2.16
Sundaram Finance Holdings	278,113	221	1.06
		<b>9,035</b>	<b>43.36</b>
<b>Technology 6.43%</b>			
Astra Microwave Products	62,215	54	0.26
Tata Consultancy Services	46,253	1,064	5.11
Tech Mahindra	27,419	222	1.06
		<b>1,340</b>	<b>6.43</b>
<b>Equities total</b>		<b>19,929</b>	<b>95.65</b>

# Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	19,929	95.65
Net other assets	907	4.35
Net assets attributable to shareholders	20,836	100.00

As this is the first Final Accounting date for the fund there are no comparatives to be presented.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.  
^ Unlisted, suspended or delisted security.



# Statement of Total Return

For the period ended 31 December 2019

		7.6.19 to 31.12.19	
	Notes	£000's	£000's
<b>Income</b>			
Net capital losses	2		(354)
Revenue	3	136	
Expenses	4	(8)	
Net revenue before taxation		<b>128</b>	
Taxation	5	0	
Net revenue after taxation			<b>128</b>
<b>Total return before distributions</b>			<b>(226)</b>
Distributions	6		(128)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(354)</b>

# Statement of Change in Net Assets Attributable to Shareholders

For the period ended 31 December 2019

	7.6.19 to 31.12.19	
	£000's	£000's
Amounts receivable on issue of shares	21,091	
Amounts payable on cancellation of shares	(29)	
		<b>21,062</b>
Change in net assets attributable to shareholders from investment activities		(354)
Retained distribution on Accumulation shares		128
<b>Closing net assets attributable to shareholders</b>		<b>20,836</b>

As this is the first final accounting date for the fund there are no comparatives to be presented.

# Balance Sheet

As at 31 December 2019

	2019
	Notes
	£000's
<b>Assets</b>	
Investments	19,929
<b>Current assets</b>	
Cash and bank balances	1,183
<b>Total assets</b>	<b>21,112</b>
<b>Liabilities</b>	
<b>Creditors</b>	
Other creditors	8 (276)
<b>Total liabilities</b>	<b>(276)</b>
<b>Net assets attributable to shareholders</b>	<b>20,836</b>

As this is the first final accounting date for the fund there are no comparatives to be presented.

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The applicable accounting policies adopted by Schroder India Equity Fund are disclosed on pages 11 and 12.

## 2 Net capital losses

The net capital losses during the period comprise:

	7.6.19 to 31.12.19 £000's
Non-derivative securities	219
Derivative contracts	(245)
Foreign currency losses	(49)
Transaction costs	(7)
Indian capital gains tax	(272)
<b>Net capital losses</b>	<b>(354)</b>

## 3 Revenue

	7.6.19 to 31.12.19 £000's
Overseas dividends	132
Bank interest	4
<b>Total revenue</b>	<b>136</b>

## 4 Expenses

	7.6.19 to 31.12.19 £000's
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees	1
Safe custody fees	5
	<b>6</b>
<b>Other expenses:</b>	
Professional fee	2
<b>Total expenses</b>	<b>8</b>

The Audit fee of £9,960 (inclusive of VAT) has been invoiced directly to the Authorised Corporate Director.

# Notes to the Accounts (continued)

## 5 Taxation

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

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

The tax assessed for the period is different from that calculated when the standard rate of corporation tax for Open Ended Investment Companies of 20% is applied to the net revenue before taxation. The differences are explained below.

	7.6.19 to 31.12.19 £000's
<b>Net revenue before taxation</b>	<b>128</b>
Net revenue for the period before taxation multiplied by the standard rate of corporation tax	26
<b>Effects of:</b>	
Revenue not subject to corporation tax	(27)
Movement in excess management expenses	1
<b>Current tax charge for the period</b>	<b>0</b>

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

At the balance sheet date, there is a potential deferred tax asset of £883 in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the period.

## 6 Distributions

The distributions, comprise:

	7.6.19 to 31.12.19 £000's
Final Dividend distribution	128
<b>Distributions</b>	<b>128</b>

Details of the distributions per share are set out in the Distribution Table on page 285.

