

## Schroder Prime UK Equity Fund

March 2019

### Contents

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Fund Information <sup>1</sup>	3
Review of Investment Activities <sup>1</sup>	5
Risk Profile <sup>1</sup>	6
Net Asset Value and Comparative Tables <sup>1</sup>	7
Portfolio Statement <sup>1</sup>	9
Summary of Portfolio Transactions	12
Statement of the Manager's Responsibilities	13
Statement of Total Return (unaudited)	14
Statement of Change in Net Assets Attributable to Unitholders (unaudited)	14
Balance Sheet (unaudited)	15
Notes to the Accounts (unaudited)	16
General Information <sup>1</sup>	17

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

# Fund Information

## Investment objective and policy

The Schroder Prime UK Equity Fund (the 'fund') aims to provide 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.

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 achieving investment gains, reducing risk or managing the Fund more efficiently.

## Financial highlights

<b>Dealing price</b>	15.3.19	14.9.18	% change
<b>I Income units</b>	204.80p	212.80p	(3.76)
<b>I Accumulation units</b>	367.80p	369.10p	(0.35)
<b>S Income units</b>	53.13p	53.28p	(0.28)
<b>X Accumulation units</b>	108.10p	108.20p	(0.09)

## Fund information

<b>Launch date</b>	6 May 1997	
<b>Launch price</b>	100.00p per I Income unit	
	100.00p per I Accumulation unit	
<b>Launch date</b>	26 February 2010	
<b>Launch price</b>	50.00p per X Accumulation unit	
<b>Launch date</b>	7 April 2017	
<b>Launch price</b>	50.00p per S Income unit	
	Interim	Final
<b>Accounting dates</b>	15 March	15 September
<b>Revenue allocation date</b>		15 November

# Fund Information (continued)

## Ongoing charges figure

	For the period to 15.3.19	For the year to 15.9.18
<b>I Income units</b>	0.51% <sup>1</sup>	0.52%
<b>I Accumulation units</b>	0.51% <sup>1</sup>	0.52%
<b>S Income units</b>	0.54% <sup>1</sup>	0.55%
<b>X Accumulation units<sup>2</sup></b>	0.01% <sup>1</sup>	0.01%

- 1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.
- 2 The Annual management charge for X Accumulation units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

## Total purchases and sales

	For the period to 15.3.19 £000's	For the year to 15.9.18 £000's
<b>Total purchases</b>	23,600	76,907
<b>Total sales</b>	56,998	124,982

# Review of Investment Activities

**From 14 September 2018 to 15 March 2019, the price of I Accumulation units on a dealing price to dealing price fell 0.35%. In comparison, the FTSE<sup>1</sup> All Share Index generated total returns of 0.02%<sup>2</sup>.**

The fund performed broadly in line with the index. UK equities fell sharply over the first part of the period along with global equities amid fears over the outlook for the world economy, tighter global monetary conditions, US-China trade tensions and European political uncertainty. However, equity markets subsequently recouped their losses in response to dovish central bank commentary, progress with US-China trade talks and the receding risk of a No-Deal Brexit.

Stock selection in the mining sector (overweights in Rio Tinto and BHP Group), health care (bid approach for BTG) and financials (overweight positions in infrastructure developer John Laing Group and Lloyds Banking Group) were positives. UK domestic companies featured amongst the portfolio's best performers. The market took the view that a 'no deal' Brexit was increasingly unlikely and this was beneficial to domestic earners. These included retailer Pets at Home Group and UK hotel operator Whitbread. On the negative side, our holding in book maker William Hill detracted from performance, as did not owning beverage firm Diageo, as well as stock selection in the tobacco sector.

As we have often noted, the global nature of UK equities has led to international developments setting the tone for the market, and this continues to be the case. We expect the events that dominated recent months to continue to drive market sentiment over the course of the year. These include US monetary policy, US-China trade tensions and downside risks to global economic activity. While these global trends will remain crucial to the performance of UK assets, Brexit also looms large. This is creating considerable uncertainty for the UK economy and political environment, influencing the sentiment of international investors towards UK assets.

**Co-Fund Manager:**  
**Andy Simpson**



UK Equity fund manager with 29 years investment experience at Schroders  
Member of Schroders' UK Corporate Governance Committee  
Chartered Accountant  
Degree in Mathematics, Durham University

**Co-Fund Manager:**  
**Sue Noffke**



UK Equity fund manager with 29 years investment experience at Schroders  
Associate with the Institute of Investment Management Research (IIMR)  
Degree in Business Administration and Biochemistry, Aston University

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

**Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.**

# 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 fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

## Specific risks

The fund invests predominantly in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

The fund invests in assets which are exposed to currencies other than sterling. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

The fund may invest in a wide range of derivatives in order to meet its investment objectives and for leverage. The use of leverage can increase gains as well as losses and expose the fund to increased risk.

