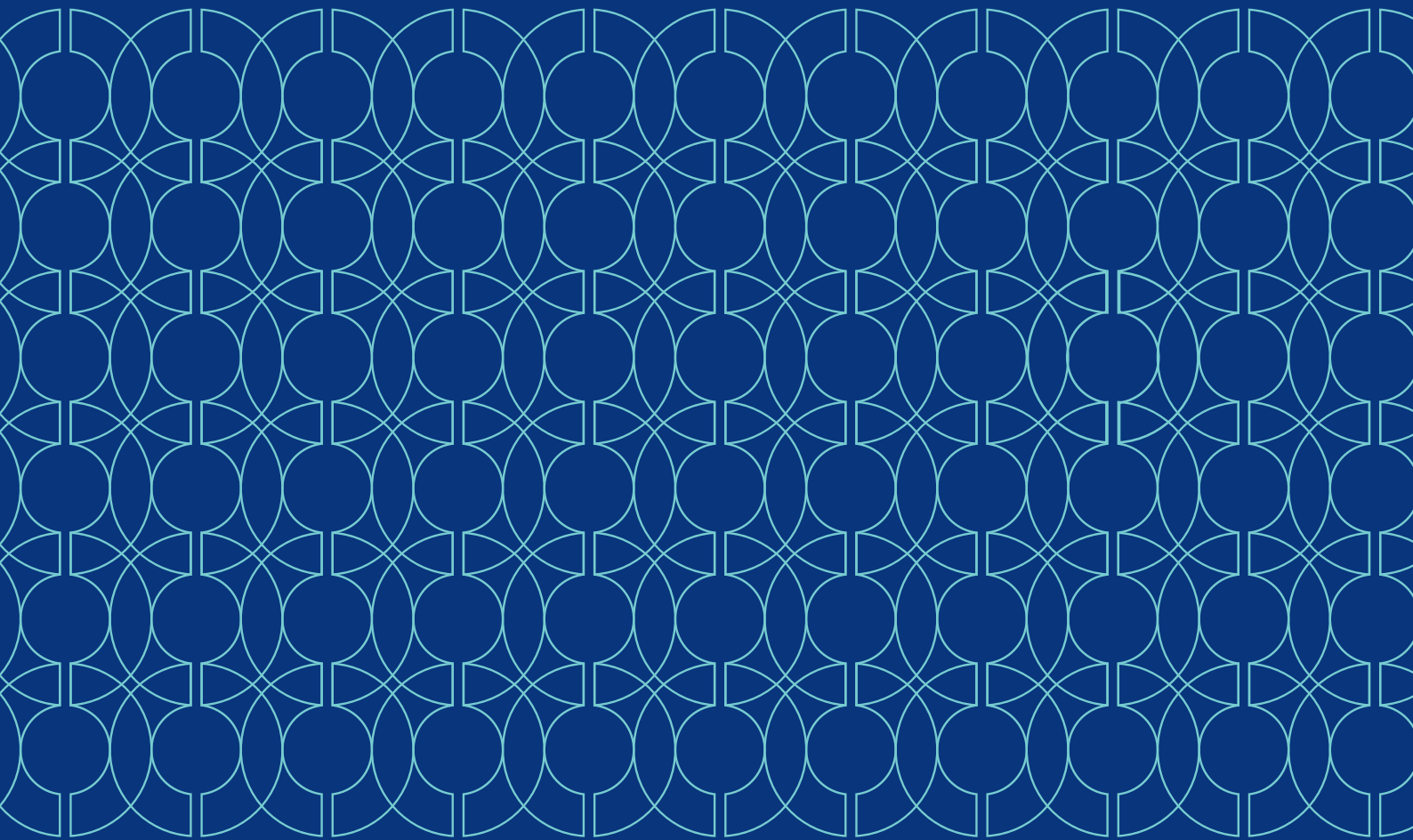


Schroders

Schroder Investment Fund  
Company

Interim Report and Accounts

June 2018



## Schroder Investment Fund Company

June 2018

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

# Company Information

## General information

Schroder Investment Fund Company (SIFCo or the company) is an umbrella company comprising ten sub funds which have their own investment objectives and policies. As at 30 June 2018 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**

## Principle activities

The company's principle activity is to carry on business as an Open Ended Investment Company (OEIC). The company is structured as an umbrella company and different sub funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the Financial Conduct Authority (FCA).

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 ACD 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.

## Significant events

With effect from 14 May 2018, Schroder European Opportunities Fund changed its name to Schroder European Recovery Fund.

# Statement of the Authorised Corporate Director's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook (COLL) requires the ACD 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 losses on the property of the company for the period. In preparing the accounts the ACD 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 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 ACD 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 COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The ACD's report and accounts for the period ended 30 June 2018 were signed on 21 August 2018 on behalf of the ACD by:

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

**R.E. Stoakley**

# Statement of Cross Holdings

As at 30 June 2018 there were no sub fund cross holdings within the company.

# 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 31 December 2017 and are described in those annual accounts

# Fund Information

## Investment objective and policy

The Schroder UK Opportunities Fund (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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Accumulation shares</b>	448.70p	445.80p	0.65
<b>C Income shares</b>	342.20p	341.80p	0.12
<b>C Accumulation shares</b>	498.50p	494.00p	0.91
<b>D Income shares</b>	55.35p	55.28p	0.13
<b>D Accumulation shares</b>	61.64p	60.99p	1.07
<b>S Income shares</b>	53.53p	53.46p	0.13
<b>Z Income shares</b>	457.10p	456.50p	0.13
<b>Z Accumulation shares</b>	528.70p	523.30p	1.03
	31.8.18	31.8.17	
<b>Interim distribution per Z Income share</b>	7.1598p	6.2893p	

# Fund Information (continued)

## Fund information

Launch date	2 July 1999	
Launch price	135.27p per C Income share	
	135.27p per C Accumulation share	
	135.27p per Z Accumulation share	
Launch date	25 February 2002	
Launch price	110.56p per A Accumulation share	
Launch date	1 December 2011	
Launch price	250.64p per Z Income share	
Launch date	1 October 2013	
Launch price	50.00p per D Income share	
	50.00p per D Accumulation share	
Launch date	1 November 2013	
Launch price	50.00p per S Income share	
	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation dates	31 August	28 February

## Ongoing charges figure

	For the period to 30.6.18	For the year to 31.12.17
<b>A Accumulation shares</b>	1.67% <sup>1</sup>	1.67%
<b>C Income shares</b>	1.17% <sup>1</sup>	1.17%
<b>C Accumulation shares</b>	1.17% <sup>1</sup>	1.17%
<b>D Income shares</b>	0.84% <sup>1</sup>	0.84%
<b>D Accumulation shares</b>	0.84% <sup>1</sup>	0.84%
<b>S Income shares</b>	0.54% <sup>1</sup>	0.54%
<b>Z Income shares</b>	0.92% <sup>1</sup>	0.92%
<b>Z Accumulation shares</b>	0.92% <sup>1</sup>	0.92%

<sup>1</sup> The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

# Fund Information (continued)

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	94,193	157,039
Total sales	131,617	278,466

# Review of Investment Activities

**From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis rose 1.03%. In comparison, the FTSE<sup>1</sup> All Share Index generated a total return of 1.69%<sup>2</sup>.**

Over the period the FTSE<sup>1</sup> All Share Index delivered a total return of 1.69%<sup>2</sup>, the FTSE<sup>1</sup> 100 Index 1.68%<sup>2</sup>, the FTSE<sup>2</sup> 250 Index 1.90%<sup>1</sup> and the FTSE<sup>1</sup> Small Cap Index 1.01%<sup>2</sup>. At a sector level, automobile parts, tech hardware and food retail were the strongest performers with chemicals and media also outperforming. Conversely, the tobacco and mobile telecommunications sectors underperformed in the period, while fixed line telecommunications and software also struggled.

The fund underperformed the benchmark index in the period with stockpicking the main drag while business cycle positioning was a positive contributor. Positive stock contributions came from NEX Group, GKN, Hunting, GlaxoSmithKline and BHP Billiton though negative contributions from Superdry, Sage Group, XL Media and TP ICAP were more significant, alongside the underweight holdings in Shire and BP which held back relative returns.

During the period the fund established new holdings in QinetiQ Group (aerospace and defence) and Huntsworth (Media) with these additions funded by disposals such as Prudential, Secure Trust Bank, Jupiter Fund Management and RELX, which were fully exited over the six months.

Whilst the Brexit uncertainty remains, the UK market is still an attractive hunting ground for real returns, particularly for overseas investors and we also expect mergers and acquisitions activity to continue. The fund has moved to a more defensive positioning as we enter into the latter stages of the business cycle.

## Co-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 and UK opportunities portfolios

He manages the Schroder UK Alpha Income Fund, Schroder UK Opportunities Fund, SISF 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 19 years' investment experience

## Co-Fund Manager: Michael Zorko



Michael Zorko is a Portfolio Manager at Schroders, Co-Fund Manager of the Schroder UK Opportunities Fund, Deputy Manager of the SUTL Cazenove Charity Equity Income Fund and back-up for the Schroder UK Alpha Income Fund. He joined Cazenove Capital Management shortly before Schroders acquisition in 2013. He joined Schroders in 2013 and is based in London

Michael was an Analyst at Exane BNP Paribas from 2009 to 2013, in the Extel Top 5 ranked telecommunications team

He was a Chartered Accountant at PricewaterhouseCoopers from 2006 to 2009, which involved conducting company audits

Qualifications: BA in Physics from Oxford 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 is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

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.

## Specific risks

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 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 a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

The fund may invest in a wide range of derivatives in order to meet its investment objectives and for leverage.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December	A Accumulation shares		C Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	399.70	344.40	320.80	273.30
2016	387.40	317.80	301.50	250.30
2017	445.80	389.60	341.80	301.30
Financial period to 30 June 2018	464.80	417.10	354.30	317.80

Financial year to 31 December	C Accumulation shares		D Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	437.20	377.80	51.88	44.21
2016	426.70	348.90	48.75	40.44
2017	494.00	429.80	55.28	48.66
Financial period to 30 June 2018	516.10	462.90	57.29	51.36

Financial year to 31 December	D Accumulation shares		S Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	53.52	46.33	50.15	42.74
2016	52.51	42.80	47.14	39.05
2017	60.99	52.90	53.46	47.00
Financial period to 30 June 2018	63.80	57.19	55.39	49.64

Financial year to 31 December	Z Income shares		Z Accumulation shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	428.40	365.00	460.10	398.20
2016	402.60	334.00	450.90	367.80
2017	456.50	402.00	523.30	454.20
Financial period to 30 June 2018	473.20	424.20	547.30	490.70

# Net Asset Value and Comparative Tables (continued)

## Net revenue

Financial year to 31 December	A Accumulation shares pence per share	C Income shares pence per share
2015	6.3716	6.6425
2016	6.3052	6.4082
2017	6.9202	6.9307
Financial period to 30 June 2018	5.3309	4.9440

Financial year to 31 December	C Accumulation shares pence per share	D Income shares pence per share
2015	9.0982	1.2264
2016	8.9821	1.1996
2017	9.9580	1.2903
Financial period to 30 June 2018	7.2130	0.8679

Financial year to 31 December	D Accumulation shares pence per share	S Income shares pence per share
2015	1.2715	1.3300
2016	1.2630	1.2774
2017	1.4142	1.4022
Financial period to 30 June 2018	0.9807	0.9376

Financial year to 31 December	Z Income shares pence per share	Z Accumulation shares pence per share
2015	9.8680	10.6597
2016	9.5016	10.5332
2017	10.3380	11.7542
Financial period to 30 June 2018	7.1598	8.2841

# Net Asset Value and Comparative Tables (continued)

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Accumulation shares	92,572	361.60	25,600,406
C Income shares	31,832	284.62	11,183,985
C Accumulation shares	23,793	396.77	5,996,813
D Income shares	89	45.97	192,565
D Accumulation shares	372	48.66	764,777
S Income shares	531	44.38	1,197,104
Z Income shares	52,160	379.69	13,737,690
Z Accumulation shares	303,440	418.18	72,562,509
<b>2016</b>			
A Accumulation shares	61,817	388.39	15,916,242
C Income shares	23,078	300.29	7,684,942
C Accumulation shares	17,403	428.30	4,063,375
D Income shares	2,672	48.49	5,511,424
D Accumulation shares	1,700	52.70	3,226,315
S Income shares	821	46.82	1,753,483
Z Income shares	39,730	400.60	9,917,603
Z Accumulation shares	213,932	452.54	47,273,962
<b>2017</b>			
A Accumulation shares	55,482	447.51	12,397,866
C Income shares	6,123	340.48	1,798,294
C Accumulation shares	9,308	495.96	1,876,831
D Income shares	262	54.98	475,903
D Accumulation shares	313	61.23	511,894
S Income shares	40,430	53.10	76,144,318
Z Income shares	13,864	454.24	3,052,002
Z Accumulation shares	143,963	525.36	27,402,967

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2018 at 30 June</b>			
A Accumulation shares	37,852	447.68	8,455,114
C Income shares	5,777	336.52	1,716,827
C Accumulation shares	8,473	497.40	1,703,452
D Income shares	65	54.36	119,227
D Accumulation shares	159	61.50	258,515
S Income shares	39,278	52.48	74,846,747
Z Income shares	11,407	448.96	2,540,778
Z Accumulation shares	126,294	527.54	23,940,204

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Accumulation shares	447.68	447.51	0.04
C Income shares	336.52	340.48	(1.16)
C Accumulation shares	497.40	495.96	0.29
D Income shares	54.36	54.98	(1.13)
D Accumulation shares	61.50	61.23	0.44
S Income shares	52.48	53.10	(1.17)
Z Income shares	448.96	454.24	(1.16)
Z Accumulation shares	527.54	525.36	0.41

**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 30.6.18	Market Value £000's	% of net assets
<b>Equities 98.58% (99.03%)</b>			
<b>Oil &amp; Gas 14.13% (10.35%)</b>			
BP	1,339,380	7,746	3.38
Hunting	66,190	514	0.22
Petrofac	610,917	3,570	1.56
Royal Dutch Shell B	757,967	20,567	8.97
		<b>32,397</b>	<b>14.13</b>
<b>Basic Materials 7.85% (8.67%)</b>			
BHP Billiton	456,871	7,793	3.40
Croda International	91,430	4,390	1.92
Rio Tinto	138,584	5,821	2.53
		<b>18,004</b>	<b>7.85</b>
<b>Industrials 13.45% (13.69%)</b>			
Babcock International Group	153,388	1,254	0.55
Balfour Beatty	1,522,374	4,318	1.88
Ferguson	38,873	2,390	1.04
Forterra	1,387,167	4,252	1.85
Melrose Industries	2,431,037	5,168	2.25
QinetiQ Group	1,774,129	4,780	2.09
Smart Metering Systems <sup>#</sup>	425,790	3,304	1.44
Weir Group	269,262	5,385	2.35
		<b>30,851</b>	<b>13.45</b>
<b>Consumer Goods 8.37% (9.54%)</b>			
Bakkavor Group	1,054,843	2,025	0.88
Bovis Homes Group	104,335	1,195	0.52
British American Tobacco	275,085	10,534	4.60
Games Workshop Group	158,951	4,753	2.07
Superdry	61,786	693	0.30
		<b>19,200</b>	<b>8.37</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Health Care 8.88% (7.03%)</b>			
GlaxoSmithKline	909,097	13,907	6.06
Smith & Nephew	462,373	6,464	2.82
		<b>20,371</b>	<b>8.88</b>
<b>Consumer Services 13.42% (11.60%)</b>			
B&M European Value Retail	1,353,010	5,466	2.39
Cineworld Group	1,909,165	5,063	2.21
EI Group	1,603,593	2,342	1.02
Huntsworth	2,034,543	2,442	1.06
Thomas Cook Group	2,915,499	3,137	1.37
Wm Morrison Supermarkets	2,493,830	6,285	2.74
WPP	380,000	4,533	1.98
XLMedia <sup>#</sup>	1,462,750	1,507	0.65
		<b>30,775</b>	<b>13.42</b>
<b>Telecommunications 2.28% (4.00%)</b>			
Vodafone Group	2,840,044	5,220	2.28
		<b>5,220</b>	<b>2.28</b>
<b>Financials 24.09% (29.10%)</b>			
Amigo Holdings	744,998	2,134	0.93
Barclays	3,287,472	6,213	2.71
Charter Court Financial Services Group	1,054,441	3,496	1.52
Hiscox	408,566	6,227	2.72
Just Group	1,520,350	2,051	0.89
Lancashire Holdings	303,736	1,722	0.75
Lloyds Banking Group	11,716,286	7,384	3.22
London Stock Exchange Group	138,019	6,171	2.69
Man Group	1,753,747	3,095	1.35
RSA Insurance Group	350,000	2,376	1.04
Sherborne Investors Guernsey C	2,210,000	2,099	0.92
Standard Chartered	1,070,388	7,413	3.23

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Financials (continued)</b>			
TP ICAP	1,151,792	4,847	2.12
		<b>55,228</b>	<b>24.09</b>
<b>Technology 6.11% (5.05%)</b>			
IQE <sup>#</sup>	1,417,804	1,448	0.63
Sage Group	942,486	5,922	2.58
Sophos Group	1,038,831	6,628	2.90
		<b>13,998</b>	<b>6.11</b>
<b>Equities total</b>		<b>226,044</b>	<b>98.58</b>
Portfolio of investments		<b>226,044</b>	<b>98.58</b>
Net other assets		3,261	1.42
<b>Net assets attributable to shareholders</b>		<b>229,305</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Security traded on another regulated market.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
British American Tobacco	7,725
BP	7,351
Smith & Nephew	6,206
WPP	5,028
QinetiQ Group	4,385
London Stock Exchange Group	3,934
Petrofac	3,780
Thomas Cook Group	3,648
Huntsworth	2,613
Cineworld Group	2,598

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Prudential	10,474
Royal Dutch Shell B	7,291
Shire	6,508
Direct Line Insurance Group	6,011
DS Smith	5,989
easyJet	5,314
NEX Group	5,218
Hunting	5,076
Vodafone Group	4,730
BHP Billiton	4,309

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(3,655)	22,299
Revenue	4,955	6,564
Expenses	(1,235)	(1,829)
Net revenue before taxation	<b>3,720</b>	<b>4,735</b>
Taxation	(10)	0
Net revenue after taxation	<b>3,710</b>	<b>4,735</b>
<b>Total return before distributions</b>	<b>55</b>	<b>27,034</b>
Distributions	(3,712)	(4,735)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(3,657)</b>	<b>22,299</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	269,745 <sup>1</sup>	361,153
Amounts receivable on issue of shares	142	823
Amounts payable on cancellation of shares	(39,500)	(87,165)
	<b>(39,358)</b>	<b>(86,342)</b>
Dilution adjustment	15	0
Change in net assets attributable to shareholders from investment activities	(3,657)	22,299
Retained distribution on Accumulation shares	2,559	3,314
Unclaimed distributions	1	0
<b>Closing net assets attributable to shareholders</b>	<b>229,305</b>	<b>300,424<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	226,044	267,121
<b>Current assets</b>		
Debtors	3,694	1,394
Cash and bank balances	3,641	2,750
<b>Total assets</b>	<b>233,379</b>	<b>271,265</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(970)	(609)
Other creditors	(3,104)	(911)
<b>Total liabilities</b>	<b>(4,074)</b>	<b>(1,520)</b>
<b>Net assets attributable to shareholders</b>	<b>229,305</b>	<b>269,745</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder UK Opportunities Fund are disclosed on page 11.

# Distribution Table (unaudited)

**Interim distribution  
for the six  
months ended  
30 June 2018**

**Group 1** Shares purchased prior to 1 January 2018  
**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	Distribution paid 31.8.17 p per share
<b>A Accumulation shares</b>				
Group 1	5.3309	–	5.3309	4.5493
Group 2	3.9099	1.4210	5.3309	4.5493
<b>C Income shares</b>				
Group 1	4.9440	–	4.9440	4.3173
Group 2	4.2310	0.7130	4.9440	4.3173
<b>C Accumulation shares</b>				
Group 1	7.2130	–	7.2130	6.1567
Group 2	0.1878	7.0252	7.2130	6.1567
<b>D Income shares</b>				
Group 1	0.8679	–	0.8679	0.7824
Group 2	0.8679	0.0000	0.8679	0.7824
<b>D Accumulation shares</b>				
Group 1	0.9807	–	0.9807	0.8535
Group 2	0.9807	0.0000	0.9807	0.8535
<b>S Income shares</b>				
Group 1	0.9376	–	0.9376	0.8292
Group 2	0.9376	0.0000	0.9376	0.8292
<b>Z Income shares</b>				
Group 1	7.1598	–	7.1598	6.2893
Group 2	4.3096	2.8502	7.1598	6.2893
<b>Z Accumulation shares</b>				
Group 1	8.2841	–	8.2841	7.0989
Group 2	5.0629	3.2212	8.2841	7.0989

## Corporate shareholders

Corporate shareholders receive the dividend distribution payments as detailed below:  
100.00% of the total distribution is received as franked investment income.

# Distribution Table (unaudited) (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.

# Fund Information

## Investment objective and policy

The Schroder UK Dynamic Smaller Companies Fund (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.

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 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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Accumulation shares</b>	454.00p	441.90p	2.74
<b>C Income shares</b>	439.50p	428.00p	2.69
<b>C Accumulation shares</b>	496.40p	482.00p	2.99
<b>S Income shares</b>	77.35p	75.33p	2.68
<b>S Accumulation shares</b>	82.12p	79.49p	3.31
<b>Z Income shares</b>	503.20p	490.10p	2.67
<b>Z Accumulation shares</b>	528.60p	512.60p	3.12
	31.8.18	31.8.17	
<b>Interim distribution per Z Income share</b>	3.5036p	1.8555p	

# Fund Information (continued)

## Fund information

Launch date	2 July 1999	
Launch price	59.98p per C Income share	
	59.98p per C Accumulation share	
	59.98p per Z Accumulation share	
Launch date	25 February 2002	
Launch price	72.11p per A Accumulation share	
Launch date	1 December 2011	
Launch price	169.96p per Z Income share	
Launch date	1 November 2013	
Launch price	50.00p per S Income share	
Launch date	20 March 2015	
Launch price	50.00p per S Accumulation share	
	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation dates	31 August	28 February

## Ongoing charges figure

	For the period to 30.6.18	For the year to 31.12.17
A Accumulation shares	1.67% <sup>1</sup>	1.67%
C Income shares	1.17% <sup>1</sup>	1.17%
C Accumulation shares	1.17% <sup>1</sup>	1.17%
S Income shares	0.54% <sup>1</sup>	0.54%
S Accumulation shares	0.54% <sup>1</sup>	0.54%
Z Income shares	0.92% <sup>1</sup>	0.92%
Z Accumulation shares	0.92% <sup>1</sup>	0.92%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	42,836	375,776
Total sales	84,325	529,518

# Review of Investment Activities

**From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis rose 3.12%. In comparison, the FTSE<sup>1</sup> SmallCap ex Investment Trust Index generated a total return of 0.12%<sup>2</sup>.**

UK equities fell over the first three months of the period before rebounding sharply in the second three months, to end the period marginally higher.