## 7 Fair value hierarchy

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

	2019 Assets £000's
Level 1: Quoted prices	19,828
Level 2: Observable market data	0
Level 3: Unobservable data	101
<b>Total</b>	<b>19,929</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

# Notes to the Accounts (continued)

## Unobservable data

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

## 8 Other creditors

	2019 £000's
Amounts payable for cancellation of shares	1
Accrued expenses	3
Indian capital gains tax	272
<b>Total other creditors</b>	<b>276</b>

## 9 Contingent liabilities

There were no contingent liabilities at the balance sheet date.

## 10 Related party transactions

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

Amounts paid during the period or due to the Authorised Corporate Director at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

The Authorised Corporate Director acts as principal on all transactions of shares in the fund. The aggregate monies received through the issue and cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Distributions in the Notes to the Accounts. Amounts due to the Authorised Corporate Director in respect of share transactions at the balance sheet date are included under Other creditors in the Notes to the Accounts.

Shares held or managed by the Authorised Corporate Director or associates of the Authorised Corporate Director as a percentage of the fund's net asset value at the balance sheet date were 75.97%.

## 11 Share classes

The fund currently has three share classes. The Authorised Corporate Director charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Authorised Corporate Director, the Investment Adviser and their overhead expenses and for each share class is as follows:

L Accumulation shares	0.675%
X Accumulation shares	0.00%
Z Accumulation shares	0.75%

The closing net asset value of each share class, the closing net asset value per share and the closing number of shares in issue are given in the Comparative Table on pages 274 and 275. The distributions per share class are given in the Distribution Table on page 285. All classes have the same rights on winding up.

## 12 Derivative and other financial instruments

The main risks arising from the fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Authorised Corporate Director's policies for managing these risks are summarised below and have been applied throughout the period and the prior period.

### Market price risk

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

### Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Authorised Corporate Director may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

# Notes to the Accounts (continued)

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

## Currency risk profile

The currency risk profile of the fund's net assets at the balance sheet date was as follows:

Currency	2019 £000's
Indian rupee	19,929
Sterling	907

## Liquidity risk

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

## Interest rate risk

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

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

## Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	2019			Total £000's
	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	
Indian rupee	0	0	19,929	19,929
Sterling	1,183	0	0	1,183

Currency	2019			Total £000's
	Floating rate financial liabilities £000's	Fixed rate financial liabilities £000's	Financial liabilities not carrying interest £000's	
Sterling	0	0	276	276

There are no material amounts of non-interest bearing financial assets, other than equities which do not have a maturity date.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

## Fair value of financial assets and financial liabilities

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

## Global risk exposure

### Commitment approach

When using derivatives, the Authorised Corporate Director uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

# Notes to the Accounts (continued)

The global risk exposure of the fund is calculated using the commitment approach. During the period ended 31 December 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

## Leverage

	2019			Leverage 31 December
	Lowest	Highest	Average	
	0.00%	3.44%	0.33%	0.00%

## 13 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

7.6.19 to 31.12.19	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	22,616	18	25	22,659	0.08	0.11
<b>Sales</b>						
Equities	2,954	(2)	(3)	2,949	(0.07)	(0.10)
Total cost of the fund's average net asset value (%)		<b>0.10</b>	<b>0.13</b>			

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.12%.