The fund may use derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

# Net Asset Value and Comparative Tables

## Unit price range

Financial year to 15 September		I Income units		I Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	
2016	192.30	153.60	314.70	251.30	
2017	214.00	182.30	360.20	306.80	
2018	227.30	197.40	394.30	342.50	
Financial period to 15 March 2019	210.70	183.20	378.40	329.00	

Financial year to 15 September		S Income units		X Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	
2016	–	–	91.31	72.72	
2017	52.00	48.73	105.00	89.13	
2018	56.93	49.43	115.40	100.20	
Financial period to 15 March 2019	54.63	47.52	111.00	96.60	

## Net revenue

Financial year to 15 September	I Income units pence per unit	I Accumulation units pence per unit
2016	5.2501	8.5919
2017	6.1202	10.3021
2018	7.2164	12.5180
Financial period to 15 March 2019	Nil	Nil

Financial year to 15 September	S Income units pence per unit	X Accumulation units pence per unit
2016	–	2.8958
2017	Nil <sup>1</sup>	3.4934
2018	Nil <sup>1</sup>	4.1944
Financial period to 15 March 2019	Nil	Nil

1 There was no distribution as the total amount distributable was below de minimis.

# Net Asset Value and Comparative Tables (continued)

## Net asset value

As at 15 September	Net asset value £000's	Net asset value per unit p	Number of units in issue
<b>2016</b>			
I Income units	279,227	183.06	152,536,588
I Accumulation units	109,843	308.11	35,650,746
X Accumulation units	72,167	89.43	80,693,324
<b>2017</b>			
I Income units	281,126	199.34	141,025,372
I Accumulation units	109,497	345.86	31,658,938
S Income units	1	49.95	2,000
X Accumulation units	80,647	100.90	79,931,378
<b>2018</b>			
I Income units	245,147	205.47	119,307,884
I Accumulation units	110,133	368.96	29,849,127
S Income units	1	53.26	2,000
X Accumulation units	76,916	108.17	71,108,355
<b>2019 at 15 March</b>			
I Income units	248,643	204.73	121,451,732
I Accumulation units	65,034	367.64	17,689,631
S Income units	1	53.11	2,000
X Accumulation units	76,731	108.05	71,014,458

## Fund performance

	Net asset value per unit p as at 15.3.19	Net asset value per unit p as at 15.9.18	% change
I Income units	204.73	205.47	(0.36)
I Accumulation units	367.64	368.96	(0.36)
S Income units	53.11	53.26	(0.28)
X Accumulation units	108.05	108.17	(0.11)

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.



# Portfolio Statement

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Collective Investment Schemes 3.56% (3.34%)</b>			
<b>Private Equity Funds 0.49% (0.42%)</b>			
HarbourVest Global Private Equity <sup>§</sup>	133,351	1,920	0.49
		<b>1,920</b>	<b>0.49</b>
<b>UK Equity Funds 3.07% (2.92%)</b>			
Schroder Institutional UK Smaller Companies Fund I Income <sup>^†</sup>	1,355,559	11,971	3.07
		<b>11,971</b>	<b>3.07</b>
<b>Collective Investment Schemes total</b>		<b>13,891</b>	<b>3.56</b>
<b>Equities 94.56% (95.64%)</b>			
<b>Oil &amp; Gas 14.84% (15.14%)</b>			
BP	4,192,689	22,829	5.85
Royal Dutch Shell A	102,355	2,438	0.62
Royal Dutch Shell B	1,360,057	32,682	8.37
		<b>57,949</b>	<b>14.84</b>
<b>Basic Materials 8.85% (8.24%)</b>			
BHP Group	707,411	12,158	3.11
Johnson Matthey	290,844	9,194	2.35
Rio Tinto	318,464	13,219	3.39
		<b>34,571</b>	<b>8.85</b>
<b>Industrials 10.05% (11.42%)</b>			
BAE Systems	1,676,056	8,000	2.05
Capita	3,737,526	4,634	1.19
G4S	3,851,056	7,562	1.93
Melrose Industries	2,779,433	5,224	1.34
QinetiQ Group	1,775,265	5,434	1.39
Rentokil Initial	967,109	3,345	0.86