Data replication software provider WANDisco was our top contributor on the back of very strong full-year results as the company secured record bookings in 2017 (up 45% year on year). Greeting card and gift packing group IG Design Group, high end audio visual distributor Midwich Group, specialist provider of consultancy services to the asset and wealth management industry Alpha Financial Markets Consulting and mobile phone payment platform specialist Boku also performed very well after publishing robust final results. In the case of Alpha and Boku these were maiden full year numbers since initial public offering and helped bring their exciting growth potential to the attention of the wider market.

On the negative side, industrial chain maker Renold, funeral provider Dignity and own label consumer goods specialist McBride performed poorly on the back of disappointing trading updates. Not owning highly leveraged UK roadside assistance group AA was also a key detractor. After warning on profits and cutting the dividend the company was demoted from the FTSE 250 into the FTSE Small Cap Index midway through the period – the shares then rebound very sharply.

‘Sell in May and go away’ is apt to remember as we head into the summer months when market activity seasonally contracts and as a result reactions to newsflow are often more pronounced. However, it’s also important to remember that although the macro economic backdrop has slowed through the early part of 2018, it is still in firm territory, meanwhile secular trends press on and small caps exposed to those continue to perform.

**Fund Manager:  
Luke Biermann**



European Smaller Company Fund Manager, based in London

Luke has more than 11 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

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

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.

## Specific risks

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 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 smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December		A Accumulation shares		C Income shares	
		Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015		329.40	281.30	318.30	271.90
2016		355.30	281.70	344.50	373.30
2017		452.00	354.70	437.50	342.90
Financial period to 30 June 2018		457.60	413.40	443.00	399.40

Financial year to 31 December		C Accumulation shares		S Income shares	
		Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015		355.00	302.60	56.16	47.75
2016		385.70	305.10	60.60	48.09
2017		492.70	385.10	76.93	60.15
Financial period to 30 June 2018		500.40	451.20	77.96	70.13

Financial year to 31 December		S Accumulation shares		Z Income shares	
		Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015		57.68	49.42	364.10	311.00
2016		63.21	49.84	394.30	312.90
2017		81.18	63.12	500.80	392.10
Financial period to 30 June 2018		82.77	74.46	507.20	456.90

Financial year to 31 December		Z Accumulation shares	
		Highest dealing p	Lowest dealing p
2015		375.30	319.40
2016		409.10	323.20
2017		523.70	408.50
Financial period to 30 June 2018		532.80	479.90

# Net Asset Value and Comparative Tables (continued)

## Net revenue

Financial year to 31 December	A Accumulation shares pence per share	C Income shares pence per share
2015	Nil	1.0204
2016	0.3031	1.9008
2017	0.4235	2.3697
Financial period to 30 June 2018	1.5164	2.5346

Financial year to 31 December	C Accumulation shares pence per share	S Income shares pence per share
2015	1.1215	0.4859
2016	2.0662	0.6774
2017	2.7096	0.8614
Financial period to 30 June 2018	2.8620	0.6781

Financial year to 31 December	S Accumulation shares pence per share	Z Income shares pence per share
2015	0.5028	1.9608
2016	0.7025	3.0654
2017	0.9081	3.9378
Financial period to 30 June 2018	0.7200	3.5036

Financial year to 31 December	Z Accumulation shares pence per share
2015	2.0391
2016	3.1865
2017	4.1254
Financial period to 30 June 2018	3.6812

# Net Asset Value and Comparative Tables (continued)

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Accumulation shares	131,683	313.86	41,955,513
C Income shares	57,467	303.69	18,923,068
C Accumulation shares	40,328	339.00	11,895,942
S Income shares	806	53.27	1,513,000
S Accumulation shares	1,794	55.21	3,249,018
Z Income shares	45,185	347.26	13,011,774
Z Accumulation shares	234,672	358.67	65,428,200
<b>2016</b>			
A Accumulation shares	107,451	349.45	30,748,752
C Income shares	42,431	337.73	12,563,570
C Accumulation shares	30,767	379.33	8,110,982
S Income shares	8,861	59.24	14,956,566
S Accumulation shares	2,716	62.17	4,368,289
Z Income shares	39,521	386.19	10,233,718
Z Accumulation shares	225,114	402.34	55,950,645
<b>2017</b>			
A Accumulation shares	115,143	437.68	26,307,773
C Income shares	4,479	422.65	1,059,762
C Accumulation shares	7,738	477.44	1,620,649
S Income shares	15,531	74.16	20,943,674
S Accumulation shares	8,928	78.74	11,339,772
Z Income shares	21,020	483.35	4,348,818
Z Accumulation shares	246,159	507.71	48,483,739
<b>2018 at 30 June</b>			
A Accumulation shares	108,869	450.00	24,193,109
C Income shares	4,222	433.12	974,743
C Accumulation shares	6,833	492.11	1,388,480
S Income shares	14,773	76.00	19,438,851
S Accumulation shares	8,976	81.41	11,025,604
Z Income shares	18,432	495.34	3,721,122
Z Accumulation shares	223,634	523.97	42,680,953

# Net Asset Value and Comparative Tables (continued)

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Accumulation shares	450.00	437.68	2.81
C Income shares	433.12	422.65	2.48
C Accumulation shares	492.11	477.44	3.07
S Income shares	76.00	74.16	2.48
S Accumulation shares	81.41	78.74	3.39
Z Income shares	495.34	483.35	2.48
Z Accumulation shares	523.97	507.71	3.20

**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 30.6.18	Market Value £000's	% of net assets
<b>Collective Investment Scheme 0.00% (1.00%)</b>			
<b>Cash Funds 0.00% (1.00%)</b>			
<b>Equities 97.72% (96.71%)</b>			
<b>Oil &amp; Gas 0.92% (0.00%)</b>			
Tekmar Group <sup>#</sup>	2,450,000	3,553	0.92
		<b>3,553</b>	<b>0.92</b>
<b>Basic Materials 2.09% (2.71%)</b>			
Treant	1,836,839	8,045	2.09
		<b>8,045</b>	<b>2.09</b>
<b>Industrials 37.62% (31.75%)</b>			
Alpha Financial Markets Consulting <sup>#</sup>	5,180,436	12,330	3.20
Augean <sup>#</sup>	13,580,500	5,025	1.30
Boku <sup>#</sup>	10,510,627	10,826	2.81
DiscoverIE Group	650,000	2,840	0.74
Eurocell	2,680,946	7,024	1.82
Gooch & Housego <sup>#</sup>	462,234	6,841	1.77
Johnson Service Group <sup>#</sup>	6,904,065	9,500	2.47
Midwich Group <sup>#</sup>	1,583,976	10,296	2.67
Polypipe Group	1,288,997	4,960	1.29
Renew Holdings <sup>#</sup>	2,183,258	8,646	2.24
Renold	14,464,253	4,151	1.08
Robert Walters	1,523,625	10,665	2.76
Smart Metering Systems <sup>#</sup>	1,585,215	12,301	3.19
Strix Group <sup>#</sup>	2,094,529	3,427	0.89
Thruvision Group <sup>#</sup>	20,465,633	2,916	0.75
Vp	1,715,648	17,671	4.57
Wincanton	5,100,067	13,005	3.37
Xaar	1,145,104	2,697	0.70
		<b>145,121</b>	<b>37.62</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Consumer Goods 18.42% (18.21%)</b>			
Codemasters Group Holdings <sup>#</sup>	1,960,000	4,371	1.13
Crest Nicholson Holdings	460,416	1,795	0.47
Fevertree Drinks <sup>#</sup>	201,941	6,827	1.77
Games Workshop Group	261,324	7,814	2.02
IG Design Group <sup>#</sup>	2,717,665	13,588	3.52
Mar City <sup>^</sup>	12,242,500	0	0.00
McBride	5,059,541	6,750	1.75
McBride Preference	441,326,719	441	0.11
Nichols <sup>#</sup>	272,835	4,038	1.05
Team17 Group <sup>#</sup>	1,400,000	3,304	0.86
Telford Homes <sup>#</sup>	1,446,203	5,683	1.47
Walker Greenbank <sup>#</sup>	5,735,413	6,309	1.64
Warpaint London <sup>#</sup>	550,917	1,295	0.33
Watkin Jones <sup>#</sup>	2,606,579	5,278	1.37
Wynnstay Group <sup>#</sup>	722,249	3,575	0.93
		<b>71,068</b>	<b>18.42</b>
<b>Health Care 2.72% (5.42%)</b>			
Medica Group	3,381,957	4,396	1.14
Spire Healthcare Group	2,434,686	6,092	1.58
		<b>10,488</b>	<b>2.72</b>
<b>Consumer Services 16.04% (16.94%)</b>			
Dignity	261,479	2,630	0.68
Elegant Hotels Group <sup>#</sup>	4,448,581	3,425	0.89
Everyman Media Group <sup>#</sup>	5,793,690	12,399	3.22
Hollywood Bowl Group	2,217,039	5,055	1.31
Hostelworld Group	373,636	1,177	0.30
Marshall Motor Holdings <sup>#</sup>	4,263,020	6,949	1.80
On the Beach Group	2,468,840	12,369	3.21
Quiz <sup>#</sup>	1,774,198	3,344	0.87
System1 Group <sup>#</sup>	209,700	587	0.15

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Consumer Services (continued)</b>			
TEN Entertainment Group	2,211,434	5,794	1.50
Topps Tiles	1,187,657	761	0.20
XLMedia <sup>#</sup>	835,800	861	0.22
Young & Co's Brewery <sup>#</sup>	338,741	4,336	1.13
Young & Co's Brewery A <sup>#</sup>	129,251	2,178	0.56
		<b>61,865</b>	<b>16.04</b>
<b>Utilities 0.70% (0.38%)</b>			
Fulcrum Utility Services <sup>#</sup>	3,813,696	2,708	0.70
		<b>2,708</b>	<b>0.70</b>
<b>Financials 10.10% (12.48%)</b>			
Arrow Global Group	2,035,482	4,926	1.28
Brooks Macdonald Group <sup>#</sup>	388,079	7,509	1.95
CMC Markets	47,211	94	0.02
Record	14,083,653	6,211	1.61
Savills	378,280	3,284	0.85
Secure Income REIT <sup>#</sup>	3,668,460	14,087	3.66
Trufin <sup>#</sup>	1,300,000	2,834	0.73
		<b>38,945</b>	<b>10.10</b>
<b>Technology 9.11% (8.82%)</b>			
CML Microsystems	981,753	5,154	1.34
dotdigital group <sup>#</sup>	2,154,924	1,595	0.42
Forbidden Technologies <sup>#</sup>	23,930,000	1,316	0.34
NCC Group	2,310,912	4,728	1.22
Quixant <sup>#</sup>	4,002,097	16,609	4.31
WANDisco <sup>#</sup>	523,106	5,754	1.48
		<b>35,156</b>	<b>9.11</b>
<b>Equities total</b>		<b>376,949</b>	<b>97.72</b>

# Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	376,949	97.72
Net other assets	8,790	2.28
<b>Net assets attributable to shareholders</b>	<b>385,739</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Security traded on another regulated market.

^ Unlisted, suspended or delisted security.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
Codemasters Group Holdings	4,592
Dignity	4,407
Secure Income REIT	3,933
Tekmar Group	3,262
Alpha Financial Markets Consulting	3,192
Renew Holdings	3,095
DiscoverIE Group	2,909
Team17 Group	2,717
Trufin	2,470
NCC Group	1,753

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Mattioli Woods	8,426
Clinigen Group	7,504
Midwich Group	4,964
IG Design Group	4,745
Senior	4,695
Schroder Sterling Liquidity Plus Fund I Accumulation GBP <sup>†</sup>	4,189
WANDisco	3,990
Virgin Money Holdings UK	3,746
Dignity	3,529
On the Beach Group	3,034

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

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital gains	9,043	95,616
Revenue	4,594	4,559
Expenses	(2,179)	(2,952)
Net revenue before taxation	<b>2,415</b>	<b>1,607</b>
Taxation	(8)	0
Net revenue after taxation	<b>2,407</b>	<b>1,607</b>
<b>Total return before distributions</b>	<b>11,450</b>	<b>97,223</b>
Distributions	(2,408)	(1,608)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>9,042</b>	<b>95,615</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	418,998 <sup>1</sup>	456,861
Amounts receivable on issue of shares	1,558	71,210
Amounts payable on cancellation of shares	(45,916)	(163,349)
	<b>(44,358)</b>	<b>(92,139)</b>
Dilution adjustment	0	1,629
Change in net assets attributable to shareholders from investment activities	9,042	95,615
Retained distribution on Accumulation shares	2,057	1,151
<b>Closing net assets attributable to shareholders</b>	<b>385,739</b>	<b>463,117<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	376,949	409,392
<b>Current assets</b>		
Debtors	1,494	2,075
Cash and bank balances	8,479	9,196
<b>Total assets</b>	<b>386,922</b>	<b>420,663</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(287)	(201)
Other creditors	(896)	(1,464)
<b>Total liabilities</b>	<b>(1,183)</b>	<b>(1,665)</b>
<b>Net assets attributable to shareholders</b>	<b>385,739</b>	<b>418,998</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder UK Dynamic Smaller Companies are disclosed on page 11.

# Distribution Table (unaudited)

**Interim distribution  
for the six  
months ended  
30 June 2018**

**Group 1** Shares purchased prior to 1 January 2018  
**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	Distribution paid 31.8.17 p per share
<b>A Accumulation shares</b>				
Group 1	1.5164	–	1.5164	0.1692
Group 2	1.3751	0.1413	1.5164	0.1692
<b>C Income shares</b>				
Group 1	2.5346	–	2.5346	1.1077
Group 2	0.6353	1.8993	2.5346	1.1077
<b>C Accumulation shares</b>				
Group 1	2.8620	–	2.8620	1.2599
Group 2	1.7011	1.1609	2.8620	1.2599
<b>S Income shares</b>				
Group 1	0.6781	–	0.6781	0.4005
Group 2	0.5035	0.1746	0.6781	0.4005
<b>S Accumulation shares</b>				
Group 1	0.7200	–	0.7200	0.4211
Group 2	0.4554	0.2646	0.7200	0.4211
<b>Z Income shares</b>				
Group 1	3.5036	–	3.5036	1.8555
Group 2	2.6858	0.8178	3.5036	1.8555
<b>Z Accumulation shares</b>				
Group 1	3.6812	–	3.6812	1.9393
Group 2	2.7855	0.8957	3.6812	1.9393

## Corporate shareholders

Corporate shareholders receive the dividend distribution payments as detailed below:

100.00% of the total distribution is received as franked investment income.

## 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.

# Fund Information

## Investment objective and policy

The Schroder Sterling Corporate Bond Fund (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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Income shares</b>	62.02p	64.09p	(3.23)
<b>A Accumulation shares</b>	73.58p	74.65p	(1.43)
<b>C Income shares</b>	61.50p	63.47p	(3.10)
<b>C Accumulation shares</b>	141.10p	142.90p	(1.26)
<b>S Income shares</b>	54.49p	56.11p	(2.89)
<b>S Accumulation shares</b>	150.00p	151.70p	(1.12)
<b>Z Income shares</b>	119.70p	123.40p	(3.00)
<b>Z Accumulation shares</b>	149.90p	151.70p	(1.19)
	1.3.18 to 31.8.18	1.3.17 to 31.8.17	
<b>Distributions per Z Income share</b>	2.2572p	2.6092p	

# Fund Information (continued)

## Fund information

Launch date	11 August 1999
Launch price	57.66p per C Income share
	57.66p per C Accumulation share
Launch date	19 December 2000
Launch price	62.13p per Z Accumulation share
Launch date	25 February 2002
Launch price	60.15p per A Income share
Launch date	11 May 2012
Launch price	106.50p per Z Income share
Launch date	1 October 2013
Launch price	58.13p per A Accumulation share
Launch date	1 November 2013
Launch price	50.00p per S Income share
Launch date	15 December 2017
Launch price	151.40p per S Accumulation share

	Quarterly	Interim	Quarterly	Final
Accounting dates	31 March	30 June	30 September	31 December
Revenue allocation dates	31 May	31 August	30 November	28 February

## Ongoing charges figure

	For the period to 30.6.18	For the period from 1.1.18	For the year to 31.12.17
A Income shares	1.13% <sup>1</sup>	1.13%	1.13%
A Accumulation shares	1.13% <sup>1</sup>	1.13%	1.13%
C Income shares	0.88% <sup>1</sup>	0.88%	0.88%
C Accumulation shares	0.88% <sup>1</sup>	0.88%	0.88%
S Income shares	0.43% <sup>1</sup>	0.43% <sup>2</sup>	0.42%
S Accumulation shares	0.43% <sup>1</sup>	0.43% <sup>1,2</sup>	0.38% <sup>1</sup>
Z Income shares	0.62% <sup>1</sup>	0.63%	0.63%
Z Accumulation shares	0.62% <sup>1</sup>	0.63%	0.63%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

2 The Ongoing charges figure is a projected figure based on the latest expenses of the share classes.

# Fund Information (continued)

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	140,237	225,720
Total sales	123,049	248,579

# Review of Investment Activities

**From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis fell 1.19%. In comparison, the Bank of America Merrill Lynch Sterling Corporate & Collateralised Index generated a negative total return of 1.59%<sup>1</sup>.**

<sup>1</sup> Source: FactSet.

Conditions were more challenging for corporate bonds over the period with bouts of sharp volatility on account of tightening global monetary conditions through US dollar strength, rising trade tensions and Italian politics. The sterling corporate bond market was a relative outperformer. Sterling investment grade (IG) held up better than US dollar equivalents, and sterling high yield (HY) made a positive total return.

The portfolio generated a modest negative return, outperforming the index. The fund benefited from contrarian positions in the UK retail space, notably in supermarkets, and in the first quarter from sector underweights in capital goods and subordinated financials, but off-benchmark exposure to high yield and emerging markets detracted. We reduced sterling exposure overall, both in IG and off-benchmark HY, notably in telecommunications and utilities. We added to real estate, which is now the largest overweight given the stability of cash flows, attractive spreads and strong protection afforded to creditors in the bonds' documentation. The sell-off in euro credit provided opportunities in the second quarter.

UK economic trends remain lacklustre although more recently there have been signs of wages rising. The Brexit process remains generally problematic with the government divided. This is likely to continue eroding consumer and business confidence. A concerted rate hiking cycle from the Bank of England remains unlikely given weak underlying inflationary pressures. Sterling credit valuations are somewhat less attractive at this point in time, but the UK has good quality companies and banks, and investors can benefit from any additional risk premia from solid businesses.

**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

**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 and reward indicator changed from 3 to 4 with effect from 3 April 2018 for A Accumulation shares, C Accumulation shares, Z Accumulation shares and Z Income shares. At the period end the risk and reward indicator for A Income shares, C Income shares, S Income shares and S Accumulation shares remained at 3.

There is a difference between share classes caused by the technical nature of the calculation of the 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 is in this category because it seeks to provide rewards whilst limiting price volatility.

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.

## Specific risks

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.

More than 35% of the property of the fund may be invested in Government securities.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

The fund invests 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 uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The ACD employs a risk management process to allow the ACD 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 ACD conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December <b>A Income shares</b> <b>A Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	63.46	57.85	66.37	62.24
2016	65.97	57.18	73.06	62.14
2017	64.36	60.62	74.65	68.39
Financial period to 30 June 2018	63.66	61.81	74.87	72.73

Financial year to 31 December <b>C Income shares</b> <b>C Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	62.40	56.99	126.20	118.50
2016	65.11	56.37	139.40	118.40
2017	63.69	59.90	142.90	130.60
Financial period to 30 June 2018	63.06	61.27	143.40	139.30

Financial year to 31 December <b>S Income shares</b> <b>S Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	54.44	49.89	–	–
2016	57.20	49.41	–	–
2017	56.24	52.73	151.70	150.50
Financial period to 30 June 2018	55.75	54.20	152.20	147.90

Financial year to 31 December <b>Z Income shares</b> <b>Z Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	120.40	110.20	132.90	125.00
2016	126.10	109.00	147.40	125.10
2017	123.70	116.10	151.70	138.30
Financial period to 30 June 2018	122.60	119.10	152.10	147.90

# Net Asset Value and Comparative Tables (continued)

## Net revenue

Financial year to 31 December	A Income shares pence per share	A Accumulation shares pence per share
2015	2.2699	2.4077
2016	2.3076	2.5431
2017	2.5979	2.9767
Financial period to 30 June 2018	1.1707	1.3824

Financial year to 31 December	C Income shares pence per share	C Accumulation shares pence per share
2015	2.2345	4.5828
2016	2.2759	4.8501
2017	2.5665	5.6856
Financial period to 30 June 2018	1.1607	2.6492

Financial year to 31 December	S Income shares pence per share	S Accumulation shares pence per share
2015	1.9579	-
2016	1.9985	-
2017	2.2703	1.3873
Financial period to 30 June 2018	1.0269	2.8148

Financial year to 31 December	Z Income shares pence per share	Z Accumulation shares pence per share
2015	4.3234	4.8146
2016	4.4056	5.1258
2017	4.9878	6.0367
Financial period to 30 June 2018	2.2572	2.8107

# Net Asset Value and Comparative Tables (continued)

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Income shares	36,250	57.45	63,102,331
A Accumulation shares	41,008	62.42	65,694,652
C Income shares	46,407	56.61	81,972,002
C Accumulation shares	13,887	118.93	11,676,014
S Income shares	6,108	49.60	12,315,628
Z Income shares	66,820	109.47	61,039,508
Z Accumulation shares	23,866	125.57	19,006,481
<b>2016</b>			
A Income shares	30,478	60.95	50,003,103
A Accumulation shares	38,690	68.76	56,264,990
C Income shares	42,119	60.22	69,943,338
C Accumulation shares	11,330	131.34	8,626,451
S Income shares	4,847	52.99	9,146,317
Z Income shares	76,126	116.73	65,213,672
Z Accumulation shares	41,849	139.02	30,103,783
<b>2017</b>			
A Income shares	15,765	63.20	24,944,694
A Accumulation shares	39,453	74.30	53,100,839
C Income shares	11,301	62.59	18,055,421
C Accumulation shares	7,366	142.26	5,177,780
S Income shares	73,862	55.34	133,481,085
S Accumulation shares	8,980	150.97	5,947,881
Z Income shares	43,650	121.64	35,883,537
Z Accumulation shares	34,100	150.96	22,589,228

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2018 at 30 June</b>			
A Income shares	15,780	61.11	25,820,056
A Accumulation shares	35,960	73.22	49,112,411
C Income shares	10,381	60.60	17,128,975
C Accumulation shares	6,541	140.37	4,659,649
S Income shares	70,665	53.70	131,595,014
S Accumulation shares	8,609	149.30	5,766,070
Z Income shares	44,272	117.93	37,541,712
Z Accumulation shares	51,332	149.14	34,419,693

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Income shares	61.11	63.20	(3.31)
A Accumulation shares	73.22	74.30	(1.45)
C Income shares	60.60	62.59	(3.18)
C Accumulation shares	140.37	142.26	(1.33)
S Income shares	53.70	55.34	(2.96)
S Accumulation shares	149.30	150.97	(1.11)
Z Income shares	117.93	121.64	(3.05)
Z Accumulation shares	149.14	150.96	(1.21)