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

## 14 Shares in issue reconciliation

	Number of shares in issue 7.6.19	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue 31.12.19
L Accumulation shares	0	2,000	0	0	2,000
X Accumulation shares	0	42,000,000	0	0	42,000,000
Z Accumulation shares	0	182,457	(59,287)	0	123,170

# Notes to the Accounts (continued)

## 15 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 31 December 2019, the number and price of each unit class has changed as follows:

	Number of shares in issue 31.12.19	Number of shares in issue 21.04.20	% change	Dealing price p 31.12.19	Dealing price p 21.04.20	% change
Z Accumulation units	123,170	336,994	173.60	49.29	40.6	(17.63)
X Accumulation units	42,000,000	51,337,000	22.23	49.49	40.88	(17.40)
L Accumulation units	2,000	2,000	0.00	49.28	40.61	(17.59)

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



# Distribution Table

## Final distribution for the period ended 31 December 2019

**Group 1** Shares purchased on 7 June 2019

**Group 2** Shares purchased after 7 June 2019

	Net revenue 2019 p per share	Equalisation 2019 p per share	Distribution payable 28.2.20 p per share
<b>L Accumulation shares</b>			
Group 1	0.1000	–	0.1000
Group 2	0.1000	0.0000	0.1000
<b>X Accumulation shares</b>			
Group 1	0.3043	–	0.3043
Group 2	0.3043	0.0000	0.3043
<b>Z Accumulation shares</b>			
Group 1	0.0984	–	0.0984
Group 2	0.0000	0.0984	0.0984

## Equalisation

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

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

# Remuneration

## UCITS remuneration disclosures for Schroder Unit Trusts Limited for the year to 31 December 2018

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

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

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

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

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

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

- The total amount of remuneration paid by Schroder Unit Trusts Limited to its staff was nil as Schroder Unit Trusts Limited has no employees. Schroder Unit Trusts Limited has two independent Non Executive Directors who receive fees in respect of their role on the Board of Schroder Unit Trusts Limited<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of Schroder Unit Trusts Limited receive no additional fees in respect of their role on the Board of Schroder Unit Trusts Limited.
- The following disclosures relate to UCITS Material Risk Takers of Schroder Unit Trusts Limited. Most of those UCITS Material Risk Takers were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated Assets Under Management as a proportion of the total Assets Under Management within the scope of each role. The aggregate total remuneration paid to the 142 UCITS Material Risk Takers of Schroder Unit Trusts Limited in respect of the financial year ended 31 December 2018, and attributed to Schroder Unit Trusts Limited or the UCITS funds that it manages, is £12.6 million, of which £4.8 million was paid to senior management, £7.3 million was paid to Material Risk Takers deemed to be taking risk on behalf of Schroder Unit Trusts Limited or the UCITS funds that it manages and £0.5 million was paid to Control Function Material Risk Takers.

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

## Value Assessment

A statement on the Assessment of Value will be available for all applicable funds managed by Schroders Unit Trusts Limited. This report will be published on the Global Fund Centre at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December 2019.

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

# General Information

## Authorised Corporate Director

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

Authorised and regulated by the Financial Conduct Authority

## Directors

G. Henriques (Chairman) (resigned 26 September 2019)  
J. Barker (resigned 8 December 2019)  
P. Chislett  
P. Middleton (resigned 8 December 2019)  
C. Thomson  
P. Truscott (appointed 4 July 2019)  
J. A. Walker-Hazell (resigned 4 November 2019)  
C. Minio Paluello (appointed on 19 December 2019)  
J. Rainbow (appointed on 19 December 2019)  
S. Reedy (appointed on 19 December 2019)  
H. Williams

## Investment Adviser

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

Authorised and regulated by the Financial Conduct Authority

Schroder India Equity Fund  
Schroder Investment Management (Singapore) Limited  
138 Market Street  
#23-01 CapitaGreen  
Singapore 04894646

Authorised to carry on investment business by the Monetary Authority of Singapore