# Portfolio Statement (continued)

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Industrials (continued)</b>			
Weir Group	305,673	5,015	1.29
		<b>39,214</b>	<b>10.05</b>
<b>Consumer Goods 9.90% (10.91%)</b>			
Bovis Homes Group	245,474	2,882	0.74
British American Tobacco	546,849	16,832	4.31
Burberry Group	437,805	8,110	2.08
Unilever	254,618	10,826	2.77
		<b>38,650</b>	<b>9.90</b>
<b>Health Care 8.50% (9.38%)</b>			
AstraZeneca	208,518	13,082	3.35
GlaxoSmithKline	1,339,358	20,112	5.15
		<b>33,194</b>	<b>8.50</b>
<b>Consumer Services 19.53% (16.62%)</b>			
Daily Mail & General Trust A	783,942	5,280	1.35
Firstgroup	4,655,011	4,294	1.10
Halfords Group	679,439	1,677	0.43
ITV	4,970,505	6,733	1.73
Ocado Group	255,043	2,862	0.73
Pearson	1,328,362	10,993	2.82
Pets at Home Group	4,221,443	6,763	1.73
RELX	685,572	11,439	2.93
Tesco	5,227,300	11,992	3.07
Whitbread	194,254	9,930	2.54
William Hill	2,701,928	4,277	1.10
		<b>76,240</b>	<b>19.53</b>
<b>Telecommunications 2.50% (3.67%)</b>			
BT Group	3,073,170	6,899	1.77

# Portfolio Statement (continued)

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Telecommunications (continued)</b>			
Vodafone Group	1,992,986	2,861	0.73
		<b>9,760</b>	<b>2.50</b>
<b>Utilities 0.88% (1.03%)</b>			
Centrica	2,835,617	3,421	0.88
		<b>3,421</b>	<b>0.88</b>
<b>Financials 19.51% (19.23%)</b>			
Assura REIT	6,004,402	3,440	0.88
Aviva	2,065,041	8,958	2.29
HSBC Holdings	1,676,452	10,413	2.67
Intermediate Capital Group	425,416	4,616	1.18
John Laing Group	2,094,685	8,127	2.08
Legal & General Group	2,587,206	7,289	1.87
Lloyds Banking Group	22,731,525	14,739	3.77
Prudential	437,375	7,105	1.82
Standard Chartered	1,397,411	8,524	2.18
TP ICAP	982,722	2,984	0.77
		<b>76,195</b>	<b>19.51</b>
<b>Equities total</b>			
		<b>369,194</b>	<b>94.56</b>
Portfolio of investments		<b>383,085</b>	<b>98.12</b>
Net other assets		7,324	1.88
<b>Net assets attributable to unitholders</b>			
		<b>390,409</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 15 September 2018.

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

§ Closed ended fund.

^ Unlisted, suspended or delisted security.

† A related party to the fund.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 15 March 2019	Cost £000's
Whitbread	9,124
RELX	3,241
Capita	3,069
Pearson	3,005
Tesco	1,745
G4S	1,089
BP	1,088
Schroder Institutional UK Smaller Companies Fund I Income GBP <sup>†</sup>	928
Firstgroup	311

## Largest sales

For the six months ended 15 March 2019	Proceeds £000's
BTG	7,313
Vodafone Group	4,812
Royal Dutch Shell B	4,212
InterContinental Hotels Group	3,970
Rolls-Royce Holdings	3,277
HSBC Holdings	2,968
Rentokil Initial	2,477
GlaxoSmithKline	2,357
BP	2,114
AstraZeneca	1,680

<sup>†</sup> A related party to the fund.

# Statement of the Manager's Responsibilities

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

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

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

The Manager's report and accounts for the period ended 15 March 2019 were signed on 3 May 2019 on behalf of the Manager by:

**J.A. Walker-Hazell**  
Directors

**P. Middleton**

# Statement of Total Return (unaudited)

For the six months ended 15 March 2019

	15.3.19	15.3.18
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(10,157)	2,285
Revenue	6,833	7,271
Expenses	(838)	(1,021)
Net revenue before taxation	<b>5,995</b>	<b>6,250</b>
Taxation	(8)	2
Net revenue after taxation	<b>5,987</b>	<b>6,252</b>
<b>Total return before distributions</b>	<b>(4,170)</b>	<b>8,537</b>
Distributions	(307)	(83)
<b>Change in net assets attributable to unitholders from investment activities</b>	<b>(4,477)</b>	<b>8,454</b>

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

For the six months ended 15 March 2019

	15.3.19	15.3.18
	£000's	£000's
Opening net assets attributable to unitholders	432,197 <sup>1</sup>	471,271
Amounts receivable on issue of units	14,169	3,487
Amounts payable on cancellation of units	(51,539)	(21,450)
	<b>(37,370)</b>	<b>(17,963)</b>
Dilution adjustment	59	5
Change in net assets attributable to unitholders from investment activities	(4,477)	8,454
<b>Closing net assets attributable to unitholders</b>	<b>390,409</b>	<b>461,767<sup>1</sup></b>

1 The Opening net assets attributable to unitholders for the current period do not equal the Closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

# Balance Sheet (unaudited)

As at 15 March 2019

	15.3.19	15.9.18
	£000's	£000's
<b>Assets</b>		
Investments	383,085	427,785
<b>Current assets</b>		
Debtors	3,608	3,522
Cash and bank balances	5,836	10,037
<b>Total assets</b>	<b>392,529</b>	<b>441,344</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	0	(8,610)
Other creditors	(2,120)	(537)
<b>Total liabilities</b>	<b>(2,120)</b>	<b>(9,147)</b>
<b>Net assets attributable to unitholders</b>	<b>390,409</b>	<b>432,197</b>

# Notes to the Accounts (unaudited)

## Basis of preparation

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

## Accounting policies

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 September 2018 and are described in those annual accounts.