**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 30.6.18	Market Value £000's	% of net assets
<b>Government Bonds 8.65% (5.12%)</b>			
<b>Argentina 0.41% (0.51%)</b>			
Argentina Government Bond 5.25% 15/01/2028	€198,000	150	0.06
Argentina Government Bond 7.82% 31/12/2033	€862,817	759	0.31
Argentina Government Bond 7.625% 22/04/2046	US\$150,000	92	0.04
		<b>1,001</b>	<b>0.41</b>
<b>Iceland 0.00% (0.07%)</b>			
<b>Mexico 0.58% (0.64%)</b>			
Mexico Government Bond 5.625% 19/03/2114	£1,380,000	1,400	0.58
		<b>1,400</b>	<b>0.58</b>
<b>Romania 0.98% (0.00%)</b>			
Romania Government Bond 3.375% 08/02/2038	€2,859,000	2,390	0.98
		<b>2,390</b>	<b>0.98</b>
<b>United Kingdom 6.68% (3.90%)</b>			
UK Treasury 2.25% 07/09/2023	£2,067,000	2,196	0.90
UK Treasury 2.75% 07/09/2024	£684,000	752	0.31
UK Treasury 5% 07/03/2025	£1,346,000	1,684	0.69
UK Treasury 4.25% 07/12/2027	£1,895,000	2,394	0.98
UK Treasury 1.75% 07/09/2037	£5,640,000	5,667	2.33
UK Treasury 4.75% 07/12/2038	£1,900,000	2,899	1.19
UK Treasury 4.25% 07/12/2040	£463,000	679	0.28
		<b>16,271</b>	<b>6.68</b>
<b>Government Bonds total</b>		<b>21,062</b>	<b>8.65</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Corporate Bonds 88.02% (89.07%)</b>			
<b>Australia 0.00% (0.53%)</b>			
<b>Austria 0.00% (0.33%)</b>			
<b>Bermuda 0.00% (0.45%)</b>			
<b>Cayman Islands 0.69% (1.86%)</b>			
Vale Overseas 6.25% 10/08/2026	US\$560,000	459	0.19
Thames Water Utilities Cayman Finance 3.5% 25/02/2028	£500,000	529	0.22
Thames Water Utilities Cayman Finance 4.375% 03/07/2034	£100,000	115	0.05
Southern Water Services Finance FRN 4.5% 31/03/2038	£400,000	427	0.17
Dwr Cymru Financing 4.473% 31/03/2057	£100,000	143	0.06
		<b>1,673</b>	<b>0.69</b>
<b>Czech Republic 0.55% (0.20%)</b>			
RPG Byty 3.375% 15/10/2024	€1,536,000	1,352	0.55
		<b>1,352</b>	<b>0.55</b>
<b>France 8.03% (8.10%)</b>			
Altice France 5.625% 15/05/2024	€100,000	92	0.04
Iliad 1.875% 25/04/2025	€1,000,000	856	0.35
La Financiere Atalian 6.625% 15/05/2025	£2,487,000	2,387	0.98
Teleperformance 1.875% 02/07/2025	€2,900,000	2,543	1.04
Altice France 7.375% 01/05/2026	US\$3,650,000	2,703	1.11
Electricite de France 5.875% 18/07/2031	£1,058,000	1,353	0.56
Electricite de France 5.5% 27/03/2037	£600,000	737	0.30
Electricite de France 5.5% 17/10/2041	£2,600,000	3,254	1.34
AXA FRN 5.625% 16/01/2054	£1,100,000	1,173	0.48

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>France (continued)</b>			
AXA FRN 3.941% Perpetual	€268,000	245	0.10
Credit Agricole Assurances FRN 4.25% Perpetual	€700,000	638	0.26
Electricite de France FRN 6% Perpetual	£2,000,000	2,031	0.83
Orange FRN 5.75% Perpetual	£1,437,000	1,546	0.64
		<b>19,558</b>	<b>8.03</b>
<b>Iceland 0.17% (0.23%)</b>			
Islandsbanki FRN 1.125% 19/01/2024	€479,000	420	0.17
		<b>420</b>	<b>0.17</b>
<b>Ireland 0.55% (2.95%)</b>			
Bank of Ireland Group FRN 4.125% 19/09/2027	US\$690,000	492	0.20
Roadster Finance Designated Activity 2.375% 08/12/2032	€988,000	847	0.35
		<b>1,339</b>	<b>0.55</b>
<b>Italy 2.13% (2.35%)</b>			
FCA Bank 1.625% 29/09/2021	£1,000,000	983	0.40
Wind Tre 2.625% 20/01/2023	€1,952,000	1,450	0.60
Intesa Sanpaolo 5.017% 26/06/2024	US\$750,000	516	0.21
Enel 5.75% 22/06/2037	£700,000	871	0.36
Superstrada Pedemontana Veneta, STEP 0% 30/06/2047	€800,000	654	0.27
Assicurazioni Generali FRN 6.269% Perpetual	£700,000	705	0.29
		<b>5,179</b>	<b>2.13</b>
<b>Jersey 4.39% (3.79%)</b>			
Heathrow Funding 6.25% 10/09/2018	£150,000	151	0.06
Porterbrook Rail Finance 5.5% 20/04/2019	£770,000	794	0.33

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Jersey (continued)</b>			
Porterbrook Rail Finance 6.5% 20/10/2020	£250,000	276	0.12
Heathrow Funding 6.75% 03/12/2028	£1,790,000	2,343	0.96
Heathrow Funding 7.075% 04/08/2030	£913,000	1,249	0.51
Heathrow Funding 6.45% 10/12/2033	£1,572,000	2,165	0.89
CPUK Finance 2.666% 28/02/2042	£1,370,000	1,392	0.57
Heathrow Funding 5.875% 13/05/2043	£660,000	927	0.38
AA Bond 4.249% 31/07/2043	£800,000	825	0.34
Heathrow Funding 4.625% 31/10/2046	£370,000	455	0.19
HSBC Bank Capital Funding Sterling 2 FRN 5.862% Perpetual	£100,000	105	0.04
		<b>10,682</b>	<b>4.39</b>
<b>Luxembourg 2.91% (1.89%)</b>			
Blackstone Property Partners Europe Holdings 1.4% 06/07/2022	€1,123,000	994	0.41
Atento Luxco 1 6.125% 10/08/2022	US\$1,200,000	873	0.36
Eurofins Scientific 3.375% 30/01/2023	€1,034,000	971	0.40
Gazprom 4.25% 06/04/2024	£1,700,000	1,730	0.71
ADO Properties 1.5% 26/07/2024	€800,000	704	0.29
Hidrovias International Finance 5.95% 24/01/2025	US\$2,370,000	1,611	0.66
Samsonite Finco 3.5% 15/05/2026	€230,000	194	0.08
		<b>7,077</b>	<b>2.91</b>
<b>Mexico 1.25% (1.02%)</b>			
Petroleos Mexicanos 4.75% 26/02/2029	€2,191,000	1,940	0.79
Mexico City Airport Trust 5.5% 31/07/2047	US\$1,650,000	1,114	0.46
		<b>3,054</b>	<b>1.25</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Netherlands 8.44% (7.88%)</b>			
IPD 3 4.5% 15/07/2022	€918,000	822	0.34
Selecta Group 5.875% 01/02/2024	€1,097,000	946	0.39
Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	€1,043,000	781	0.32
Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	€894,000	809	0.33
InterXion Holding 4.75% 15/06/2025	€1,321,000	1,172	0.48
Koninklijke KPN 5% 18/11/2026	£2,370,000	2,731	1.12
Koninklijke KPN 5.75% 17/09/2029	£1,609,000	1,983	0.81
Petrobras Global Finance 5.375% 01/10/2029	£936,000	842	0.35
LafargeHolcim Sterling Finance Netherlands 3% 12/05/2032	£3,100,000	2,926	1.20
Petrobras Global Finance 6.625% 16/01/2034	£2,050,000	1,987	0.82
Enel Finance International 5.75% 14/09/2040	£253,000	321	0.13
Petrobras Global Finance 7.25% 17/03/2044	US\$592,000	415	0.17
Achmea FRN 4.25% Perpetual	€2,924,000	2,596	1.07
Telefonica Europe FRN 2.661% Perpetual	€200,000	165	0.07
Telefonica Europe FRN 3.875% Perpetual	€700,000	570	0.23
Volkswagen International Finance FRN 3.375% Perpetual	€1,000,000	869	0.36
Volkswagen International Finance FRN 4.625% Perpetual	€700,000	615	0.25
		<b>20,550</b>	<b>8.44</b>
<b>Norway 0.08% (0.00%)</b>			
Aker 5.875% 31/03/2025	US\$268,000	209	0.08
		<b>209</b>	<b>0.08</b>
<b>Peru 0.00% (0.07%)</b>			

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Portugal 0.73% (0.42%)</b>			
Caixa Geral de Depositos FRN 5.75% 28/06/2028	€900,000	792	0.33
Caixa Economica Montepio Geral Caixa Economica Bancaria 0.875% 17/10/2067	€1,100,000	979	0.40
		<b>1,771</b>	<b>0.73</b>
<b>South Korea 0.49% (0.51%)</b>			
Korea Development Bank 1.75% 15/12/2022	£1,200,000	1,190	0.49
		<b>1,190</b>	<b>0.49</b>
<b>Spain 0.57% (0.00%)</b>			
Inmobiliaria Colonial Socimi REIT 2% 17/04/2026	€1,600,000	1,394	0.57
		<b>1,394</b>	<b>0.57</b>
<b>Sweden 1.37% (1.06%)</b>			
Akelius Residential Property 2.375% 15/08/2025	£1,719,000	1,658	0.68
Vattenfall 6.875% 15/04/2039	£106,000	165	0.07
Telia FRN 2.543% 04/10/2077	kr5,400,000	469	0.19
Akelius Residential Property FRN 3.875% 05/10/2078	€1,214,000	1,048	0.43
		<b>3,340</b>	<b>1.37</b>
<b>Switzerland 0.97% (2.04%)</b>			
UBS 1.25% 10/12/2020	£1,555,000	1,547	0.64
Credit Suisse Group FRN 2.125% 12/09/2025	£857,000	816	0.33
		<b>2,363</b>	<b>0.97</b>
<b>United Kingdom 49.45% (45.32%)</b>			
Natwest Markets 6.625% 17/09/2018	£750,000	758	0.31
Jerrold Finco 6.25% 15/09/2021	£167,000	171	0.07
Investec 4.5% 05/05/2022	£3,169,000	3,400	1.40

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Skipton Building Society 1.75% 30/06/2022	£814,000	802	0.33
Close Brothers Group 2.75% 26/04/2023	£957,000	960	0.39
Anglian Water Osprey Financing 5% 30/04/2023	£2,439,000	2,475	1.02
Provident Financial 7% 04/06/2023	£1,172,000	1,195	0.49
HSBC Holdings FRN 2.175% 27/06/2023	£1,005,000	999	0.41
Coventry Building Society 1.875% 24/10/2023	£5,802,000	5,712	2.35
National Express Group 2.5% 11/11/2023	£2,283,000	2,260	0.93
Jerrold Finco 6.125% 15/01/2024	£2,422,000	2,434	1.00
Barclays 3.125% 17/01/2024	£1,300,000	1,299	0.53
Lloyds Banking Group 2.25% 16/10/2024	£4,681,000	4,536	1.86
Virgin Media Secured Finance 5.125% 15/01/2025	£670,000	680	0.28
CYBG FRN 5% 09/02/2026	£900,000	932	0.38
TSB Banking Group FRN 5.75% 06/05/2026	£2,870,000	3,022	1.24
Santander UK Group Holdings FRN 2.92% 08/05/2026	£1,908,000	1,893	0.78
HSBC Holdings FRN 2.256% 13/11/2026	£1,299,000	1,246	0.51
Barclays 3.25% 12/02/2027	£3,433,000	3,349	1.38
Scotland Gas Networks 3.25% 08/03/2027	£1,080,000	1,132	0.48
Virgin Media Secured Finance 5% 15/04/2027	£825,000	804	0.33
Sainsbury's Bank FRN 6% 23/11/2027	£764,000	792	0.32
London & Quadrant Housing Trust 2.625% 28/02/2028	£6,234,000	6,207	2.55
Quilter FRN 4.478% 28/02/2028	£2,580,000	2,594	1.07
Grainger 3.375% 24/04/2028	£3,955,000	3,954	1.62
Next 3.625% 18/05/2028	£2,000,000	2,004	0.82

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Metro Bank FRN 5.5% 26/06/2028	£4,219,000	4,081	1.68
HSBC Holdings 2.625% 16/08/2028	£1,200,000	1,154	0.47
RI Finance Bonds No. 3 6.125% 13/11/2028	£541,000	596	0.24
Southern Gas Networks 4.875% 21/03/2029	£300,000	361	0.15
DS Smith 2.875% 26/07/2029	£1,730,000	1,669	0.69
Liberty Living Finance 3.375% 28/11/2029	£4,692,000	4,716	1.94
Greene King Finance, Series A2 5.318% 15/09/2031	£209,193	242	0.10
Southern Electric Power Distribution 5.5% 07/06/2032	£1,290,000	1,667	0.68
Notting Hill Housing Trust 3.75% 20/12/2032	£1,572,000	1,701	0.70
Arqiva Financing 4.882% 31/12/2032	£1,200,000	1,334	0.55
Telereal Securitisation FRN 4.09% 10/12/2033	£800,000	835	0.34
Telereal Securitisation 5.553% 10/12/2033	£80,063	96	0.04
Telereal Securitisation, Series B4 6.165% 10/12/2033	£1,217,040	1,496	0.61
Greene King Finance, Series A4 5.106% 15/03/2034	£186,000	215	0.09
Greene King Finance 4.064% 15/03/2035	£548,502	586	0.24
White City Property Finance 5.12% 17/04/2035	£271,923	334	0.14
Longstone Finance, Series A 4.791% 19/04/2036	£154,728	178	0.07
Longstone Finance 4.896% 19/04/2036	£680,000	768	0.32
Thames Water Utilities Finance 5.125% 28/09/2037	£250,000	314	0.13
SSE 6.25% 27/08/2038	£325,000	474	0.19
High Speed Rail Finance 1 4.375% 01/11/2038	£1,310,000	1,593	0.65
Lloyds Bank 6.5% 17/09/2040	£705,000	1,059	0.44
Aviva FRN 6.625% 03/06/2041	£560,000	617	0.25

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
WPP Finance 2013 2.875% 14/09/2046	£2,665,000	2,153	0.88
Annington Funding 3.935% 12/07/2047	£1,027,000	1,061	0.44
Catalyst Housing 3.125% 31/10/2047	£1,945,000	1,926	0.79
British Telecommunications 3.625% 21/11/2047	£3,714,000	3,561	1.46
Optivo Finance 3.283% 22/03/2048	£1,861,000	1,909	0.78
Clarion Housing Group 3.125% 19/04/2048	£1,200,000	1,193	0.49
Bromford Housing Group 3.125% 03/05/2048	£1,812,000	1,804	0.74
Orbit Capital 3.375% 14/06/2048	£2,000,000	2,026	0.83
Notting Hill Housing Trust 3.25% 12/10/2048	£4,240,000	4,168	1.71
WM Treasury 2 3.25% 20/10/2048	£4,074,000	4,067	1.67
Vodafone Group 3.375% 08/08/2049	£2,000,000	1,858	0.76
Aviva FRN 4.375% 12/09/2049	£1,200,000	1,165	0.48
Prudential FRN 5% 20/07/2055	£1,989,000	2,005	0.82
Prudential FRN 5.7% 19/12/2063	£1,000,000	1,087	0.45
Centrica FRN 3% 10/04/2076	€200,000	180	0.07
SSE FRN 4.75% 16/09/2077	US\$4,200,000	3,070	1.26
Bank of Scotland FRN 7.281% Perpetual	£1,172,000	1,391	0.57
Barclays Bank FRN 5.33% Perpetual	£2,360,000	2,395	0.98
SSE FRN 3.875% Perpetual	£1,700,000	1,718	0.71
		<b>120,433</b>	<b>49.45</b>
<b>United States of America 5.25% (8.07%)</b>			
Bank of America 6.125% 15/09/2021	£1,150,000	1,304	0.54
Digital Stout Holding REIT 4.75% 13/10/2023	£833,000	922	0.38
Digital Stout Holding REIT 2.75% 19/07/2024	£426,000	429	0.18

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Digital Stout Holding REIT 4.25% 17/01/2025	£613,000	668	0.27
MPT Operating Partnership REIT 3.325% 24/03/2025	€109,000	99	0.04
BAT Capital 2.125% 15/08/2025	£1,423,000	1,377	0.56
Digital Stout Holding REIT 3.3% 19/07/2029	£916,000	920	0.38
Verizon Communications 3.375% 27/10/2036	£1,124,000	1,097	0.45
AT&T 7% 30/04/2040	£2,650,000	3,836	1.57
American International Group FRN 2.333% 15/03/2067	£100,000	94	0.04
Enterprise Products Operating FRN 5.375% 15/02/2078	US\$726,000	501	0.21
Energy Transfer Partners FRN 6.25% Perpetual	US\$2,195,000	1,540	0.63
		<b>12,787</b>	<b>5.25</b>
<b>Corporate Bonds total</b>			
		<b>214,371</b>	<b>88.02</b>
<b>Convertible Bonds 0.00% (1.54%)</b>			
<b>Jersey 0.00% (0.51%)</b>			
<b>United Kingdom 0.00% (0.43%)</b>			
<b>United States of America 0.00% (0.60%)</b>			
<b>Convertible Bonds total</b>			
		<b>0</b>	<b>0.00</b>
<b>Swaps (0.65%) ((0.51%))</b>			
Credit Default Swap Barclays Bank Buy Johnson Controls 7.125% 15/07/2017 20/09/2018	USD 2,660,000	(5)	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap Bank of America Buy Michelin Luxembourg 2.75% 20/06/2019 20/09/2019	EUR 760,000	(7)	0.00
Credit Default Swap Credit Suisse Buy Michelin Luxembourg 2.75% 20/06/2019 20/09/2019	EUR 600,000	(6)	0.00
Credit Default Swap J.P. Morgan Buy Michelin Luxembourg 2.75% 20/06/2019 20/09/2019	EUR 760,000	(7)	0.00
Credit Default Swap BNP Paribas Buy Mondelez International 6.5% 11/08/2017 20/12/2020	USD 605,000	(8)	0.00
Credit Default Swap J.P. Morgan Buy Mondelez International 6.5% 11/08/2017 20/12/2020	USD 620,000	(9)	0.00
Credit Default Swap Barclays Bank Buy Wendel 3.75% 21/01/2021 20/06/2021	EUR 1,250,000	(147)	(0.06)
Credit Default Swap Citigroup Buy Shell International Finance 20/12/2021	EUR 970,000	(21)	(0.01)
Credit Default Swap J.P. Morgan Buy CDX.NA.IG.27-V1 20/12/2021	USD 10,450,000	(142)	(0.06)
Credit Default Swap BNP Paribas Buy Air France-KLM 3.875% 18/06/2021 20/12/2021	EUR 760,000	(70)	(0.03)
Credit Default Swap J.P. Morgan Buy BP Capital Markets America 4.2% 15/06/2018 20/12/2021	EUR 970,000	(19)	(0.01)
Credit Default Swap Citigroup Buy Eni 4.25% 03/02/2020 20/12/2021	EUR 1,245,000	(19)	(0.01)
Credit Default Swap Citigroup Buy Total Capital 4.875% 28/01/2019 20/12/2021	EUR 970,000	(23)	(0.01)
Credit Default Swap BNP Paribas Buy Standard Chartered Bank 5.875% 26/09/2017 20/12/2021	EUR 1,530,000	(17)	(0.01)
Credit Default Swap J.P. Morgan Buy CDX.NA.HY.28-V2 20/06/2022	USD 1,720,000	(91)	(0.04)
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/06/2022	EUR 246,812	(2)	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap BNP Paribas Buy Ziggo Bond Finance 4.625% 15/01/2025 20/12/2022	EUR 1,000,000	(118)	(0.05)
Credit Default Swap Barclays Bank Buy Wendel 3.75% 21/01/2021 20/06/2023	EUR 5,000,000	(841)	(0.34)
Credit Default Swap J.P. Morgan Sell SSE 5.875% 22/09/2022 20/09/2018	EUR (225,000)	0	0.00
Credit Default Swap Citigroup Sell Iberdrola International 2.875% 11/11/2020 20/06/2021	EUR (484,147)	7	0.00
Credit Default Swap Citigroup Sell Imperial Brands Finance 6.25% 04/12/2018 20/12/2021	EUR (1,510,000)	14	0.01
Credit Default Swap J.P. Morgan Sell Next 5.375% 26/10/2021 20/06/2022	EUR (3,000,000)	14	0.00
Credit Default Swap J.P. Morgan Sell Heathrow Funding 1.875% 23/05/2024 20/06/2023	EUR (1,338,091)	10	0.01
Credit Default Swap Citigroup Sell BAT International Finance 2.375% 19/01/2023 20/06/2023	EUR (5,000,000)	20	0.01
Credit Default Swap Goldman Sachs Sell British Telecommunications 5.75% 07/12/2028 20/06/2023	EUR (1,000,000)	4	0.00
Credit Default Swap Credit Suisse Sell British Telecommunications 5.75% 07/12/2028 20/06/2023	EUR (2,000,000)	8	0.00
Credit Default Swap Credit Suisse Sell Koninklijke KPN 7.5% 04/02/2019 20/06/2023	EUR (1,500,000)	4	0.00
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 0.99% 06/07/2022	GBP 4,670,000	(44)	(0.02)
Interest Rate Swap Morgan Stanley Pay fixed 0.325% Receive floating EURIBOR 6 month 10/07/2022	EUR 5,280,000	(39)	(0.02)
Interest Rate Swap Morgan Stanley Pay floating LIBOR 6 month Receive fixed 1.309% 06/02/2023	GBP 4,540,000	7	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Interest Rate Swap Morgan Stanley Pay fixed 1.709% Receive floating LIBOR 6 month 07/06/2048	GBP 1,500,000	(33)	(0.01)
<b>Swaps total</b>		<b>(1,580)</b>	<b>(0.65)</b>
<b>Forward Foreign Currency Contracts (0.10)% (0.12%)</b>			
Buy SEK 18,188,707 Sell GBP 1,543,139 26/07/2018	SEK 18,188,707	1	0.00
Buy USD 2,193,117 Sell GBP 1,658,242 26/07/2018	USD 2,193,117	9	0.00
Sell EUR 34,255,263 Buy GBP 30,133,625 26/07/2018	EUR (34,255,263)	(231)	(0.09)
Sell SEK 23,870,326 Buy GBP 2,041,341 26/07/2018	SEK (23,870,326)	15	0.01
Sell USD 20,069,378 Buy GBP 15,207,654 26/07/2018	USD (20,069,378)	(50)	(0.02)
<b>Forward Foreign Currency Contracts total</b>		<b>(256)</b>	<b>(0.10)</b>
<b>Futures (0.02)% (0.08%)</b>			
Euro-Bobl September 2018	(107)	(57)	(0.02)
Euro-Bund September 2018	(23)	(25)	(0.01)
Euro-Buxl September 2018	(4)	(10)	(0.01)
Long Gilt September 2018	84	46	0.02
<b>Futures total</b>		<b>(46)</b>	<b>(0.02)</b>
Portfolio of investments		<b>233,551</b>	<b>95.90</b>
Net other assets		9,989	4.10
<b>Net assets attributable to shareholders</b>		<b>243,540</b>	<b>100.00</b>
Investment grade securities		188,298	77.32
Below investment grade securities		38,787	15.92
Unrated securities		8,348	3.43
<b>Total debt securities</b>		<b>235,433</b>	<b>96.67</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
La Financiere Atalian 6.625% 15/05/2025	4,974
London & Quadrant Housing Trust 2.625% 28/02/2028	4,970
UK Treasury 4.25% 07/12/2027	4,709
Metro Bank FRN 5.5% 26/06/2028	4,219
Grainger 3.375% 24/04/2028	3,946
UK Treasury 2.25% 07/09/2023	3,471
SSE FRN 4.75% 16/09/2077	3,080
J Sainsbury FRN 2.87% Perpetual	2,892
UK Treasury 4.75% 07/12/2038	2,810
Leeds Building Society FRN 3.75% 25/04/2029	2,656

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Tesco 4.875% 24/03/2042	3,726
UK Treasury 4.5% 07/09/2034	3,232
J Sainsbury FRN 2.87% Perpetual	3,230
Orange 5.375% 22/11/2050	3,096
Leeds Building Society FRN 3.75% 25/04/2029	2,646
Cadent Finance 2.625% 22/09/2038	2,646
NGG Finance FRN 5.625% 18/06/2073	2,546
La Financiere Atalian 6.625% 15/05/2025	2,487
UBS Group Funding Switzerland 3.491% 23/05/2023	2,458
GKN Holdings 5.375% 19/09/2022	2,438

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(6,396)	6,950
Revenue	4,204	4,939
Expenses	(812)	(989)
Net revenue before taxation	<b>3,392</b>	<b>3,950</b>
Taxation	0	0
Net revenue after taxation	<b>3,392</b>	<b>3,950</b>
<b>Total return before distributions</b>	<b>(3,004)</b>	<b>10,900</b>
Distributions	(4,451)	(5,319)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(7,455)</b>	<b>5,581</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	234,477 <sup>1</sup>	245,439
Amounts receivable on issue of shares	27,219	8,787
Amounts payable on cancellation of shares	(12,561)	(31,660)
	<b>14,658</b>	<b>(22,873)</b>
Dilution adjustment	13	75
Change in net assets attributable to shareholders from investment activities	(7,455)	5,581
Retained distribution on Accumulation shares	1,843	1,930
Unclaimed distributions	4	6
<b>Closing net assets attributable to shareholders</b>	<b>243,540</b>	<b>230,158<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	235,592	225,034
<b>Current assets</b>		
Debtors	8,511	3,287
Cash and bank balances	7,122	9,128
<b>Total assets</b>	<b>251,225</b>	<b>237,449</b>
<b>Liabilities</b>		
Investment liabilities	(2,041)	(1,303)
<b>Creditors</b>		
Bank overdrafts	(72)	(52)
Distributions payable	(1,372)	(1,342)
Other creditors	(4,200)	(275)
<b>Total liabilities</b>	<b>(7,685)</b>	<b>(2,972)</b>
<b>Net assets attributable to shareholders</b>	<b>243,540</b>	<b>234,477</b>

# Notes to the Accounts (unaudited)

## Accounting policies

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

# Securities Financing Transactions

The fund has not engaged in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps (TRSs), or contracts for difference (CFDs). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting period ended 30.6.18.