## Depositary

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

Authorised and regulated by the Financial Conduct Authority

## Registrar

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

Authorised and regulated by the Financial Conduct Authority

## Administration Details

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

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

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

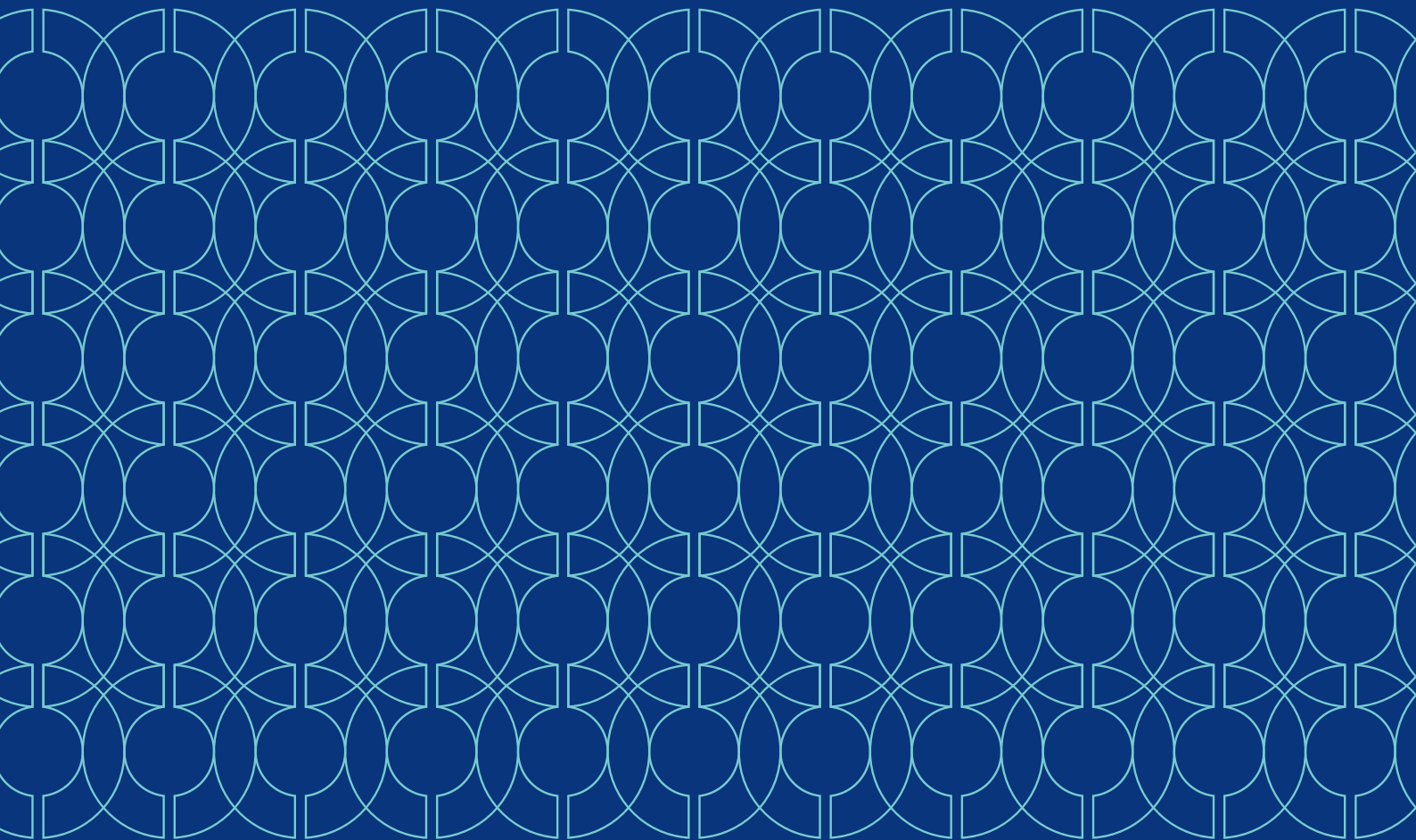
## Authorisation

The Company is an investment Company with variable capital under Regulation 12 of the OEIC Regulations, incorporated with limited liability in England and Wales and authorised by the Financial Conduct Authority under Regulation 14 of the OEIC Regulations. The Company is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Other information

With effect from 22 November 2019 the minimum initial investment for Z Income shares and Z Accumulation shares decreased from £1,000,000 to £50,000 and the minimum subsequent investment decreased from £100,000 to £10,000 and the minimum holding decreased from £1,000,000 to £50,000.

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



EST. 1804

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

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