# General Information

## Manager

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

Authorised and regulated by the Financial Conduct Authority

## Investment Adviser

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

Authorised and regulated by the Financial Conduct Authority

## Trustee

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

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

## Registrar

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

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## Administration Details

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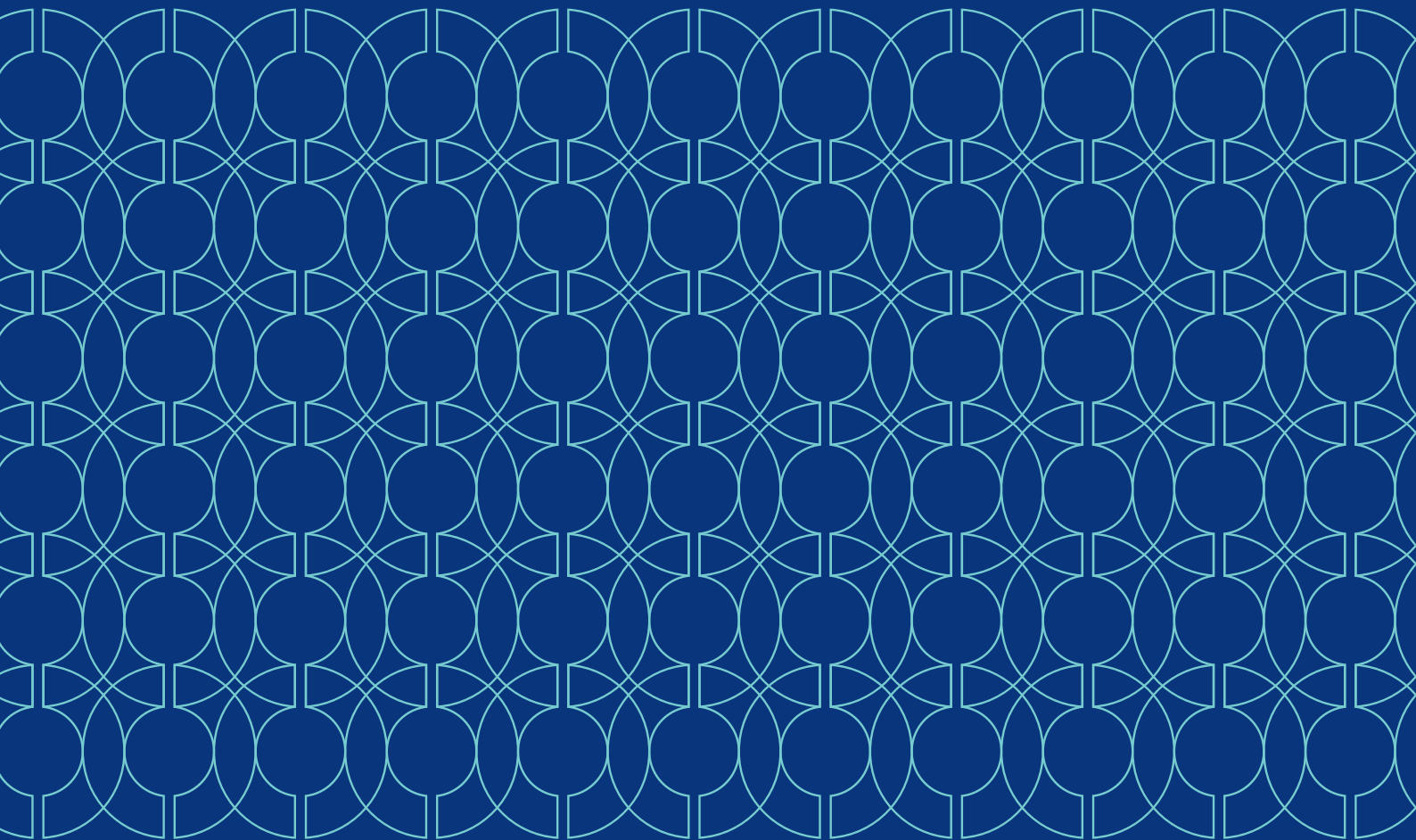
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## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.



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