# Distribution Table (unaudited)

**Quarterly distribution  
for the three  
months ended  
31 March 2018**

**Group 1** Shares purchased prior to 1 January 2018

**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution paid 31.5.18 p per share	<i>Distribution paid 31.5.17 p per share</i>
<b>A Income shares</b>				
Group 1	0.5761	–	0.5761	0.6432
Group 2	0.2313	0.3448	0.5761	0.6432
<b>A Accumulation shares</b>				
Group 1	0.6772	–	0.6772	0.7256
Group 2	0.3302	0.3470	0.6772	0.7256
<b>C Income shares</b>				
Group 1	0.5712	–	0.5712	0.6357
Group 2	0.3395	0.2317	0.5712	0.6357
<b>C Accumulation shares</b>				
Group 1	1.2977	–	1.2977	1.3863
Group 2	1.0814	0.2163	1.2977	1.3863
<b>S Income shares</b>				
Group 1	0.5050	–	0.5050	0.5597
Group 2	0.3897	0.1153	0.5050	0.5597
<b>S Accumulation shares</b>				
Group 1	1.3782	–	1.3782	–
Group 2	1.3782	0.0000	1.3782	–
<b>Z Income shares</b>				
Group 1	1.1106	–	1.1106	1.2326
Group 2	0.5368	0.5738	1.1106	1.2326
<b>Z Accumulation shares</b>				
Group 1	1.3753	–	1.3753	1.4677
Group 2	0.5829	0.7924	1.3753	1.4677

# Distribution Table (unaudited) (continued)

**Interim distribution  
for the three  
months ended  
30 June 2018**

**Group 1** Shares purchased prior to 1 April 2018

**Group 2** Shares purchased on or after 1 April 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	Distribution paid 31.8.17 p per share
<b>A Income shares</b>				
Group 1	0.5946	–	0.5946	0.7174
Group 2	0.3239	0.2707	0.5946	0.7174
<b>A Accumulation shares</b>				
Group 1	0.7052	–	0.7052	0.8177
Group 2	0.3042	0.4010	0.7052	0.8177
<b>C Income shares</b>				
Group 1	0.5895	–	0.5895	0.7095
Group 2	0.2807	0.3088	0.5895	0.7095
<b>C Accumulation shares</b>				
Group 1	1.3515	–	1.3515	1.5633
Group 2	0.5856	0.7659	1.3515	1.5633
<b>S Income shares</b>				
Group 1	0.5219	–	0.5219	0.6255
Group 2	0.2724	0.2495	0.5219	0.6255
<b>S Accumulation shares</b>				
Group 1	1.4366	–	1.4366	–
Group 2	1.1497	0.2869	1.4366	–
<b>Z Income shares</b>				
Group 1	1.1466	–	1.1466	1.3766
Group 2	0.4325	0.7141	1.1466	1.3766
<b>Z Accumulation shares</b>				
Group 1	1.4354	–	1.4354	1.6562
Group 2	0.6432	0.7922	1.4354	1.6562

## 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.

# 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 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 select 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.

With effect from 14 May 2018 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.

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 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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Accumulation shares</b>	742.80p	777.70p	(4.49)
<b>C Income shares</b>	744.40p	790.20p	(5.80)
<b>C Accumulation shares</b>	801.20p	836.80p	(4.25)
<b>L Income shares</b>	68.16p	72.54p	(6.04)
<b>L Accumulation shares</b>	72.95p	76.07p	(4.10)
<b>S Income shares</b>	64.15p	68.38p	(6.19)
<b>S Accumulation shares</b>	804.00p	837.10p	(3.95)
<b>Z Income shares</b>	728.10p	774.80p	(6.03)
<b>Z Accumulation shares</b>	844.30p	880.70p	(4.13)

# Fund Information (continued)

## Fund information

Launch date	2 July 1999	
Launch price	241.21p per C Accumulation share	
	241.21p per Z Accumulation share	
Launch date	25 February 2002	
Launch price	217.60p per A Accumulation share	
Launch date	1 April 2010	
Launch price	464.66p per Z Income share	
Launch date	8 May 2013	
Launch price	518.17p per C Income share	
Launch date	1 October 2013	
Launch price	50.00p per L Income share	
	50.00p per L Accumulation share	
Launch date	1 November 2013	
Launch price	50.00p per S Income share	
Launch date	15 December 2017	
Launch price	830.50p per S Accumulation share	
	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation date		28 February

# Fund Information (continued)

## Ongoing charges figure

	For the period to 30.6.18	For the period from 1.1.18	For the year to 31.12.17
<b>A Accumulation shares</b>	1.68% <sup>1</sup>	1.68%	1.68%
<b>C Income shares</b>	1.18% <sup>1</sup>	1.18%	1.18%
<b>C Accumulation shares</b>	1.18% <sup>1</sup>	1.18%	1.18%
<b>L Income shares</b>	0.86% <sup>1</sup>	0.86% <sup>2</sup>	0.87%
<b>L Accumulation shares</b>	0.86% <sup>1</sup>	0.86%	0.86%
<b>S Income shares</b>	0.56% <sup>1</sup>	0.56% <sup>2</sup>	0.55%
<b>S Accumulation shares</b>	0.56% <sup>1</sup>	0.56% <sup>2</sup>	0.49% <sup>1</sup>
<b>Z Income shares</b>	0.93% <sup>1</sup>	0.93%	0.93%
<b>Z Accumulation shares</b>	0.93% <sup>1</sup>	0.93%	0.93%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

2 The Ongoing charges figure is a projected figure based on the latest expenses of the share classes.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
<b>Total purchases</b>	236,184	315,060
<b>Total sales</b>	323,998	400,785

# Review of Investment Activities

From 29 December 2017 to 29 June 2018, the price of A Accumulation shares on a dealing price to dealing price basis fell 4.49%. In comparison, the FTSE<sup>1</sup> World European ex UK Index generated a negative total return of 1.43%<sup>2</sup> in sterling terms.

Effective 14 May 2018, Schroder European Opportunities Fund has been renamed the Schroder European Recovery Fund and it has been transferred to the Value Team. Schroders has chosen to appoint the Value Team and adjusted the fund's investment policy to align it with this team's investment style. The fund will use the team's well known bottom up, deep value approach to identify recovery stocks. The fund is now managed by Andrew Lyddon & Andy Evans, supported by the Value Team.

Prior to taking over the fund, we conducted a thorough analysis of continental Europe for deep value opportunities. A 130 years of equity market data shows that the price you pay is the key determinant of whether or not you will make money with an investment. Value investing seeks to outperform the market by exploiting human nature. Specifically, it 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. We have been reorienting the portfolio towards such undervalued, unloved businesses

Over time, the number of stocks and portfolio turnover will be comparable with the Value Team's UK and Global Recovery portfolios. The portfolio will hold 30 - 50 stocks and turnover will be circa 20% per annum, reflecting our average holding period of five years. The valuation based screen, investment process, portfolio construction method and risk controls are identical across all Value Team funds.

For the six month period under review, the fund underperformed the index. Positioning in technology weighed on performance, with Rovio Entertainment among the main individual detractors.

## Co-Fund Manager:

Andrew Lyddon



Specialist Value UK equities fund manager with 13 years' investment experience

UK equity analyst responsible for Telecommunications and Support Services

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

Chartered Financial Analyst

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

Chartered Financial Analyst

Degree in Economics, Exeter 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 and reward indicator changed from 6 to 5 with effect from 14 May 2018 for A Accumulation shares, C Income shares, C Accumulation shares, L Income shares, L Accumulation shares, S Income shares, Z Income shares and Z Accumulation shares. At the period end the risk and reward indicator for S Accumulation shares remained at 5.

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

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.

## Specific risks

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 is index unconstrained and has the potential for greater volatility.

The fund invests in a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December	A Accumulation shares		C Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	636.90	549.60	657.40	566.50
2016	679.70	525.50	699.10	538.60
2017	788.00	674.40	800.00	682.30
Financial period to 30 June 2018	810.30	717.00	810.30	717.60

Financial year to 31 December	C Accumulation shares		L Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	676.10	582.70	60.20	51.84
2016	727.00	560.10	64.13	49.29
2017	847.20	722.60	73.43	62.47
Financial period to 30 June 2018	872.20	772.40	74.10	65.67

Financial year to 31 December	L Accumulation shares		S Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	60.93	52.46	56.60	48.70
2016	65.84	50.61	60.39	46.33
2017	77.00	65.51	69.21	58.73
Financial period to 30 June 2018	79.31	70.28	69.65	61.76

Financial year to 31 December	S Accumulation shares		Z Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	–	–	643.20	554.00
2016	–	–	684.90	526.80
2017	847.20	830.50	784.20	667.60
Financial period to 30 June 2018	872.80	773.90	791.80	701.60

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December

Z Accumulation shares

	Highest dealing p	Lowest dealing p
2015	706.80	608.70
2016	762.90	586.80
2017	891.50	758.90
Financial period to 30 June 2018	918.10	813.50

## Net revenue

Financial year to 31 December	A Accumulation shares pence per share	C Income shares pence per share
2015	3.7074	6.9916
2016	9.0011	12.5387
2017	9.7413	12.7206
Financial period to 30 June 2018	Nil	Nil

Financial year to 31 December	C Accumulation shares pence per share	L Income shares pence per share
2015	7.1625	0.8247
2016	12.9267	1.3328
2017	14.3085	1.4628
Financial period to 30 June 2018	Nil	Nil

Financial year to 31 December	L Accumulation shares pence per share	S Income shares pence per share
2015	0.8379	0.9382
2016	1.3791	1.4200
2017	1.5444	1.5820
Financial period to 30 June 2018	Nil	Nil

Financial year to 31 December	S Accumulation shares pence per share	Z Income shares pence per share
2015	–	8.3575
2016	–	13.7510
2017	14.6699	15.1927
Financial period to 30 June 2018	Nil	Nil

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	Z Accumulation shares pence per share
2015	9.1677
2016	15.3708
2017	17.2602
Financial period to 30 June 2018	Nil

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Accumulation shares	191,692	610.03	31,423,445
C Income shares	13,608	624.89	2,177,625
C Accumulation shares	92,925	649.93	14,297,667
L Income shares	12,660	57.18	22,141,855
L Accumulation shares	55,686	58.70	94,863,989
S Income shares	323	53.72	601,794
Z Income shares	29,912	611.10	4,894,647
Z Accumulation shares	202,511	680.66	29,752,317
<b>2016</b>			
A Accumulation shares	163,245	673.81	24,227,078
C Income shares	14,425	681.10	2,117,901
C Accumulation shares	71,240	721.39	9,875,414
L Income shares	19,141	62.33	30,706,166
L Accumulation shares	51,485	65.37	78,766,107
S Income shares	5,249	58.57	8,960,721
Z Income shares	19,825	666.18	2,975,964
Z Accumulation shares	175,736	757.35	23,203,963
<b>2017</b>			
A Accumulation shares	160,141	776.77	20,616,387
C Income shares	393	776.46	50,625
C Accumulation shares	25,951	835.79	3,104,994
L Income shares	2,377	70.99	3,348,820
L Accumulation shares	47,380	75.98	62,360,959
S Income shares	21,779	66.71	32,645,610

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2017 (continued)</b>			
S Accumulation shares	51,067	836.02	6,108,308
Z Income shares	19,951	758.61	2,629,925
Z Accumulation shares	163,434	879.62	18,580,019
<b>2018 at 30 June</b>			
A Accumulation shares	138,864	737.85	18,820,224
C Income shares	374	739.40	50,625
C Accumulation shares	22,130	795.90	2,780,511
L Income shares	1,110	67.71	1,639,036
L Accumulation shares	37,753	72.47	52,096,392
S Income shares	18,378	63.73	28,838,596
S Accumulation shares	41,712	798.60	5,223,160
Z Income shares	7,321	723.28	1,012,120
Z Accumulation shares	137,729	838.68	16,422,096

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Accumulation shares	737.85	776.77	(5.01)
C Income shares	739.40	776.46	(4.77)
C Accumulation shares	795.90	835.79	(4.77)
L Income shares	67.71	70.99	(4.62)
L Accumulation shares	72.47	75.98	(4.62)
S Income shares	63.73	66.71	(4.47)
S Accumulation shares	798.60	836.02	(4.48)
Z Income shares	723.28	758.61	(4.66)
Z Accumulation shares	838.68	879.62	(4.65)

**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 30.6.18	Market Value £000's	% of net assets
<b>Equities 91.52% (99.36%)</b>			
<b>Australia 0.99% (0.00%)</b>			
South32	1,994,589	4,018	0.99
		<b>4,018</b>	<b>0.99</b>
<b>Belgium 6.65% (1.54%)</b>			
Ageas	336,131	12,752	3.15
EVS Broadcast Equipment	256,717	4,350	1.07
Orange Belgium	771,381	9,864	2.43
		<b>26,966</b>	<b>6.65</b>
<b>Canada 2.71% (0.00%)</b>			
Lundin Mining	2,607,756	10,965	2.71
		<b>10,965</b>	<b>2.71</b>
<b>Denmark 2.03% (5.37%)</b>			
AP Moller – Maersk B	3,954	3,730	0.92
D/S Norden	336,614	4,503	1.11
		<b>8,233</b>	<b>2.03</b>
<b>Finland 0.00% (0.83%)</b>			
<b>France 26.57% (21.92%)</b>			
Alstom	265,042	9,141	2.25
AXA	569,438	10,580	2.61
BNP Paribas	243,785	11,463	2.83
Coface	971,413	8,161	2.01
Danone	4,320	240	0.06
Orange	902,844	11,449	2.82
Publicis Groupe	162,447	8,462	2.09
Sanofi	326,460	19,814	4.89
Television Francaise 1	1,267,893	10,114	2.49
TOTAL	240,193	11,088	2.74

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>France (continued)</b>			
Veolia Environnement	444,800	7,198	1.78
		<b>107,710</b>	<b>26.57</b>
<b>Germany 4.08% (25.75%)</b>			
Allianz	66,876	10,475	2.59
Volkswagen Preference	48,000	6,046	1.49
		<b>16,521</b>	<b>4.08</b>
<b>Greece 2.25% (0.00%)</b>			
Alpha Bank	2,657,932	4,466	1.10
OPAP	544,217	4,649	1.15
		<b>9,115</b>	<b>2.25</b>
<b>Ireland 0.00% (1.64%)</b>			
<b>Italy 11.82% (6.34%)</b>			
Danieli & C Officine Meccaniche	499,639	6,645	1.64
Eni	1,267,862	17,834	4.40
Intesa Sanpaolo	4,756,004	10,458	2.58
Intesa Sanpaolo Rights 17/07/2018	4,756,004	0	0.00
Telecom Italia	7,669,254	4,322	1.07
UniCredit	684,935	8,658	2.13
		<b>47,917</b>	<b>11.82</b>
<b>Jersey 1.62% (0.00%)</b>			
Atrium European Real Estate	1,945,749	6,573	1.62
		<b>6,573</b>	<b>1.62</b>
<b>Luxembourg 3.74% (1.47%)</b>			
ArcelorMittal	262,666	5,821	1.44
RTL Group	181,183	9,324	2.30
		<b>15,145</b>	<b>3.74</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Netherlands 9.01% (8.65%)</b>			
ABN AMRO Group	553,925	10,826	2.67
ING Groep	1,148,149	12,499	3.08
Koninklijke Ahold Delhaize	729,384	13,204	3.26
		<b>36,529</b>	<b>9.01</b>
<b>Norway 5.41% (0.82%)</b>			
DNB	634,731	9,393	2.32
Petroleum Geo-Services	1,170,403	4,154	1.02
Yara International	266,951	8,383	2.07
		<b>21,930</b>	<b>5.41</b>
<b>Poland 1.43% (0.00%)</b>			
Orange Polska	6,190,517	5,811	1.43
		<b>5,811</b>	<b>1.43</b>
<b>Russia 3.26% (0.00%)</b>			
Gazprom ADR	1,270,513	4,235	1.05
LUKOIL ADR	173,300	8,976	2.21
		<b>13,211</b>	<b>3.26</b>
<b>Spain 8.77% (9.24%)</b>			
Gas Natural SDG	556,400	11,160	2.75
Repsol	917,113	13,597	3.35
Repsol Rights 06/07/2018	917,113	394	0.10
Telefonica	1,616,001	10,402	2.57
		<b>35,553</b>	<b>8.77</b>
<b>Sweden 1.18% (3.41%)</b>			
Nordea Bank	656,214	4,791	1.18
		<b>4,791</b>	<b>1.18</b>
<b>Switzerland 0.00% (12.38%)</b>			
<b>Equities total</b>		<b>370,988</b>	<b>91.52</b>

# Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	370,988	91.52
Net other assets	34,383	8.48
<b>Net assets attributable to shareholders</b>	<b>405,371</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
Sanofi	18,767
Eni	18,552
Repsol	13,312
BNP Paribas	13,286
Lundin Mining	12,962
Orange Belgium	11,202
Television Francaise 1	11,167
RTL Group	10,899
UniCredit	10,007
Alstom	9,178

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Bayer	19,981
Nestle	18,008
Novartis	17,850
Vivendi	16,449
Pernod Ricard	16,291
United Internet	14,858
Novo Nordisk B	14,520
Allianz	14,145
Thyssenkrupp	13,177
Siemens	12,544

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(30,409)	42,622
Revenue	12,276	13,006
Expenses	(2,660)	(3,240)
Net revenue before taxation	<b>9,616</b>	<b>9,766</b>
Taxation	(667)	826
Net revenue after taxation	<b>8,949</b>	<b>10,592</b>
<b>Total return before distributions</b>	<b>(21,460)</b>	<b>53,214</b>
Distributions	(489)	(302)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(21,949)</b>	<b>52,912</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	492,473 <sup>1</sup>	520,346
Amounts receivable on issue of shares	4,236	9,223
Amounts payable on cancellation of shares	(69,403)	(60,847)
	<b>(65,167)</b>	<b>(51,624)</b>
Dilution adjustment	14	0
Change in net assets attributable to shareholders from investment activities	(21,949)	52,912
<b>Closing net assets attributable to shareholders</b>	<b>405,371</b>	<b>521,634<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	370,988	489,313
<b>Current assets</b>		
Debtors	1,524	1,598
Cash and bank balances	34,698	3,346
<b>Total assets</b>	<b>407,210</b>	<b>494,257</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	0	(971)
Other creditors	(1,839)	(813)
<b>Total liabilities</b>	<b>(1,839)</b>	<b>(1,784)</b>
<b>Net assets attributable to shareholders</b>	<b>405,371</b>	<b>492,473</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder European Recovery Fund are disclosed on page 11.

# Fund Information

## Investment objective and policy

The Schroder Core UK Equity Fund (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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Income shares</b>	180.90p	178.40p	1.40
<b>A Accumulation shares</b>	305.70p	297.10p	2.89
<b>C Income shares</b>	192.90p	190.10p	1.47
<b>C Accumulation shares</b>	325.60p	316.10p	3.01
<b>S Income shares</b>	51.76p	50.84p	1.81
<b>Z Income shares</b>	201.80p	198.50p	1.66
<b>Z Accumulation shares</b>	341.00p	330.40p	3.21
	31.8.18	31.8.17	
<b>Interim distribution per Z Income share</b>	4.2844p	4.1891p	

## Fund information

<b>Launch date</b>	31 December 2002
<b>Launch price</b>	100.00p per A Income share
	100.00p per A Accumulation share
	100.00p per C Income share
	100.00p per C Accumulation share
	100.00p per Z Income share
	100.00p per Z Accumulation share
<b>Launch date</b>	1 October 2013
<b>Launch price</b>	50.00p per L Income share
	50.00p per L Accumulation share
<b>Launch date</b>	1 November 2013
<b>Launch price</b>	50.00p per S Income share

L Income shares and L Accumulation shares were closed on 1 October 2015.

# Fund Information (continued)

	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation dates	31 August	28 February

## Ongoing charges figure

	For the period to 30.6.18	For the year to 31.12.17
A Income shares	1.43% <sup>1</sup>	1.43%
A Accumulation shares	1.43% <sup>1</sup>	1.43%
C Income shares	1.18% <sup>1</sup>	1.18%
C Accumulation shares	1.18% <sup>1</sup>	1.18%
S Income shares	0.55% <sup>1</sup>	0.55%
Z Income shares	0.80% <sup>1</sup>	0.80%
Z Accumulation shares	0.80% <sup>1</sup>	0.80%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	12,475	66,419
Total sales	19,434	82,216

# Review of Investment Activities

From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis rose 3.21%. In comparison, the FTSE<sup>1</sup> All Share Index generated a total return of 1.69%<sup>2</sup>.

Positive influences included overweights in aerospace & defence and chemicals, underweights in household goods and home construction and fixed line telecommunications. At the stock level, overweights in NEX Group and Johnson Matthey and underweights in HSBC Holdings and BTG added value. Negatives included overweights in mobile telecommunications and tobacco, underweights in oil & gas producers and automobiles; overweights in British American Tobacco and Vodafone Group and underweights in GlaxoSmithKline and Royal Dutch Shell.

Over the period the FTSE<sup>1</sup> All Share Index delivered a total return of 1.69%<sup>2</sup>, the FTSE<sup>1</sup> 100 Index, 1.68%<sup>2</sup>; the FTSE<sup>1</sup> 250 Index 1.90%<sup>2</sup>; and the FTSE<sup>1</sup> Small Cap Index, 1.01%<sup>2</sup>. The stronger sectors included automobile parts and technology hardware; the weaker, fixed line telecommunications and software.

Our process involves finding mispriced opportunities with performance inflection points. This drove purchases including Elementis, OneSavings Bank, Wm Morrison Supermarkets and William Hill while we sold Smurfit Kappa Group and South 32 and made reductions including AstraZeneca, BHP Billiton, Diageo, HSBC Holdings, Royal Dutch Shell B, Spectris and Weir Group.

We expect UK equity prices to be influenced by trade tensions, Brexit developments and an increase in the global cost of money through Federal Reserve tightening. These influences will bring increased volatility and will have an impact on currency, commodity and equity markets alike. We remain resolutely bottom up in our approach, however, and will look to exploit any mispriced stock opportunities thrown up by this evolving top down backdrop.

## Fund Manager:

David Docherty



David Docherty joined Schroders in July 2013 following the acquisition of Cazenove Capital

He joined Cazenove Capital in 2000. He is a member of the Pan-European equity team and manager of the Schroder Core UK Equity Fund

David joined Cazenove Capital from M&G Investment Management where he was a fund manager and chairman of the UK model portfolio committee

Prior to this he was a fund manager at Gartmore Investment Management (1994–1997) and Lloyds Investment Management (1989–1994)

David graduated from Durham University with a degree in History and gained an MBA from Cranfield School of Management

David has 28 years' of investment experience

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

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# Risk Profile

## Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

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

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.

## Specific risks

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 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 a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

More than 35% of the property of the fund may be invested in Government securities.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December				
A Income shares			A Accumulation shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	181.90	145.90	273.10	223.90
2016	171.80	133.10	275.40	208.50
2017	180.80	167.70	297.10	274.80
Financial period to 30 June 2018	184.70	161.80	312.10	273.40

Financial year to 31 December				
C Income shares			C Accumulation shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	192.50	154.60	288.60	236.90
2016	182.50	141.10	292.00	220.70
2017	192.30	178.60	316.10	291.60
Financial period to 30 June 2018	196.90	172.40	332.30	291.00

Financial year to 31 December				
L Income shares			L Accumulation shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	52.58 <sup>1</sup>	42.52 <sup>1</sup>	54.69 <sup>1</sup>	45.21 <sup>1</sup>
2016	–	–	–	–
2017	–	–	–	–
Financial period to 30 June 2018	–	–	–	–

Financial year to 31 December				
S Income shares			Z Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	50.67	41.73	199.10	160.30
2016	48.42	38.93	189.60	146.30
2017	51.24	47.66	200.30	186.20
Financial period to 30 June 2018	52.80	46.18	205.90	180.20

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December

Z Accumulation shares

	Highest dealing p	Lowest dealing p
2015	298.80	245.80
2016	303.90	229.10
2017	330.40	303.80
Financial period to 30 June 2018	347.90	304.40

## Net revenue

Financial year to 31 December	A Income shares pence per share	A Accumulation shares pence per share
2015	6.7094	10.1746
2016	6.3588	10.0522
2017	6.4017	10.5242
Financial period to 30 June 2018	3.8449	6.4979

Financial year to 31 December	C Income shares pence per share	C Accumulation shares pence per share
2015	7.1071	10.8044
2016	6.7435	10.6499
2017	6.8107	11.1792
Financial period to 30 June 2018	4.0989	6.9164

Financial year to 31 December	L Income shares pence per share	L Accumulation shares pence per share
2015	1.0708 <sup>1</sup>	1.1030 <sup>1</sup>
2016	–	–
2017	–	–
Financial period to 30 June 2018	–	–

Financial year to 31 December	S Income shares pence per share	Z Income shares pence per share
2015	Nil <sup>2</sup>	7.3927
2016	3.7154	6.9993
2017	1.8151	7.0968
Financial period to 30 June 2018	1.0980	4.2844

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	Z Accumulation shares pence per share
2015	11.2136
2016	11.0683
2017	11.6626
Financial period to 30 June 2018	7.2378

- 1 The share class was closed on 1 October 2015.
- 2 There was no distribution as the total amount distributable was below de minimis.

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Income shares	5,934	149.79	3,961,211
A Accumulation shares	37,218	234.55	15,867,671
C Income shares	21,446	158.80	13,505,176
C Accumulation shares	6,855	248.25	2,761,323
S Income shares	1	43.74	3,000
Z Income shares	18,444	164.56	11,207,670
Z Accumulation shares	45,969	257.57	17,847,621
<b>2016</b>			
A Income shares	3,391	168.84	2,008,334
A Accumulation shares	30,267	275.06	11,003,476
C Income shares	15,566	179.42	8,675,670
C Accumulation shares	5,632	291.85	1,929,917
S Income shares	284	47.68	595,045
Z Income shares	12,792	186.63	6,854,041
Z Accumulation shares	46,095	303.94	15,165,825
<b>2017</b>			
A Income shares	2,923	176.63	1,654,757
A Accumulation shares	26,105	298.49	8,745,632
C Income shares	2,132	188.17	1,133,136
C Accumulation shares	2,700	317.48	850,470
S Income shares	13,978	50.32	27,775,623
Z Income shares	10,979	196.47	5,587,976
Z Accumulation shares	42,893	331.88	12,924,215

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2018 at 30 June</b>			
A Income shares	2,776	176.35	1,574,088
A Accumulation shares	24,619	304.53	8,084,545
C Income shares	2,019	188.10	1,073,354
C Accumulation shares	2,556	324.31	788,118
S Income shares	12,566	50.47	24,899,889
Z Income shares	10,016	196.78	5,089,791
Z Accumulation shares	40,349	339.66	11,879,362

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Income shares	176.35	176.63	(0.16)
A Accumulation shares	304.53	298.49	2.02
C Income shares	188.10	188.17	(0.04)
C Accumulation shares	324.31	317.48	2.15
S Income shares	50.47	50.32	0.30
Z Income shares	196.78	196.47	0.16
Z Accumulation shares	339.66	331.88	2.34

**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 30.6.18	Market Value £000's	% of net assets
<b>Equities 98.93% (98.96%)</b>			
<b>Oil &amp; Gas 11.04% (11.17%)</b>			
BP	1,131,425	6,543	6.89
Royal Dutch Shell B	145,017	3,935	4.15
		<b>10,478</b>	<b>11.04</b>
<b>Basic Materials 12.31% (10.69%)</b>			
BHP Billiton	241,459	4,118	4.34
Elementis	359,773	910	0.96
Johnson Matthey	82,241	2,976	3.13
Rio Tinto	87,575	3,679	3.88
		<b>11,683</b>	<b>12.31</b>
<b>Industrials 17.13% (20.20%)</b>			
BAE Systems	485,217	3,138	3.31
Capita	572,517	915	0.96
CRH	128,639	3,441	3.63
Melrose Industries	562,194	1,195	1.26
QinetiQ Group	567,247	1,528	1.61
Rentokil Initial	671,161	2,355	2.48
Smiths Group	146,834	2,493	2.63
Spectris	14,855	388	0.41
Weir Group	40,011	800	0.84
		<b>16,253</b>	<b>17.13</b>
<b>Consumer Goods 11.87% (12.04%)</b>			
British American Tobacco	152,588	5,843	6.16
Burberry Group	60,301	1,302	1.37
Diageo	74,434	2,026	2.14
Imperial Brands	74,212	2,094	2.20
		<b>11,265</b>	<b>11.87</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Health Care 8.97% (8.82%)</b>			
AstraZeneca	94,653	4,972	5.24
BTG	186,750	963	1.01
GlaxoSmithKline	78,676	1,203	1.27
Smith & Nephew	98,409	1,376	1.45
		<b>8,514</b>	<b>8.97</b>
<b>Consumer Services 12.99% (8.62%)</b>			
Daily Mail & General Trust A	155,734	1,153	1.21
ITV	1,340,648	2,333	2.46
J Sainsbury	368,199	1,182	1.25
Marks & Spencer Group	400,441	1,182	1.25
RELX	184,301	2,990	3.15
Whitbread	38,947	1,541	1.62
William Hill	242,980	737	0.78
Wm Morrison Supermarkets	477,811	1,204	1.27
		<b>12,322</b>	<b>12.99</b>
<b>Telecommunications 4.37% (5.23%)</b>			
Vodafone Group	2,258,007	4,150	4.37
		<b>4,150</b>	<b>4.37</b>
<b>Financials 20.25% (22.00%)</b>			
Aviva	674,999	3,401	3.59
Barclays	1,476,899	2,791	2.94
HSBC Holdings	62,435	444	0.47
Just Group	1,163,427	1,569	1.65
Lloyds Banking Group	6,962,223	4,388	4.62
NEX Group	189,800	1,951	2.05
OneSavings Bank	170,625	699	0.74
Standard Chartered	325,506	2,254	2.38
TP ICAP	409,821	1,724	1.81
		<b>19,221</b>	<b>20.25</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
Technology 0.00% (0.19%)			
<b>Equities total</b>		<b>93,886</b>	<b>98.93</b>
Portfolio of investments		<b>93,886</b>	<b>98.93</b>
Net other assets		1,015	1.07
<b>Net assets attributable to shareholders</b>		<b>94,901</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
Imperial Brands	1,747
Whitbread	1,608
RELX	1,093
Elementis	1,062
Wm Morrison Supermarkets	1,010
William Hill	790
Burberry Group	778
GlaxoSmithKline	774
British American Tobacco	754
Johnson Matthey	713

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Diageo	1,710
Smurfit Kappa Group	1,507
Barclays	1,325
Rentokil Initial	1,160
BP	1,158
Weir Group	1,146
Burberry Group	1,002
Spectris	953
AstraZeneca	801
Marks & Spencer Group	717

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital gains	189	2,250
Revenue	2,086	2,443
Expenses	(458)	(589)
Net revenue before taxation	<b>1,628</b>	<b>1,854</b>
Taxation	0	(11)
Net revenue after taxation	<b>1,628</b>	<b>1,843</b>
<b>Total return before distributions</b>	<b>1,817</b>	<b>4,093</b>
Distributions	(2,086)	(2,432)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(269)</b>	<b>1,661</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	101,710 <sup>1</sup>	114,027
Amounts receivable on issue of shares	5,544	3,719
Amounts payable on cancellation of shares	(13,525)	(14,374)
	<b>(7,981)</b>	<b>(10,655)</b>
Change in net assets attributable to shareholders from investment activities	(269)	1,661
Retained distribution on Accumulation shares	1,440	1,663
Unclaimed distributions	1	0
<b>Closing net assets attributable to shareholders</b>	<b>94,901</b>	<b>106,696<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	93,886	100,655
<b>Current assets</b>		
Debtors	456	651
Cash and bank balances	1,674	1,013
<b>Total assets</b>	<b>96,016</b>	<b>102,319</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(596)	(444)
Other creditors	(519)	(165)
<b>Total liabilities</b>	<b>(1,115)</b>	<b>(609)</b>
<b>Net assets attributable to shareholders</b>	<b>94,901</b>	<b>101,710</b>

# Notes to the Accounts (unaudited)

## Accounting policies

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

# Distribution Table (unaudited)

## Interim distribution for the six months ended 30 June 2018

**Group 1** Shares purchased prior to 1 January 2018

**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	Distribution paid 31.8.17 p per share
<b>A Income shares</b>				
Group 1	3.8449	–	3.8449	3.7834
Group 2	0.7327	3.1122	3.8449	3.7834
<b>A Accumulation shares</b>				
Group 1	6.4979	–	6.4979	6.1641
Group 2	3.9042	2.5937	6.4979	6.1641
<b>C Income shares</b>				
Group 1	4.0989	–	4.0989	4.0232
Group 2	2.7558	1.3431	4.0989	4.0232
<b>C Accumulation shares</b>				
Group 1	6.9164	–	6.9164	6.5446
Group 2	1.3642	5.5522	6.9164	6.5446
<b>S Income shares</b>				
Group 1	1.0980	–	1.0980	1.0708
Group 2	0.3271	0.7709	1.0980	1.0708
<b>Z Income shares</b>				
Group 1	4.2844	–	4.2844	4.1891
Group 2	2.3347	1.9497	4.2844	4.1891
<b>Z Accumulation shares</b>				
Group 1	7.2378	–	7.2378	6.8226
Group 2	3.7431	3.4947	7.2378	6.8226

## Corporate shareholders

Corporate shareholders receive the dividend distribution payments as detailed below:

100.00% of the total distribution is received as franked investment income.

## 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.

# Fund Information

## Investment objective and policy

The Schroder UK Alpha Income Fund (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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Income shares</b>	163.90p	170.70p	(3.98)
<b>A Accumulation shares</b>	200.30p	203.70p	(1.67)
<b>C Income shares</b>	175.30p	182.00p	(3.68)
<b>C Accumulation shares</b>	218.60p	221.90p	(1.49)
<b>L Income shares</b>	56.55p	58.63p	(3.55)
<b>L Accumulation shares</b>	68.31p	69.21p	(1.30)
<b>S Income shares</b>	54.55p	56.48p	(3.42)
<b>S Accumulation shares</b>	219.40p	221.90p	(1.13)
<b>Z Income shares</b>	181.60p	188.30p	(3.56)
<b>Z Accumulation shares</b>	230.70p	233.80p	(1.33)
	31.8.18	31.8.17	
<b>Interim distribution per Z Income share</b>	4.2319p	4.2319p	

# Fund Information (continued)

## Fund information

<b>Launch date</b>	6 May 2005	
<b>Launch price</b>	100.00p per A Income shares	
	100.00p per C Income shares	
	100.00p per Z Income shares	
<b>Launch date</b>	3 December 2012	
<b>Launch price</b>	136.84p per Z Accumulation shares	
<b>Launch date</b>	8 May 2013	
<b>Launch price</b>	155.60p per C Accumulation shares	
<b>Launch date</b>	1 October 2013	
<b>Launch price</b>	152.45p per A Accumulation shares	
	50.00p per L Income shares	
	50.00p per L Accumulation shares	
<b>Launch date</b>	1 November 2013	
<b>Launch price</b>	50.00p per S Income shares	
<b>Launch date</b>	15 December 2017	
<b>Launch price</b>	215.70p per S Accumulation shares	
	Interim	Final
<b>Accounting dates</b>	30 June	31 December
<b>Revenue allocation dates</b>	31 August	28 February

# Fund Information (continued)

## Ongoing charges figure

	For the period to 30.6.18	For the period from 1.1.18	For the year to 31.12.17
<b>A Income shares</b>	1.67% <sup>1</sup>	1.67%	1.67%
<b>A Accumulation shares</b>	1.67% <sup>1</sup>	1.67%	1.67%
<b>C Income shares</b>	1.17% <sup>1</sup>	1.17%	1.17%
<b>C Accumulation shares</b>	1.17% <sup>1</sup>	1.17%	1.17%
<b>L Income shares</b>	0.84% <sup>1</sup>	0.84%	0.84%
<b>L Accumulation shares</b>	0.84% <sup>1</sup>	0.84%	0.84%
<b>S Income shares</b>	0.54% <sup>1</sup>	0.54%	0.54%
<b>S Accumulation shares</b>	0.54% <sup>1</sup>	0.54% <sup>1 2</sup>	0.48% <sup>1</sup>
<b>Z Income shares</b>	0.92% <sup>1</sup>	0.92%	0.92%
<b>Z Accumulation shares</b>	0.92% <sup>1</sup>	0.92%	0.92%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

2 The Ongoing charges figure is a projected figure based on the latest expenses of the share class.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
<b>Total purchases</b>	87,505	212,141
<b>Total sales</b>	166,817	399,874

# Review of Investment Activities

**From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis fell 1.33%. In comparison, the FTSE<sup>1</sup> All Share Index generated a total return of 1.69%<sup>2</sup>.**

Over the period the FTSE<sup>1</sup> All Share Index delivered a total return of 1.69%<sup>2</sup>, the FTSE<sup>1</sup> 100 Index 1.68%<sup>2</sup>, the FTSE<sup>1</sup> 250 Index 1.90%<sup>2</sup> and the FTSE<sup>1</sup> Small Cap Index 1.01%<sup>2</sup>. At a sector level, automobile parts, technology hardware and food retail were the strongest performers with chemicals and media also outperforming. Conversely, the tobacco and mobile telecommunications sectors underperformed in the period, while fixed line telecommunications and software also struggled.

The fund underperformed the benchmark index in the period with stock picking the main drag, while business cycle positioning was a modest negative contributor. Positive stock contributions came from holdings in Tesco, GlaxoSmithKline, Istock, BHP Billiton and Croda International. Negative contributions from Vodafone Group, British American Tobacco, Sage Group, TP ICAP, Capita, Hastings Group Holdings, Bellway and Jupiter Fund Management held back relative returns.

During the period the fund established new holdings in PageGroup (Support Services) and WPP (media) among other purchases. These additions were funded by disposals such as Prudential and National Express Group which were fully exited in the six months.

Whilst the Brexit uncertainty remains, the UK market is still an attractive hunting ground for real returns, particularly for overseas investors and we also expect mergers and acquisitions activity to continue. The fund has moved to a more defensive positioning as we enter into the latter stages of the business cycle. In addition, we will continue to position the fund to deliver a premium level of income to the FTSE All Share Index.

**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 and UK opportunities portfolios

He manages the Schroder UK Alpha Income Fund, Schroder UK Opportunities Fund, SISF 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 19 years' investment experience

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

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.

## Specific risks

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 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 a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December <b>A Income shares</b> <b>A Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	173.30	148.60	184.10	170.90
2016	162.30	135.60	184.90	150.70
2017	173.60	155.60	203.70	181.50
Financial period to 30 June 2018	169.70	150.30	207.30	183.60

Financial year to 31 December <b>C Income shares</b> <b>C Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	182.30	156.70	197.90	172.20
2016	172.00	143.20	200.20	162.50
2017	184.50	165.10	221.90	196.70
Financial period to 30 June 2018	181.00	160.40	225.80	200.10

Financial year to 31 December <b>L Income shares</b> <b>L Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	58.22	50.09	61.22	53.21
2016	55.17	45.85	62.19	50.39
2017	59.34	53.02	69.21	61.17
Financial period to 30 June 2018	58.32	51.71	70.46	62.47

Financial year to 31 December <b>S Income shares</b> <b>S Accumulation shares</b>				
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	55.65	47.93	–	–
2016	52.95	43.92	–	–
2017	57.06	50.94	221.90	215.70
Financial period to 30 June 2018	56.19	49.85	226.00	200.50

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December		Z Income shares		Z Accumulation share	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	
2015	187.40	161.20	207.20	180.20	
2016	177.40	147.50	210.30	170.50	
2017	190.70	170.40	233.80	206.80	
Financial period to 30 June 2018	187.30	166.10	238.00	211.00	

## Net revenue

Financial year to 31 December	A Income shares pence per share	A Accumulation shares pence per share
2015	7.0469	7.5551
2016	7.4146	8.3128
2017	7.7604	9.1421
Financial period to 30 June 2018	3.8563	4.4979

Financial year to 31 December	C Income shares pence per share	C Accumulation shares pence per share
2015	7.4164	8.1129
2016	7.8595	8.9843
2017	8.2038	9.9125
Financial period to 30 June 2018	4.0967	4.8804

Financial year to 31 December	L Income shares pence per share	L Accumulation shares pence per share
2015	2.3628	2.5084
2016	2.5108	2.7870
2017	2.6547	3.0916
Financial period to 30 June 2018	1.3166	1.5189

Financial year to 31 December	S Income shares pence per share	S Accumulation shares pence per share
2015	2.2615	–
2016	2.4111	–
2017	2.5586	5.0746
Financial period to 30 June 2018	1.2656	5.0897

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	Z Income shares pence per share	Z Accumulation shares pence per share
2015	7.6176	8.5001
2016	8.0690	9.4281
2017	8.5247	10.4489
Financial period to 30 June 2018	4.2319	5.1342

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Income shares	29,188	153.64	18,997,058
A Accumulation shares	37,412	170.69	21,917,874
C Income shares	74,171	162.17	45,736,201
C Accumulation shares	16,344	184.04	8,880,838
L Income shares	41,665	51.90	80,285,706
L Accumulation shares	36,584	57.04	64,139,355
S Income shares	1,339	49.69	2,694,611
Z Income shares	314,604	166.97	188,419,811
Z Accumulation shares	70,256	192.99	36,404,510
<b>2016</b>			
A Income shares	14,959	156.94	9,532,168
A Accumulation shares	35,682	183.03	19,494,929
C Income shares	53,822	166.49	32,327,222
C Accumulation shares	15,086	198.33	7,606,497
L Income shares	53,167	53.46	99,449,162
L Accumulation shares	35,176	61.67	57,040,947
S Income shares	7,877	51.35	15,340,604
Z Income shares	252,524	171.87	146,923,425
Z Accumulation shares	91,974	208.50	44,113,000

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2017</b>			
A Income shares	11,691	167.41	6,983,732
A Accumulation shares	32,678	204.50	15,979,887
C Income shares	13,917	178.54	7,795,218
C Accumulation shares	8,854	222.68	3,975,878
L Income shares	48,441	57.51	84,234,852
L Accumulation shares	29,523	69.47	42,498,062
S Income shares	49,397	55.39	89,176,797
S Accumulation shares	12,353	222.76	5,545,337
Z Income shares	136,416	184.74	73,841,406
Z Accumulation shares	76,232	234.70	32,480,860
<b>2018 at 30 June</b>			
A Income shares	9,989	159.62	6,258,443
A Accumulation shares	5,142	199.70	2,574,735
C Income shares	12,520	170.68	7,335,559
C Accumulation shares	7,831	218.00	3,592,173
L Income shares	30,168	55.07	54,782,045
L Accumulation shares	27,221	68.12	39,960,838
S Income shares	42,078	53.13	79,200,605
S Accumulation shares	10,089	218.76	4,612,175
Z Income shares	115,845	176.84	65,509,304
Z Accumulation shares	69,662	230.05	30,281,031

# Net Asset Value and Comparative Tables (continued)

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Income shares	159.62	167.41	(4.65)
A Accumulation shares	199.70	204.50	(2.35)
C Income shares	170.68	178.54	(4.40)
C Accumulation shares	218.00	222.68	(2.10)
L Income shares	55.07	57.51	(4.24)
L Accumulation shares	68.12	69.47	(1.94)
S Income shares	53.13	55.39	(4.08)
S Accumulation shares	218.76	222.76	(1.80)
Z Income shares	176.84	184.74	(4.28)
Z Accumulation shares	230.05	234.70	(1.98)

**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 30.6.18	Market Value £000's	% of net assets
<b>Equities 96.01% (98.44%)</b>			
<b>Oil &amp; Gas 13.46% (12.29%)</b>			
BP	3,553,511	20,550	6.22
Royal Dutch Shell B	882,541	23,948	7.24
		<b>44,498</b>	<b>13.46</b>
<b>Basic Materials 5.35% (7.63%)</b>			
BHP Billiton	660,344	11,263	3.41
Croda International	133,959	6,432	1.94
		<b>17,695</b>	<b>5.35</b>
<b>Industrials 13.66% (13.10%)</b>			
Babcock International Group	225,000	1,840	0.56
DS Smith	1,000,000	5,210	1.57
Electrocomponents	740,515	5,610	1.70
Essentra	835,442	4,012	1.21
G4S	1,494,250	4,000	1.21
Ibstock	2,170,476	6,477	1.96
Melrose Industries	2,932,464	6,234	1.89
PageGroup	724,288	4,067	1.23
Weir Group	385,046	7,701	2.33
		<b>45,151</b>	<b>13.66</b>
<b>Consumer Goods 14.34% (15.26%)</b>			
Bellway	214,798	6,453	1.95
British American Tobacco	513,649	19,670	5.95
Britvic	700,430	5,456	1.65
Diageo	186,781	5,084	1.54
Games Workshop Group	83,099	2,485	0.75
Headlam Group	700,430	3,418	1.03
Imperial Brands	170,904	4,821	1.47
		<b>47,387</b>	<b>14.34</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Health Care 7.55% (5.80%)</b>			
AstraZeneca	126,723	6,657	2.01
GlaxoSmithKline	1,197,268	18,316	5.54
		<b>24,973</b>	<b>7.55</b>
<b>Consumer Services 10.78% (11.46%)</b>			
Cineworld Group	2,731,675	7,244	2.19
Go-Ahead Group	168,196	2,664	0.80
Halfords Group	1,200,810	4,167	1.26
Marks & Spencer Group	2,241,374	6,614	2.00
Tesco	3,231,314	8,292	2.51
WPP	558,000	6,657	2.02
		<b>35,638</b>	<b>10.78</b>
<b>Telecommunications 3.12% (5.49%)</b>			
Vodafone Group	5,603,434	10,299	3.12
		<b>10,299</b>	<b>3.12</b>
<b>Utilities 3.97% (1.63%)</b>			
Severn Trent	330,000	6,532	1.98
SSE	485,631	6,578	1.99
		<b>13,110</b>	<b>3.97</b>
<b>Financials 21.60% (23.45%)</b>			
Amigo Holdings	545,302	1,562	0.47
Charter Court Financial Services Group	1,101,489	3,651	1.11
Direct Line Insurance Group	1,681,031	5,764	1.74
Hastings Group Holdings	1,961,202	4,985	1.51
HSBC Holdings	2,700,000	19,189	5.81
Lancashire Holdings	533,648	3,026	0.92
Lloyds Banking Group	17,464,034	11,006	3.33
London Stock Exchange Group	91,163	4,076	1.23
Man Group	1,635,865	2,887	0.87

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Financials (continued)</b>			
Phoenix Group Holdings	579,022	3,917	1.18
Phoenix Group Holdings Rights 09/07/2018	270,210	438	0.13
Polar Capital Holdings <sup>#</sup>	49,859	358	0.11
Sabre Insurance Group	1,590,914	4,296	1.30
TP ICAP	1,480,474	6,230	1.89
		<b>71,385</b>	<b>21.60</b>
<b>Technology 2.18% (2.33%)</b>			
Sage Group	1,148,704	7,219	2.18
		<b>7,219</b>	<b>2.18</b>
<b>Equities total</b>		<b>317,355</b>	<b>96.01</b>
Portfolio of investments		<b>317,355</b>	<b>96.01</b>
Net other assets		13,190	3.99
<b>Net assets attributable to shareholders</b>		<b>330,545</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

<sup>#</sup> Security traded on another regulated market.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
HSBC Holdings	9,673
WPP	7,379
British American Tobacco	7,175
Direct Line Insurance Group	6,840
Severn Trent	6,721
BP	4,694
AstraZeneca	4,243
Headlam Group	4,170
London Stock Exchange Group	4,011
PageGroup	4,007

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Prudential	15,855
Diageo	13,361
Rio Tinto	12,591
Royal Dutch Shell B	11,120
B&M European Value Retail	8,380
Vodafone Group	8,351
Lloyds Banking Group	6,886
Marston's	5,784
Jupiter Fund Management	5,442
Ashmore Group	5,154

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(16,300)	26,713
Revenue	9,517	13,783
Expenses	(1,754)	(2,598)
Net revenue before taxation	<b>7,763</b>	<b>11,185</b>
Taxation	0	246
Net revenue after taxation	<b>7,763</b>	<b>11,431</b>
<b>Total return before distributions</b>	<b>(8,537)</b>	<b>38,144</b>
Distributions	(8,864)	(12,113)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(17,401)</b>	<b>26,031</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	419,502 <sup>1</sup>	560,267
Amounts receivable on issue of shares	4,255	8,022
Amounts payable on cancellation of shares	(78,524)	(124,366)
	<b>(74,269)</b>	<b>(116,344)</b>
Dilution adjustment	24	70
Change in net assets attributable to shareholders from investment activities	(17,401)	26,031
Retained distribution on Accumulation shares	2,688	3,881
Unclaimed distributions	1	1
<b>Closing net assets attributable to shareholders</b>	<b>330,545</b>	<b>473,906<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	317,355	412,964
<b>Current assets</b>		
Debtors	3,795	2,663
Cash and bank balances	18,739	11,634
<b>Total assets</b>	<b>339,889</b>	<b>427,261</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	(5,038)	(6,043)
Other creditors	(4,306)	(1,716)
<b>Total liabilities</b>	<b>(9,344)</b>	<b>(7,759)</b>
<b>Net assets attributable to shareholders</b>	<b>330,545</b>	<b>419,502</b>

# Notes to the Accounts (unaudited)

## Accounting policies

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

# Distribution Table (unaudited)

**Interim distribution  
for the six  
months ended  
30 June 2018**

**Group 1** Shares purchased prior to 1 January 2018

**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	<i>Distribution paid 31.8.17 p per share</i>
<b>A Income shares</b>				
Group 1	3.8563	–	3.8563	3.8563
Group 2	2.4170	1.4393	3.8563	3.8563
<b>A Accumulation shares</b>				
Group 1	4.4979	–	4.4979	4.4979
Group 2	3.1591	1.3388	4.4979	4.4979
<b>C Income shares</b>				
Group 1	4.0967	–	4.0967	4.0967
Group 2	2.5868	1.5099	4.0967	4.0967
<b>C Accumulation shares</b>				
Group 1	4.8804	–	4.8804	4.8804
Group 2	4.8174	0.0630	4.8804	4.8804
<b>L Income shares</b>				
Group 1	1.3166	–	1.3166	1.3166
Group 2	0.8804	0.4362	1.3166	1.3166
<b>L Accumulation shares</b>				
Group 1	1.5189	–	1.5189	1.5189
Group 2	0.8554	0.6635	1.5189	1.5189
<b>S Income shares</b>				
Group 1	1.2656	–	1.2656	1.2656
Group 2	0.7031	0.5625	1.2656	1.2656
<b>S Accumulation shares</b>				
Group 1	5.0897	–	5.0897	–
Group 2	2.9813	2.1084	5.0897	–
<b>Z Income shares</b>				
Group 1	4.2319	–	4.2319	4.2319
Group 2	2.5876	1.6443	4.2319	4.2319
<b>Z Accumulation shares</b>				
Group 1	5.1342	–	5.1342	5.1342
Group 2	2.7230	2.4112	5.1342	5.1342

# Distribution Table (unaudited) (continued)

## Corporate shareholders

Corporate shareholders receive the dividend distribution payments as detailed below:  
100.00% of the total distribution is received as franked investment income.

## 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.

# Fund Information

## Investment objective and policy

The Schroder Strategic Credit Fund (the 'fund') aims to provide income and capital growth in excess of three Month London Interbank Offer Rate (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 supranationals. 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.

With effect from 25 May 2018 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 Treasury Bills 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 supranationals. 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 Information (continued)

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
A Income shares	90.85p	93.57p	(2.91)
A Accumulation shares	160.60p	162.00p	(0.86)
C Income shares	93.39p	96.06p	(2.78)
C Accumulation shares	164.20p	165.40p	(0.73)
D Income shares	47.72p	49.02p	(2.65)
D Accumulation shares	56.58p	56.93p	(0.61)
L Income shares	96.33p	98.97p	(2.67)
L Accumulation shares	169.50p	170.60p	(0.64)
S Income shares	48.88p	50.17p	(2.57)
S Accumulation shares	162.90p	163.80p	(0.55)
Z Income shares	48.16p	49.51p	(2.73)
Z Accumulation shares	56.55p	56.94p	(0.68)
	31.8.18	31.8.17	
Interim distribution per Z Income share	0.9868p	1.0784p	

## Fund information

Launch date	4 April 2006
Launch price	100.00p per A Income share
	100.00p per A Accumulation share
	100.00p per C Income share
	100.00p per C Accumulation share
	100.00p per L Income share
	100.00p per L Accumulation share
Launch date	1 November 2013
Launch price	50.00p per S Income share
Launch date	24 March 2014
Launch price	50.00p per Z Income share
	50.00p per Z Accumulation share
Launch date	23 May 2014
Launch price	50.00p per D Income share
	50.00p per D Accumulation share
Launch date	17 June 2016
Launch price	150.56p per S Accumulation share

# Fund Information (continued)

	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation dates	31 August	28 February

## Ongoing charges figure

	For the period to 30.6.18	For the year to 31.12.17
A Income shares	1.16% <sup>1</sup>	1.17%
A Accumulation shares	1.16% <sup>1</sup>	1.17%
C Income shares	0.91% <sup>1</sup>	0.92%
C Accumulation shares	0.91% <sup>1</sup>	0.92%
D Income shares	0.61% <sup>1</sup>	0.62%
D Accumulation shares	0.61% <sup>1</sup>	0.62%
L Income shares	0.66% <sup>1</sup>	0.67%
L Accumulation shares	0.66% <sup>1</sup>	0.67%
S Income shares	0.46% <sup>1</sup>	0.47%
S Accumulation shares	0.46% <sup>1</sup>	0.47% <sup>1</sup>
Z Income shares	0.76% <sup>1</sup>	0.77%
Z Accumulation shares	0.76% <sup>1</sup>	0.77%

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	267,148	507,261
Total sales	145,027	355,308

# Review of Investment Activities

From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis fell 0.68%. In comparison, the three month LIBOR generated a total return of 0.31%.<sup>1</sup>

<sup>1</sup> Source: Bloomberg.

European high yield credit saw negative total returns over the period impacted by increased risk aversion and volatility. Global risk off sentiment was driven by Italian politics, trade wars, US interest rate hikes and their impact on emerging markets. The Italian situation also resurrected the spectre of rising nationalism. The insurance sector, which tends to be sensitive to the market, was weak.

The portfolio generated a negative total return. Stock selection in telecommunications detracted, with some of our holdings impacted by concerns of competition from a discount mobile provider. The portfolio's nominal exposure to high yield debt increased from 57% to 59% with spread duration, a measure of sensitivity to changes in credit spreads, up from 2.7 to 3.0 units. The most significant primary market additions were in the services sector.

The Credit Suisse US Credit Risk Appetite Index reached the point of 'panic' at the end of June, a rare occurrence. However, this contrarian indicator tends to be most useful when Global Risk Appetite (including equities) also moves in to the panic zone, which it is not yet. European BB-B rated credit spreads have recently moved from expensive to fair value and we have started putting money back into the high yield bond market incrementally, though we don't yet see the market as cheap.

**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 27 years' experience analysing and investing in corporate debt

Peter studied management and international relations at St Andrews University

**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 and reward indicator changed from 5 to 3 with effect from 3 April 2018.

The risk category is based upon the fund risk target and there is no guarantee that the fund will achieve it.

The fund is in this category because it seeks to provide rewards whilst limiting price volatility.

The fund 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.

## Specific risks

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 is index unconstrained and has the potential for greater volatility.

More than 35% of the property of the fund may be invested in Government securities.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

The fund invests 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 uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The ACD employs a risk management process to allow the ACD 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 ACD conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December **A Income shares** **A Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	95.58	92.28	149.00	145.50
2016	93.76	89.21	155.60	145.00
2017	94.71	91.88	162.60	155.70
Financial period to 30 June 2018	91.94	90.85	162.50	160.60

Financial year to 31 December **C Income shares** **C Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	97.48	94.20	151.30	147.40
2016	96.01	91.23	158.40	147.30
2017	97.10	94.09	165.90	158.50
Financial period to 30 June 2018	94.41	93.39	166.00	164.20

Financial year to 31 December **D Income shares** **D Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	49.34	47.71	51.73	50.22
2016	48.84	46.29	54.35	50.39
2017	49.47	47.87	57.06	54.39
Financial period to 30 June 2018	48.18	47.72	57.13	56.58

Financial year to 31 December **L Income shares** **L Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	99.77	96.50	155.20	150.80
2016	98.67	93.55	162.90	151.10
2017	99.90	96.70	171.00	163.00
Financial period to 30 June 2018	97.28	96.33	171.10	169.50

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December **S Income shares** **S Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	50.30	48.68	–	–
2016	49.91	47.25	156.20	149.10
2017	50.59	48.92	164.10	156.30
Financial period to 30 June 2018	49.32	48.88	164.40	162.90

Financial year to 31 December **Z Income shares** **Z Accumulation shares**

	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	50.04	48.38	51.90	50.48
2016	49.40	46.89	54.45	50.53
2017	50.00	48.42	57.08	54.48
Financial period to 30 June 2018	48.66	48.16	57.13	56.55

## Net revenue

Financial year to 31 December	A Income shares pence per share	A Accumulation shares pence per share
2015	3.9298	6.1273
2016	3.9759	6.5287
2017	3.9600	6.7798
Financial period to 30 June 2018	1.8635	3.2932

Financial year to 31 December	C Income shares pence per share	C Accumulation shares pence per share
2015	4.0076	6.2642
2016	4.0706	6.6408
2017	4.0602	6.9126
Financial period to 30 June 2018	1.9142	3.3641

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	D Income shares pence per share	D Accumulation shares pence per share
2015	2.0279	2.1292
2016	2.0679	2.2752
2017	2.0685	2.3751
Financial period to 30 June 2018	0.9776	1.1585

Financial year to 31 December	L Income shares pence per share	L Accumulation shares pence per share
2015	4.1025	6.4281
2016	4.1779	6.8205
2017	4.1776	7.1177
Financial period to 30 June 2018	1.9735	3.4707

Financial year to 31 December	S Income shares pence per share	S Accumulation shares pence per share
2015	2.0632	–
2016	2.1114	6.5312
2017	2.1155	6.8285
Financial period to 30 June 2018	1.0009	3.3347

Financial year to 31 December	Z Income shares pence per share	Z Accumulation shares pence per share
2015	2.0689	2.1510
2016	2.0931	2.2804
2017	2.0908	2.3774
Financial period to 30 June 2018	0.9868	1.1583

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Income shares	8,897	91.12	9,763,365
A Accumulation shares	10,940	147.93	7,395,288
C Income shares	134,640	93.12	144,587,527
C Accumulation shares	78,972	150.26	52,555,807
D Income shares	6,167	47.23	13,058,317

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015 (continued)</b>			
D Accumulation shares	511	51.40	994,718
L Income shares	397,341	95.46	416,254,919
L Accumulation shares	50,365	154.14	32,673,975
S Income shares	33,127	48.19	68,738,606
Z Income shares	5,569	47.84	11,639,820
Z Accumulation shares	13,136	51.56	25,475,220
<b>2016</b>			
A Income shares	5,140	91.22	5,634,320
A Accumulation shares	11,640	154.57	7,529,495
C Income shares	122,406	93.42	131,034,012
C Accumulation shares	53,856	157.50	34,193,049
D Income shares	12,650	47.52	26,619,525
D Accumulation shares	303	54.01	560,463
L Income shares	410,607	96.00	427,714,548
L Accumulation shares	72,843	161.89	44,996,752
S Income shares	54,112	48.56	111,422,283
S Accumulation shares	13,860	155.16	8,933,040
Z Income shares	7,526	48.07	15,657,629
Z Accumulation shares	30,376	54.10	56,152,013
<b>2017</b>			
A Income shares	2,556	91.35	2,798,723
A Accumulation shares	15,648	161.51	9,688,442
C Income shares	6,124	93.78	6,529,819
C Accumulation shares	2,090	167.46	1,247,844
D Income shares	17,044	47.85	35,616,987
D Accumulation shares	464	56.74	818,654
L Income shares	477,321	96.62	494,024,818
L Accumulation shares	121,611	169.99	71,538,664
S Income shares	194,279	48.98	396,672,068
S Accumulation shares	66,697	163.25	40,854,808
Z Income shares	11,260	48.33	23,298,860
Z Accumulation shares	48,386	56.75	85,261,090

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2018 at 30 June</b>			
A Income shares	2,347	88.57	2,649,774
A Accumulation shares	16,314	159.88	10,203,458
C Income shares	5,983	91.04	6,572,043
C Accumulation shares	1,836	163.42	1,123,764
D Income shares	23,514	46.53	50,536,785
D Accumulation shares	461	56.32	818,654
L Income shares	507,113	93.92	539,950,757
L Accumulation shares	143,988	168.70	85,350,218
S Income shares	188,092	47.66	394,684,699
S Accumulation shares	63,613	162.17	39,225,167
Z Income shares	11,654	46.95	24,819,601
Z Accumulation shares	57,343	56.29	101,869,294

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Income shares	88.57	91.35	(3.04)
A Accumulation shares	159.88	161.51	(1.01)
C Income shares	91.04	93.78	(2.92)
C Accumulation shares	163.42	167.46	(2.41)
D Income shares	46.53	47.85	(2.76)
D Accumulation shares	56.32	56.74	(0.74)
L Income shares	93.92	96.62	(2.79)
L Accumulation shares	168.70	169.99	(0.76)
S Income shares	47.66	48.98	(2.69)
S Accumulation shares	162.17	163.25	(0.66)
Z Income shares	46.95	48.33	(2.86)
Z Accumulation shares	56.29	56.75	(0.81)

**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 30.6.18	Market Value £000's	% of net assets
<b>Corporate Bonds 98.17% (93.09%)</b>			
<b>Australia 1.06% (0.38%)</b>			
National Australia Bank FRN 1.186% 17/07/2020	£2,000,000	2,003	0.20
Australia & New Zealand Banking Group FRN 0.979% 22/03/2021	£4,232,000	4,231	0.42
Westpac Banking FRN 1.023% 18/01/2023	£3,000,000	2,996	0.29
BHP Billiton Finance FRN 6.5% 22/10/2077	£1,400,000	1,568	0.15
		<b>10,798</b>	<b>1.06</b>
<b>Austria 0.08% (0.08%)</b>			
Sappi Papier Holding 7.5% 15/06/2032	US\$1,000,000	773	0.08
		<b>773</b>	<b>0.08</b>
<b>Bermuda 1.09% (1.22%)</b>			
Fidelity International 6.75% 19/10/2020	£1,255,000	1,388	0.14
Digicel 6.75% 01/03/2023	US\$1,900,000	1,194	0.12
Fidelity International 7.125% 13/02/2024	£3,530,000	4,245	0.41
Hiscox FRN 6.125% 24/11/2045	£3,910,000	4,283	0.42
		<b>11,110</b>	<b>1.09</b>
<b>Canada 2.63% (3.80%)</b>			
Royal Bank of Canada FRN 1.457% 09/10/2018	£1,100,000	1,102	0.11
Royal Bank of Canada FRN 1.017% 04/06/2019	£4,150,000	4,160	0.41
Bank of Nova Scotia FRN 0.828% 14/06/2019	£2,000,000	2,001	0.20
Bank of Montreal FRN 0.824% 20/06/2019	£2,200,000	2,201	0.21
Bank of Montreal FRN 1% 20/07/2020	£2,636,000	2,637	0.26
Royal Bank of Canada FRN 0.903% 08/06/2021	£2,000,000	2,000	0.20

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Canada (continued)</b>			
National Bank of Canada FRN 1.034% 27/09/2021	£1,000,000	1,004	0.10
Canadian Imperial Bank of Commerce FRN 1.193% 10/01/2022	£3,500,000	3,521	0.34
Valeant Pharmaceuticals International 6.5% 15/03/2022	US\$6,500,000	5,095	0.50
Valeant Pharmaceuticals International 5.875% 15/05/2023	US\$850,000	605	0.06
Valeant Pharmaceuticals International 7% 15/03/2024	US\$2,850,000	2,263	0.22
Valeant Pharmaceuticals International 5.5% 01/11/2025	US\$330,000	246	0.02
		<b>26,835</b>	<b>2.63</b>
<b>Cayman Islands 0.60% (1.06%)</b>			
Sable International Finance 6.875% 01/08/2022	US\$5,320,000	4,149	0.40
Thames Water Utilities Cayman Finance 2.375% 03/05/2023	£900,000	879	0.09
Vale Overseas 6.25% 10/08/2026	US\$1,330,000	1,091	0.11
		<b>6,119</b>	<b>0.60</b>
<b>Czech Republic 0.58% (0.47%)</b>			
RPG Byty 3.375% 15/10/2024	€6,773,000	5,960	0.58
		<b>5,960</b>	<b>0.58</b>
<b>Denmark 0.20% (0.00%)</b>			
DKT Finance 9.375% 17/06/2023	US\$2,699,000	2,067	0.20
		<b>2,067</b>	<b>0.20</b>
<b>Finland 0.24% (0.72%)</b>			
OP Corporate Bank FRN 0.945% 30/05/2021	£1,000,000	1,000	0.10
Nokia 3.375% 12/06/2022	US\$1,789,000	1,312	0.13
Nokia 2% 15/03/2024	€200,000	178	0.01
		<b>2,490</b>	<b>0.24</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>France 8.77% (7.31%)</b>			
Banque Federative du Credit Mutuel FRN 1.073% 07/02/2019	£10,000,000	10,015	0.98
Dexia Credit Local FRN 0.973% 04/04/2019	£5,000,000	5,005	0.49
Banque Federative du Credit Mutuel FRN 1.01% 16/01/2020	£10,100,000	10,093	0.99
Autodis FRN 4.375% 01/05/2022	€6,350,000	5,617	0.55
Altice France 6% 15/05/2022	US\$10,297,000	7,827	0.76
WFS Global Holding 9.5% 15/07/2022	€9,383,000	8,698	0.85
Verallia Packaging 5.125% 01/08/2022	€10,511,000	9,541	0.93
Burger King France FRN 5.25% 01/05/2023	€3,730,000	3,317	0.32
Faurecia 3.625% 15/06/2023	€2,350,000	2,156	0.21
SPIE 3.125% 22/03/2024	€900,000	794	0.08
Burger King France 6% 01/05/2024	€1,540,000	1,450	0.15
La Financiere Atalian 4% 15/05/2024	€3,933,000	3,286	0.32
Constantin Investissement 3 5.375% 15/04/2025	€831,000	685	0.07
La Financiere Atalian 6.625% 15/05/2025	£6,963,000	6,684	0.65
Novafives FRN 4.5% 15/06/2025	€2,079,000	1,795	0.18
SPCM 4.875% 15/09/2025	US\$1,200,000	868	0.08
Altice France 7.375% 01/05/2026	US\$10,838,000	8,026	0.79
AXA FRN 3.941% Perpetual	€388,000	354	0.03
AXA FRN 6.772% Perpetual	£1,300,000	1,363	0.13
Electricite de France FRN 6% Perpetual	£1,000,000	1,016	0.10
Orange FRN 5.875% Perpetual	£1,000,000	1,076	0.11
		<b>89,666</b>	<b>8.77</b>
<b>Germany 5.15% (4.88%)</b>			
Deutsche Pfandbriefbank FRN 1.324% 13/01/2020	£10,000,000	10,036	0.98
Deutsche Bank FRN 3.641% 20/08/2020	US\$2,979,000	2,248	0.22

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Germany (continued)</b>			
Deutsche Bank 3.375% 12/05/2021	US\$1,450,000	1,062	0.10
Landesbank Baden-Wuerttemberg FRN 0.893% 18/05/2021	£1,300,000	1,300	0.13
IHO Verwaltungs 2.75% 15/09/2021	€821,023	733	0.07
IHO Verwaltungs 4.125% 15/09/2021	US\$2,040,000	1,522	0.15
Deutsche Bank 4.25% 14/10/2021	US\$3,800,000	2,838	0.28
Deutsche Bank 1.75% 16/12/2021	£2,000,000	1,919	0.19
Safari Holding Verwaltungs 5.375% 30/11/2022	€8,009,000	6,969	0.68
IHO Verwaltungs 4.5% 15/09/2023	US\$1,550,000	1,124	0.11
ProGroup FRN 2.5% 31/03/2024	€10,275,000	8,996	0.88
Adler Pelzer Holding 4.125% 01/04/2024	€500,000	444	0.04
Unitymedia Hessen 5% 15/01/2025	US\$10,550,000	8,091	0.79
ProGroup 3% 31/03/2026	€500,000	430	0.04
EnBW Energie Baden-Wuerttemberg FRN 3.625% 02/04/2076	€950,000	875	0.09
EnBW Energie Baden-Wuerttemberg FRN 5.125% 05/04/2077	US\$5,372,000	4,055	0.40
		<b>52,642</b>	<b>5.15</b>
<b>Iceland 0.00% (0.09%)</b>			
<b>Ireland 2.42% (2.65%)</b>			
eircom Finance 4.5% 31/05/2022	€5,230,000	4,708	0.46
Ardagh Packaging Finance 4.25% 15/09/2022	US\$912,000	678	0.07
Virgin Media Receivables Financing Notes II 5.75% 15/04/2023	£1,794,000	1,818	0.18
Ardagh Packaging Finance 4.625% 15/05/2023	US\$9,805,000	7,343	0.72
Virgin Media Receivables Financing Notes I 5.5% 15/09/2024	£7,463,000	7,341	0.72
Ardagh Packaging Finance 6% 15/02/2025	US\$600,000	443	0.04
Bank of Ireland Group FRN 3.125% 19/09/2027	£1,041,000	1,009	0.10

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Ireland (continued)</b>			
Roadster Finance Designated Activity 1.625% 09/12/2029	€1,595,000	1,383	0.13
		<b>24,723</b>	<b>2.42</b>
<b>Italy 6.68% (5.44%)</b>			
Telecom Italia 6.375% 24/06/2019	£1,100,000	1,147	0.11
Banca Farmafactoring FRN 1.129% 05/06/2020	€1,167,000	983	0.10
Guala Closures FRN 4.75% 15/11/2021	€5,764,000	5,073	0.50
Sisal Group FRN 6.625% 31/07/2022	€600,000	524	0.05
Almaviva-The Italian Innovation 7.25% 15/10/2022	€4,225,000	3,671	0.36
Wind Tre 2.625% 20/01/2023	€2,400,000	1,783	0.17
TeamSystem FRN 4% 15/04/2023	€2,985,000	2,631	0.26
Gamenet Group FRN 3.75% 27/04/2023	€1,676,000	1,423	0.14
Nexi Capital FRN 3.625% 01/05/2023	€8,271,000	7,205	0.70
Sisal Group 7% 31/07/2023	€950,000	833	0.08
Limacorporate FRN 3.75% 15/08/2023	€3,891,000	3,346	0.33
EVOCA 7% 15/10/2023	€515,000	478	0.05
Wind Tre FRN 2.75% 20/01/2024	€18,211,000	13,388	1.31
Bormioli Pharma Bidco FRN 3.5% 15/11/2024	€4,925,000	4,236	0.42
Fabric BC FRN 4.182% 30/11/2024	€1,680,000	1,462	0.14
Piaggio & C 3.625% 30/04/2025	€1,983,000	1,750	0.17
Wind Tre 5% 20/01/2026	US\$6,048,000	3,630	0.35
Enel FRN 8.75% 24/09/2073	US\$3,106,000	2,618	0.26
Enel FRN 7.75% 10/09/2075	£3,270,000	3,596	0.35
Enel FRN 6.625% 15/09/2076	£2,253,000	2,461	0.24
Enel FRN 2.5% 24/11/2078	€721,000	600	0.06
Assicurazioni Generali FRN 4.596% Perpetual	€850,000	734	0.07
Assicurazioni Generali FRN 6.269% Perpetual	£1,200,000	1,208	0.12

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Italy (continued)</b>			
Assicurazioni Generali FRN 6.416% Perpetual	£3,400,000	3,492	0.34
		<b>68,272</b>	<b>6.68</b>
<b>Jersey 2.65% (2.63%)</b>			
Galaxy Bidco FRN 5.14% 15/11/2020	£2,630,000	2,592	0.25
Galaxy Bidco 6.375% 15/11/2020	£2,259,000	2,249	0.22
TVL Finance FRN 5.523% 15/05/2023	£490,000	481	0.05
TVL Finance 8.5% 15/05/2023	£1,440,000	1,504	0.15
LHC3 4.125% 15/08/2024	€5,529,760	4,872	0.48
CPUK Finance 7.239% 28/02/2042	£1,200,000	1,485	0.14
AA Bond 2.75% 31/07/2043	£700,000	666	0.06
AA Bond 2.875% 31/07/2043	£3,200,000	3,136	0.31
AA Bond 4.249% 31/07/2043	£1,550,000	1,598	0.15
AA Bond 5.5% 31/07/2043	£1,560,000	1,423	0.14
CPUK Finance 4.25% 28/02/2047	£1,100,000	1,105	0.11
HBOS Capital Funding 6.85% Perpetual	US\$7,878,000	6,019	0.59
		<b>27,130</b>	<b>2.65</b>
<b>Luxembourg 4.99% (5.06%)</b>			
Prologis International Funding II REIT 4.875% 15/02/2020	US\$5,267,000	4,074	0.40
Dakar Finance 9% 15/11/2020	€366,413	323	0.03
Cirsa Funding Luxembourg 5.75% 15/05/2021	€700,000	635	0.06
Monitchem HoldCo 3 FRN 4.429% 15/06/2021	€1,250,000	1,094	0.11
Codere Finance 2 Luxembourg 7.625% 01/11/2021	US\$1,800,000	1,247	0.12
Swissport Financing 6.75% 15/12/2021	€300,000	274	0.03
B&M European Value Retail 4.125% 01/02/2022	£1,620,000	1,633	0.16
Horizon Parent Holdings 8.25% 15/02/2022	€1,900,000	1,747	0.17

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Luxembourg (continued)</b>			
Matterhorn Telecom 3.875% 01/05/2022	€10,697,000	9,561	0.93
Garfunkelux Holdco 3 8.5% 01/11/2022	£700,000	679	0.07
Matterhorn Telecom FRN 3.25% 01/02/2023	€957,143	846	0.08
Altice Financing 6.625% 15/02/2023	US\$1,275,000	952	0.09
SIG Combibloc Holdings 7.75% 15/02/2023	€5,330,000	4,879	0.48
Kleopatra Holdings 1 8.5% 30/06/2023	€2,025,000	1,341	0.13
ARD Finance 6.625% 15/09/2023	€2,350,000	2,114	0.21
Arena Luxembourg Finance FRN 2.75% 01/11/2023	€7,461,000	6,532	0.64
LHMC Finco 6.25% 20/12/2023	€834,000	728	0.07
Gazprom 4.25% 06/04/2024	£4,800,000	4,886	0.48
Hercule Debtco 6.75% 30/06/2024	€418,000	361	0.04
Hidrovias International Finance 5.95% 24/01/2025	US\$2,000,000	1,360	0.13
Eurofins Scientific FRN 4.875% Perpetual	€1,840,000	1,711	0.17
Eurofins Scientific FRN 3.25% Perpetual	€4,854,000	4,039	0.39
		<b>51,016</b>	<b>4.99</b>
<b>Mexico 0.69% (0.72%)</b>			
Petroleos Mexicanos FRN 5.977% 11/03/2022	US\$1,000,000	808	0.08
Petroleos Mexicanos 8.25% 02/06/2022	£3,590,000	4,253	0.41
Petroleos Mexicanos 3.75% 16/11/2025	£1,719,000	1,614	0.16
Petroleos Mexicanos 5.35% 12/02/2028	US\$599,000	430	0.04
		<b>7,105</b>	<b>0.69</b>
<b>Netherlands 14.16% (11.28%)</b>			
ABN AMRO Bank FRN 1.109% 30/11/2018	£19,700,000	19,730	1.93

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
BMW International Investment FRN 0.998% 15/02/2019	£10,500,000	10,497	1.03
Cable & Wireless International Finance 8.625% 25/03/2019	£6,440,000	6,681	0.65
BMW International Investment FRN 1.076% 17/07/2019	£1,000,000	1,001	0.10
Toyota Motor Finance Netherlands FRN 0.858% 30/09/2019	£1,600,000	1,600	0.16
BMW International Investment FRN 0.863% 04/12/2019	£5,500,000	5,498	0.54
Cooperatieve Rabobank FRN 0.956% 16/01/2020	£3,500,000	3,500	0.34
BMW International Investment FRN 0.886% 12/02/2020	£2,000,000	1,999	0.19
Fiat Chrysler Automobiles 4.5% 15/04/2020	US\$4,820,000	3,650	0.36
ABN AMRO Bank FRN 0.961% 29/05/2020	£8,500,000	8,500	0.83
InterXion Holding 6% 15/07/2020	€2,466,000	2,217	0.22
Constellium 4.625% 15/05/2021	€400,000	356	0.03
Petrobras Global Finance 6.125% 17/01/2022	US\$743,000	572	0.05
Teva Pharmaceutical Finance Netherlands II 3.25% 15/04/2022	€455,000	408	0.04
Grupo Antolin Dutch 5.125% 30/06/2022	€2,270,000	2,059	0.20
IPD 3 4.5% 15/07/2022	€4,554,000	4,076	0.40
IPD 3 FRN 4.5% 15/07/2022	€3,872,000	3,456	0.34
Schaeffler Finance 4.75% 15/05/2023	US\$16,571,000	12,457	1.22
Teva Pharmaceutical Finance Netherlands III 2.8% 21/07/2023	US\$4,090,000	2,676	0.26
Selecta Group FRN 5.375% 01/02/2024	€5,280,000	4,610	0.45
Selecta Group 5.875% 01/02/2024	€4,553,000	3,925	0.38
Teva Pharmaceutical Finance Netherlands III 6% 15/04/2024	US\$5,261,000	3,946	0.39
Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	€1,224,000	916	0.09

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Netherlands (continued)</b>			
OI European Group 3.125% 15/11/2024	€550,000	490	0.05
Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	€1,876,000	1,699	0.17
InterXion Holding 4.75% 15/06/2025	€5,944,000	5,275	0.52
Constellium 5.875% 15/02/2026	US\$366,000	268	0.03
Petrobras Global Finance 8.75% 23/05/2026	US\$2,340,000	1,919	0.19
Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	US\$1,649,000	1,004	0.10
Ziggo Secured Finance 5.5% 15/01/2027	US\$7,722,000	5,463	0.53
Petrobras Global Finance 7.375% 17/01/2027	US\$580,000	439	0.04
ING Groep FRN 4.7% 22/03/2028	US\$1,739,000	1,305	0.13
Achmea FRN 6% 04/04/2043	€3,650,000	3,599	0.35
Koninklijke KPN FRN 6.875% 14/03/2073	£11,305,000	11,927	1.17
Koninklijke KPN FRN 7% 28/03/2073 144A	US\$4,550,000	3,585	0.35
Koninklijke KPN FRN 7% 28/03/2073 Reg.S	US\$200,000	158	0.01
Achmea FRN 4.25% Perpetual	€1,060,000	941	0.09
Volkswagen International Finance FRN 3.375% Perpetual	€2,700,000	2,347	0.23
		<b>144,749</b>	<b>14.16</b>
<b>Norway 0.76% (0.77%)</b>			
SpareBank 1 Boligkreditt FRN 0.942% 14/11/2022	£5,655,000	5,653	0.55
Aker 5.875% 31/03/2025	US\$2,727,000	2,127	0.21
		<b>7,780</b>	<b>0.76</b>
<b>Spain 1.68% (1.92%)</b>			
Telefonica Emisiones 5.597% 12/03/2020	£500,000	533	0.05
NH Hotel Group 3.75% 01/10/2023	€9,100,000	8,361	0.82

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Spain (continued)</b>			
Grupo-Antolin Irausa 3.25% 30/04/2024	€5,700,000	4,864	0.47
CaixaBank FRN 3.5% 15/02/2027	€3,700,000	3,435	0.34
		<b>17,193</b>	<b>1.68</b>
<b>Sweden 1.41% (1.26%)</b>			
Intrum 2.75% 15/07/2022	€4,860,000	4,083	0.40
Intrum FRN 2.625% 15/07/2022	€3,338,000	2,878	0.28
Verisure Holding 6% 01/11/2022	€4,336,200	3,988	0.39
Polygon 4% 23/02/2023	€2,600,000	2,299	0.23
Unilabs Subholding 5.75% 15/05/2025	€1,392,000	1,171	0.11
		<b>14,419</b>	<b>1.41</b>
<b>Switzerland 1.35% (1.17%)</b>			
UBS 1.25% 10/12/2020	£2,647,000	2,634	0.26
Credit Suisse Group 3.574% 09/01/2023	US\$4,900,000	3,635	0.35
UBS Group Funding Switzerland FRN 3.549% 23/05/2023	US\$500,000	383	0.04
UBS Group Funding Switzerland FRN 3.292% 15/08/2023	US\$5,000,000	3,791	0.37
UBS Group Funding Switzerland FRN 2.859% 15/08/2023	US\$1,000,000	725	0.07
Credit Suisse Group FRN 2.125% 12/09/2025	£498,000	474	0.05
Credit Suisse Group FRN 7.125% Perpetual	US\$2,400,000	1,847	0.18
UBS Group Funding Switzerland FRN 6.875% Perpetual	US\$400,000	311	0.03
		<b>13,800</b>	<b>1.35</b>
<b>United Kingdom 36.34% (35.65%)</b>			
Jaguar Land Rover Automotive 4.125% 15/12/2018	US\$1,000,000	758	0.07
Jaguar Land Rover Automotive 4.125% 15/12/2018 (Private Placement)	US\$3,722,000	2,823	0.28

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Thames Water Kemble Finance 7.75% 01/04/2019	£1,470,000	1,527	0.15
Southern Water Greensands Financing 8.5% 15/04/2019	£1,040,000	1,090	0.11
Nationwide Building Society FRN 0.976% 06/06/2019	£5,000,000	5,007	0.49
Care UK Health & Social Care FRN 5.78% 15/07/2019	£4,650,000	4,610	0.45
Coventry Building Society 6% 16/10/2019	£1,145,000	1,214	0.12
GKN Holdings 6.75% 28/10/2019	£1,257,000	1,337	0.13
Lloyds Bank FRN 1.086% 16/01/2020	£2,200,000	2,204	0.22
Santander UK FRN 0.861% 27/02/2020	£3,700,000	3,700	0.36
HSBC Bank FRN 0.827% 09/03/2020	£8,500,000	8,493	0.83
HSBC Bank FRN 0.827% 09/03/2020 Reg.S	£2,000,000	1,996	0.19
Jaguar Land Rover Automotive 3.5% 15/03/2020	US\$6,820,000	5,088	0.50
Arqiva Broadcast Finance 9.5% 31/03/2020	£1,450,000	1,500	0.15
Santander UK FRN 0.943% 05/05/2020	£4,000,000	4,007	0.39
National Westminster Bank FRN 0.908% 15/05/2020	£1,000,000	1,002	0.10
Barclays Bank UK FRN 0.853% 22/05/2020	£1,531,000	1,532	0.15
William Hill 4.25% 05/06/2020	£690,000	710	0.07
TES Finance FRN 5.628% 15/07/2020	£990,000	881	0.09
Lloyds Bank FRN 0.923% 10/01/2021	£2,221,000	2,218	0.22
Jaguar Land Rover Automotive 2.75% 24/01/2021	£2,150,000	2,134	0.21
Daily Mail & General Trust 10% 09/04/2021	£3,870,000	4,616	0.45
Old Mutual 8% 03/06/2021	£7,201,000	7,939	0.78
Lloyds Banking Group 3.1% 06/07/2021	US\$1,480,000	1,106	0.11
Boparan Finance 5.5% 15/07/2021	£1,250,000	1,082	0.11
First Hydro Finance 9% 31/07/2021	£3,870,000	4,688	0.46

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Barclays FRN 4.462% 10/08/2021	US\$5,580,000	4,386	0.43
Barclays 3.2% 10/08/2021	US\$3,000,000	2,226	0.22
Jerrold Finco 6.25% 15/09/2021	£3,900,000	3,997	0.39
TalkTalk Telecom Group 5.375% 15/01/2022	£3,610,000	3,572	0.35
Tesco 6.125% 24/02/2022	£820,000	930	0.09
Merlin Entertainments 2.75% 15/03/2022	€3,653,000	3,327	0.33
Stonegate Pub Co Financing 4.875% 15/03/2022	£4,150,000	4,090	0.40
Stonegate Pub Co Financing FRN 5.003% 15/03/2022	£3,167,000	3,125	0.31
Investec 4.5% 05/05/2022	£4,491,000	4,818	0.47
Inmarsat Finance 4.875% 15/05/2022	US\$2,000,000	1,488	0.15
Thomas Cook Group 6.25% 15/06/2022	€4,600,000	4,303	0.42
Synlab Bondco 6.25% 01/07/2022	€1,350,000	1,227	0.12
Synlab Bondco FRN 3.5% 01/07/2022	€7,133,000	6,279	0.61
Thames Water Kemble Finance 5.875% 15/07/2022	£4,155,000	4,394	0.43
IDH Finance FRN 6.648% 15/08/2022	£2,350,000	2,146	0.21
IDH Finance 6.25% 15/08/2022	£6,030,000	5,492	0.54
GKN Holdings 5.375% 19/09/2022	£2,230,000	2,446	0.24
Coventry Building Society 5.875% 28/09/2022	£3,785,000	4,408	0.43
Moto Finance 4.5% 01/10/2022	£1,150,000	1,142	0.11
Shop Direct Funding 7.75% 15/11/2022	£2,647,000	2,271	0.22
Worldpay Finance 3.75% 15/11/2022	€2,050,000	1,949	0.19
TSB Bank FRN 0.873% 07/12/2022	£2,500,000	2,496	0.24
Barclays Bank UK FRN 0.977% 09/01/2023	£3,154,000	3,150	0.31
Santander UK Group Holdings 3.571% 10/01/2023	US\$1,500,000	1,104	0.11
Algeco Global Finance FRN 5.923% 15/02/2023	€1,821,000	1,616	0.16
Algeco Global Finance 6.5% 15/02/2023	€3,132,000	2,821	0.28

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Jaguar Land Rover Automotive 3.875% 01/03/2023	£1,870,000	1,820	0.18
Tesco 5% 24/03/2023	£467,000	516	0.05
Nationwide Building Society FRN 1.034% 12/04/2023	£897,000	897	0.09
BUPA Finance 5% 25/04/2023	£1,450,000	1,569	0.15
Close Brothers Group 2.75% 26/04/2023	£2,397,000	2,405	0.23
INEOS Finance 4% 01/05/2023	£18,914,000	17,015	1.66
Voyage Care BondCo 5.875% 01/05/2023	£5,650,000	5,624	0.55
Skipton Building Society FRN 1.011% 02/05/2023	£1,200,000	1,202	0.12
NatWest Markets FRN 3.813% 15/05/2023	US\$1,700,000	1,294	0.13
Synlab Unsecured Bondco 8.25% 01/07/2023	€1,480,000	1,379	0.13
Thomas Cook Finance 2 3.875% 15/07/2023	€1,564,000	1,391	0.14
ZPG 3.75% 15/07/2023	£5,878,000	6,068	0.59
William Hill 4.875% 07/09/2023	£2,820,000	2,908	0.28
Ladbrokes Group Finance 5.125% 08/09/2023	£6,270,000	6,489	0.63
NatWest Markets 3.875% 12/09/2023	US\$3,010,000	2,215	0.22
Barclays FRN 2.375% 06/10/2023	£693,000	679	0.07
Miller Homes Group Holdings FRN 6.03% 15/10/2023	£4,036,000	4,026	0.39
Coventry Building Society 1.875% 24/10/2023	£531,000	523	0.05
Santander UK FRN 9.625% 30/10/2023	£4,069,000	4,176	0.41
Pinewood Finco 3.75% 01/12/2023	£7,096,000	7,093	0.69
Jerrold Finco 6.125% 15/01/2024	£197,000	198	0.02
Barclays 3.125% 17/01/2024	£4,761,000	4,757	0.47
Saga 3.375% 12/05/2024	£4,550,000	4,311	0.42
Arrow Global Finance 5.125% 15/09/2024	£4,500,000	4,162	0.41
Viridian Group FinanceCo 4.75% 15/09/2024	£4,683,000	4,319	0.42

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Miller Homes Group Holdings 5.5% 15/10/2024	£2,404,000	2,396	0.23
Liberty Living Finance 2.625% 28/11/2024	£1,014,000	1,013	0.10
Virgin Media Secured Finance 5.125% 15/01/2025	£8,300,000	8,424	0.82
Virgin Media Secured Finance 5.5% 15/01/2025 (GBP)	£2,610,000	2,654	0.26
Virgin Media Secured Finance 5.5% 15/01/2025 (USD)	US\$860,000	638	0.06
Pinnacle Bidco 6.375% 15/02/2025	£2,284,000	2,297	0.22
Iceland Bondco 4.625% 15/03/2025	£4,502,000	4,052	0.40
CYBG FRN 3.125% 22/06/2025	£2,709,000	2,675	0.26
Annington Funding 2.646% 12/07/2025	£3,095,000	3,079	0.30
CYBG FRN 5% 09/02/2026	£5,791,000	5,995	0.59
TSB Banking Group FRN 5.75% 06/05/2026	£4,170,000	4,391	0.43
NIE Finance 6.375% 02/06/2026	£500,000	641	0.06
Merlin Entertainments 5.75% 15/06/2026	US\$5,900,000	4,536	0.44
BUPA Finance 5% 08/12/2026	£800,000	861	0.08
Shaftesbury Chinatown 2.348% 30/09/2027	£579,000	556	0.05
Sainsbury's Bank FRN 6% 23/11/2027	£1,079,000	1,118	0.11
Quilter FRN 4.478% 28/02/2028	£1,300,000	1,307	0.13
Grainger 3.375% 24/04/2028	£2,065,000	2,064	0.20
Metro Bank FRN 5.5% 26/06/2028	£3,185,000	3,081	0.30
RI Finance Bonds No. 3 6.125% 13/11/2028	£2,050,000	2,260	0.22
Virgin Media Secured Finance 6.25% 28/03/2029	£1,880,000	1,962	0.19
Liberty Living Finance 3.375% 28/11/2029	£689,000	693	0.07
Tesco 6% 14/12/2029	£570,000	693	0.07
Spirit Issuer FRN 3.364% 28/12/2031	£3,650,000	3,559	0.35
Telereal Securitisation FRN 1.367% 10/12/2033	£2,050,000	1,686	0.16

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Telereal Securitisation FRN 4.09% 10/12/2033	£920,000	961	0.09
Arqiva Financing 4.04% 30/06/2035	£7,833,000	8,126	0.79
Aviva FRN 6.125% 14/11/2036	£1,300,000	1,448	0.14
Aviva FRN 6.625% 03/06/2041	£8,394,000	9,250	0.90
Legal & General Group FRN 10% 23/07/2041	£3,040,000	3,702	0.36
Standard Life Aberdeen FRN 5.5% 04/12/2042	£710,000	783	0.08
RL Finance Bonds No. 2 FRN 6.125% 30/11/2043	£7,270,000	8,028	0.79
Aviva FRN 4.375% 12/09/2049	£800,000	777	0.08
Aviva FRN 5.125% 04/06/2050	£900,000	914	0.09
SSE FRN 3.625% 16/09/2077	£3,000,000	3,032	0.30
SSE FRN 4.75% 16/09/2077	US\$3,931,000	2,873	0.28
J Sainsbury FRN 6.5% Perpetual	£13,311,000	14,202	1.39
Lloyds Banking Group FRN 7% Perpetual	£1,282,000	1,306	0.13
Lloyds Banking Group FRN 7.875% Perpetual	£2,255,000	2,616	0.26
NatWest Markets 5.25% Perpetual	€1,397,000	1,242	0.12
NatWest Markets 5.5% Perpetual	€1,570,000	1,398	0.14
NatWest Markets FRN 4.654% Perpetual	US\$1,000,000	724	0.07
Pennon Group FRN 2.875% Perpetual	£5,023,000	5,000	0.49
SSE FRN 3.875% Perpetual	£2,900,000	2,931	0.29
		<b>371,445</b>	<b>36.34</b>
<b>United States of America 4.64% (4.53%)</b>			
Fresenius Medical Care US Finance II 6.5% 15/09/2018	US\$1,000,000	762	0.07
Ford Motor Credit FRN 3.911% 08/01/2019	US\$1,400,000	1,067	0.10
Metropolitan Life Global Funding I FRN 0.877% 06/04/2019	£3,000,000	3,000	0.29
HCA 4.25% 15/10/2019	US\$5,072,000	3,871	0.38

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
HCA 6.5% 15/02/2020	US\$2,025,000	1,592	0.16
ZF North America Capital 4% 29/04/2020	US\$1,794,000	1,369	0.13
Reynolds Group Issuer 5.75% 15/10/2020	US\$2,631,127	2,000	0.20
Ball 4.375% 15/12/2020	US\$2,500,000	1,908	0.19
Reynolds Group Issuer 6.875% 15/02/2021	US\$311,884	239	0.02
Reynolds Group Issuer FRN 5.848% 15/07/2021	US\$1,500,000	1,147	0.11
CNH Industrial Capital 3.875% 15/10/2021	US\$4,000,000	3,015	0.30
Alliance Data Systems 4.5% 15/03/2022	€500,000	451	0.04
CNH Industrial Capital 4.375% 05/04/2022	US\$600,000	456	0.04
Infor US 5.75% 15/05/2022	€300,000	266	0.03
Infor US 6.5% 15/05/2022	US\$750,000	569	0.06
Community Health Systems 6.25% 31/03/2023	US\$2,700,000	1,874	0.18
Dell International 5.45% 15/06/2023	US\$5,190,000	4,114	0.40
Alliance Data Systems 5.25% 15/11/2023	€2,680,000	2,444	0.24
MPT Operating Partnership REIT 6.375% 01/03/2024	US\$2,532,000	2,009	0.20
BWAY Holding 4.75% 15/04/2024	€3,003,000	2,654	0.26
T-Mobile USA 6% 15/04/2024	US\$1,647,000	1,291	0.13
LifePoint Health 5.375% 01/05/2024	US\$4,551,000	3,318	0.32
Tenet Healthcare 4.625% 15/07/2024	US\$1,694,000	1,215	0.12
Digital Stout Holding REIT 2.75% 19/07/2024	£562,000	566	0.06
General Motors Financial 2.25% 06/09/2024	£400,000	388	0.04
BAT Capital 2.125% 15/08/2025	£1,817,000	1,759	0.17
Vantiv 3.875% 15/11/2025	£1,647,000	1,557	0.15
MPT Operating Partnership REIT 5.25% 01/08/2026	US\$3,463,000	2,571	0.25
		<b>47,472</b>	<b>4.64</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Corporate Bonds total</b>		<b>1,003,564</b>	<b>98.17</b>
<b>Convertible Bonds 0.83% (1.32%)</b>			
<b>Spain 0.83% (0.77%)</b>			
International Consolidated Airlines Group 0.25% 17/11/2020	€9,100,000	7,906	0.78
International Consolidated Airlines Group 0.63% 17/11/2022	€600,000	522	0.05
		<b>8,428</b>	<b>0.83</b>
<b>United Kingdom 0.00% (0.25%)</b>			
<b>United States of America 0.00% (0.30%)</b>			
<b>Convertible Bonds total</b>		<b>8,428</b>	<b>0.83</b>
<b>Swaps 0.13% (0.19%)</b>			
Credit Default Swap Bank of America Buy Boparan Finance 4.375% 15/07/2021 20/12/2019	EUR 500,000	(9)	0.00
Credit Default Swap Citigroup Buy Boparan Finance 4.375% 15/07/2021 20/12/2019	EUR 500,000	(9)	0.00
Credit Default Swap Morgan Stanley Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/09/2020	EUR 2,000,000	(171)	(0.02)
Credit Default Swap Barclays Bank Buy Synlab Unsecured Bondco 8.25% 01/07/2023 20/12/2020	EUR 1,000,000	(80)	(0.01)
Credit Default Swap Goldman Sachs Buy Constellium 4.625% 15/05/2021 20/12/2022	EUR 792,500	(76)	(0.01)
Credit Default Swap J.P. Morgan Sell Royal Bank of Scotland 5% 06/12/2020 20/09/2018	EUR (3,000,000)	6	0.00
Credit Default Swap Credit Suisse Sell Smurfit Kappa Acquisitions 0% 20/12/2018	EUR (2,000,000)	42	0.01
Credit Default Swap Credit Suisse Sell Royal Bank of Scotland 5% 06/12/2020 20/12/2018	EUR (2,000,000)	8	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap Goldman Sachs Sell Smurfit Kappa Acquisitions 5% 20/06/2018 20/12/2018	EUR (4,000,000)	83	0.00
Credit Default Swap Bank of America Sell Eileme 2 11.75% 31/01/2020 20/12/2018	EUR (1,000,000)	21	0.00
Credit Default Swap Goldman Sachs Sell Eileme 2 11.75% 31/01/2020 20/12/2018	EUR (2,000,000)	42	0.01
Credit Default Swap Citigroup Sell Smurfit Kappa Acquisitions 5% 20/06/2018 20/03/2019	EUR (2,000,000)	63	0.01
Credit Default Swap Credit Suisse Sell Smurfit Kappa Acquisitions 5% 20/06/2018 20/03/2019	EUR (1,500,000)	47	0.01
Credit Default Swap Bank of America Sell Royal Bank of Scotland 5% 06/12/2020 20/03/2019	EUR (2,000,000)	12	0.00
Credit Default Swap BNP Paribas Sell Ladbroke's Group Finance 7.625% 05/03/2017 20/03/2019	EUR (2,000,000)	10	0.00
Credit Default Swap Credit Suisse Sell Koninklijke KPN 8.375% 01/10/2030 20/03/2019	EUR (2,000,000)	11	0.00
Credit Default Swap Goldman Sachs Sell Eileme 2 11.75% 31/01/2020 20/03/2019	EUR (2,000,000)	64	0.01
Credit Default Swap J.P. Morgan Sell Beni Stabili SIIQ 4.125% 22/01/2018 20/06/2019	EUR (2,000,000)	84	0.01
Credit Default Swap Credit Suisse Sell Beni Stabili SIIQ 4.125% 22/01/2018 20/06/2019	EUR (2,000,000)	84	0.01
Credit Default Swap Goldman Sachs Sell Smurfit Kappa Acquisitions 5% 20/06/2018 20/06/2019	EUR (1,000,000)	42	0.00
Credit Default Swap Credit Suisse Sell Koninklijke KPN 7.5% 04/02/2019 20/06/2019	EUR (2,000,000)	15	0.00
Credit Default Swap Morgan Stanley Sell Beni Stabili SIIQ 4.125% 22/01/2018 20/09/2019	EUR (2,000,000)	104	0.01
Credit Default Swap Goldman Sachs Sell Smurfit Kappa Acquisitions 5% 20/06/2018 20/09/2019	EUR (2,000,000)	104	0.01

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Credit Default Swap Bank of America Sell Royal Bank of Scotland 5% 06/12/2020 20/09/2019	EUR (1,000,000)	9	0.00
Credit Default Swap Goldman Sachs Sell Koninklijke KPN 7.5% 04/02/2019 20/09/2019	EUR (2,000,000)	17	0.00
Credit Default Swap Citigroup Sell Schaeffler Finance 7.75% 15/02/2017 20/09/2019	EUR (2,000,000)	103	0.01
Credit Default Swap Barclays Bank Sell Tesco 6% 14/12/2029 20/12/2019	EUR (2,000,000)	20	0.00
Credit Default Swap Credit Suisse Sell Tesco 6% 14/12/2029 20/12/2019	EUR (4,000,000)	40	0.00
Credit Default Swap J.P. Morgan Sell Tesco 6% 14/12/2029 20/12/2019	EUR (2,000,000)	20	0.00
Credit Default Swap Citigroup Sell Tesco 6% 14/12/2029 20/06/2020	EUR (2,000,000)	24	0.00
Credit Default Swap BNP Paribas Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2021	EUR (76,805)	6	0.00
Credit Default Swap Citigroup Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2021	EUR (1,000,000)	79	0.01
Credit Default Swap Citigroup Sell Galp Energia 4.125% 25/01/2019 20/12/2021	EUR (666,667)	90	0.01
Credit Default Swap J.P. Morgan Sell Deutsche Bank 5.125% 31/08/2017 20/12/2021	EUR (1,560,000)	(26)	0.00
Credit Default Swap Citigroup Sell Rolls-Royce 6.75% 30/04/2019 20/12/2021	EUR (1,400,000)	20	0.00
Credit Default Swap J.P. Morgan Sell Vale Overseas 8.25% 17/01/2034 20/12/2021	USD (2,000,000)	(20)	0.00
Credit Default Swap Barclays Bank Sell Novafives 4.5% 30/06/2021 20/06/2023	EUR (650,000)	29	0.00
Credit Default Swap Barclays Bank Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2023	EUR (826,667)	57	0.01
Interest Rate Swap Morgan Stanley Pay fixed 0.48% Receive floating LIBOR 6 month 15/12/2021	GBP 4,000,000	95	0.01

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (continued)</b>			
Interest Rate Swap Morgan Stanley Pay fixed 0.627% Receive floating LIBOR 6 month 15/12/2021	GBP 1,000,000	19	0.00
Interest Rate Swap Morgan Stanley Pay fixed 0.676% Receive floating LIBOR 6 month 15/12/2021	GBP 1,000,000	17	0.00
Interest Rate Swap Morgan Stanley Pay fixed 0.732% Receive floating LIBOR 6 month 15/12/2021	GBP 1,000,000	15	0.00
Interest Rate Swap Morgan Stanley Pay fixed 0.955% Receive floating LIBOR 6 month 15/03/2022	GBP 1,200,000	11	0.00
Interest Rate Swap Morgan Stanley Pay fixed 1.058% Receive floating LIBOR 6 month 15/09/2022	GBP 6,650,000	51	0.01
Interest Rate Swap Morgan Stanley Pay fixed 1.019% Receive floating LIBOR 6 month 15/03/2023	GBP 13,390,000	163	0.02
<b>Swaps total</b>		<b>1,336</b>	<b>0.13</b>

<b>Forward Foreign Currency Contracts (1.07)% (0.34%)</b>			
Buy EUR 3,905,398 Sell GBP 3,424,342 10/07/2018	EUR 3,905,398	36	0.00
Buy EUR 3,423,000 Sell GBP 3,033,309 12/07/2018	EUR 3,423,000	0	0.00
Buy EUR 10,440,452 Sell GBP 9,089,723 07/08/2018	EUR 10,440,452	168	0.02
Buy EUR 14,934,867 Sell GBP 13,177,379 06/09/2018	EUR 14,934,867	80	0.01
Buy EUR 6,160,160 Sell GBP 5,441,686 09/10/2018	EUR 6,160,160	32	0.00
Buy USD 2,150,000 Sell GBP 1,528,291 03/07/2018	USD 2,150,000	108	0.01
Buy USD 8,084,064 Sell GBP 6,041,185 09/08/2018	USD 8,084,064	101	0.01
Buy USD 540,000 Sell GBP 412,335 09/08/2018	USD 540,000	(2)	0.00
Sell EUR 105,794,734 Buy GBP 94,640,515 10/07/2018	EUR (105,794,734)	904	0.09
Sell EUR 5,406,063 Buy GBP 4,736,923 10/07/2018	EUR (5,406,063)	(53)	0.00
Sell EUR 80,955,651 Buy GBP 71,131,246 07/08/2018	EUR (80,955,651)	(657)	(0.06)

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell EUR 42,293,737 Buy GBP 37,354,518 06/09/2018	EUR (42,293,737)	(188)	(0.02)
Sell EUR 127,480,893 Buy GBP 111,899,668 09/10/2018	EUR (127,480,893)	(1,383)	(0.14)
Sell USD 130,626,984 Buy GBP 92,780,960 03/07/2018	USD (130,626,984)	(6,631)	(0.65)
Sell USD 152,393,656 Buy GBP 112,035,721 09/08/2018	USD (152,393,656)	(3,742)	(0.37)
Sell USD 128,476,984 Buy GBP 97,684,830 27/09/2018	USD (128,476,984)	291	0.03
<b>Forward Foreign Currency Contracts total</b>		<b>(10,936)</b>	<b>(1.07)</b>
<b>Futures (0.02)% ((0.01)%)</b>			
Euro-Bobl September 2018	(52)	(29)	0.00
Long Gilt September 2018	(141)	(199)	(0.02)
US 5 Year Note September 2018	(56)	9	0.00
<b>Futures total</b>		<b>(219)</b>	<b>(0.02)</b>
Portfolio of investments		<b>1,002,173</b>	<b>98.04</b>
Net other assets		20,085	1.96
<b>Net assets attributable to shareholders</b>		<b>1,022,258</b>	<b>100.00</b>
Investment grade securities		375,538	36.74
Below investment grade securities		586,753	57.40
Unrated securities		49,701	4.86
<b>Total debt securities</b>		<b>1,011,992</b>	<b>99.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
La Financiere Atalian 6.625% 15/05/2025	13,926
Banque Federative du Credit Mutuel FRN 1.01% 16/01/2020	10,094
HSBC Bank FRN 0.827% 09/03/2020	8,500
ABN AMRO Bank FRN 0.961% 29/05/2020	8,500
Nexi Capital FRN 3.625% 01/05/2023	8,383
ZPG 3.75% 15/07/2023	5,872
Australia & New Zealand Banking Group FRN 0.979% 22/03/2021	5,464
ProGroup FRN 2.5% 31/03/2024	5,296
InterXion Holding 4.75% 15/06/2025	5,210
Selecta Group FRN 5.375% 01/02/2024	5,196

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Telefonica Europe FRN 6.75% Perpetual	10,055
Nationwide Building Society FRN 0.655% 23/03/2018	9,500
Bank of Montreal FRN 0.815% 03/05/2018	7,100
La Financiere Atalian 6.625% 15/05/2025	6,963
Grainger 5% 16/12/2020	5,944
J Sainsbury FRN 2.87% Perpetual	5,609
ProGroup 5.125% 01/05/2022	5,408
OP Corporate Bank FRN 0.975% 21/05/2018	5,400
Tesco 6.125% 24/02/2022	4,737
IPD 3 FRN 4.5% 15/07/2022	4,177

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(25,244)	12,334
Revenue	20,464	18,357
Expenses	(3,143)	(2,988)
Net revenue before taxation	<b>17,321</b>	<b>15,369</b>
Taxation	0	1
Net revenue after taxation	<b>17,321</b>	<b>15,370</b>
<b>Total return before distributions</b>	<b>(7,923)</b>	<b>27,704</b>
Distributions	(20,458)	(18,350)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(28,381)</b>	<b>9,354</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	963,480 <sup>1</sup>	795,319
Amounts receivable on issue of shares	112,558	80,315
Amounts payable on cancellation of shares	(31,267)	(23,478)
	<b>81,291</b>	<b>56,837</b>
Dilution adjustment	33	1
Change in net assets attributable to shareholders from investment activities	(28,381)	9,354
Retained distribution on Accumulation shares	5,834	4,585
Unclaimed distributions	1	1
<b>Closing net assets attributable to shareholders</b>	<b>1,022,258</b>	<b>866,097<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	1,015,448	916,656
<b>Current assets</b>		
Debtors	16,646	15,587
Cash and bank balances	28,663	49,776
<b>Total assets</b>	<b>1,060,757</b>	<b>982,019</b>
<b>Liabilities</b>		
Investment liabilities	(13,275)	(1,987)
<b>Creditors</b>		
Bank overdrafts	(974)	(694)
Distributions payable	(15,520)	(14,838)
Other creditors	(8,730)	(1,020)
<b>Total liabilities</b>	<b>(38,499)</b>	<b>(18,539)</b>
<b>Net assets attributable to shareholders</b>	<b>1,022,258</b>	<b>963,480</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder Strategic Credit Fund are disclosed on page 11.

# Securities Financing Transactions

The fund has not engaged in SFTs (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions), or TRSs, or CFDs. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting period ended 30.6.18.

# Distribution Table (unaudited)

**Interim distribution  
for the six  
months ended  
30 June 2018**

**Group 1** Shares purchased prior to 1 January 2018

**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	<i>Distribution paid 31.8.17 p per share</i>
<b>A Income shares</b>				
Group 1	1.8635	–	1.8635	2.0445
Group 2	0.8622	1.0013	1.8635	2.0445
<b>A Accumulation shares</b>				
Group 1	3.2932	–	3.2932	3.4639
Group 2	1.7808	1.5124	3.2932	3.4639
<b>C Income shares</b>				
Group 1	1.9142	–	1.9142	2.0949
Group 2	0.6925	1.2217	1.9142	2.0949
<b>C Accumulation shares</b>				
Group 1	3.3641	–	3.3641	3.5296
Group 2	2.5717	0.7924	3.3641	3.5296
<b>D Income shares</b>				
Group 1	0.9776	–	0.9776	1.0665
Group 2	0.6539	0.3237	0.9776	1.0665
<b>D Accumulation shares</b>				
Group 1	1.1585	–	1.1585	1.2118
Group 2	1.1585	0.0000	1.1585	1.2118
<b>L Income shares</b>				
Group 1	1.9735	–	1.9735	2.1542
Group 2	0.9143	1.0592	1.9735	2.1542
<b>L Accumulation shares</b>				
Group 1	3.4707	–	3.4707	3.6321
Group 2	1.2441	2.2266	3.4707	3.6321
<b>S Income shares</b>				
Group 1	1.0009	–	1.0009	1.0903
Group 2	0.4651	0.5358	1.0009	1.0903
<b>S Accumulation shares</b>				
Group 1	3.3347	–	3.3347	3.4828
Group 2	1.3354	1.9993	3.3347	3.4828

# Distribution Table (unaudited) (continued)

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	<i>Distribution paid 31.8.17 p per share</i>
<b>Z Income shares</b>				
Group 1	0.9868	–	0.9868	1.0784
Group 2	0.5281	0.4587	0.9868	1.0784
<b>Z Accumulation shares</b>				
Group 1	1.1583	–	1.1583	1.2134
Group 2	0.4782	0.6801	1.1583	1.2134

## 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.

# Fund Information

## Investment objective and policy

The Schroder European Alpha Income Fund (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 reducing risk or managing the fund more efficiently.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>A Income shares</b>	208.20p	211.50p	(1.56)
<b>A Accumulation shares</b>	253.40p	253.80p	(0.16)
<b>C Income shares</b>	214.80p	217.80p	(1.38)
<b>C Accumulation shares</b>	259.20p	259.00p	0.08
<b>GBP Hedged C Income shares</b>	186.10p	187.80p	(0.91)
<b>GBP Hedged S Income shares</b>	210.70p	211.60p	(0.43)
<b>GBP Hedged Z Income shares</b>	209.60p	210.90p	(0.62)
<b>L Income shares</b>	76.91p	78.02p	(1.42)
<b>L Accumulation shares</b>	88.09p	87.88p	0.24
<b>S Income shares</b>	73.39p	74.33p	(1.26)
<b>S Accumulation shares</b>	260.00p	259.00p	0.39
<b>Z Income shares</b>	218.10p	220.90p	(1.27)
<b>Z Accumulation shares</b>	265.20p	264.70p	0.19
	1.3.18 to 31.8.18	1.3.17 to 31.8.17	
<b>Distributions per Z Income share</b>	2.0600p	1.9400p	

The performance of a hedged share class may differ from other share classes of the fund because the return on unhedged share classes is based on both the performance of the fund's investments and the performance of the portfolio currencies relative to sterling where as the return on a hedged share class is based only on the performance of the fund's investments.

# Fund Information (continued)

## Fund information

<b>Launch date</b>	2 May 2012			
<b>Launch price</b>	100.00p per A Income share			
	100.00p per A Accumulation share			
	100.00p per C Income share			
	100.00p per Z Income share			
	100.00p per Z Accumulation share			
<b>Launch date</b>	31 August 2012			
<b>Launch price</b>	102.78p per C Accumulation share			
<b>Launch date</b>	18 February 2013			
<b>Launch price</b>	125.15p per GBP Hedged C Income share			
	125.39p per GBP Hedged Z Income share			
<b>Launch date</b>	1 October 2013			
<b>Launch price</b>	50.00p per L Income share			
	50.00p per L Accumulation share			
<b>Launch date</b>	1 November 2013			
<b>Launch price</b>	50.00p per S Income share			
<b>Launch date</b>	11 August 2017			
<b>Launch price</b>	207.50p per GBP Hedged S Income share			
<b>Launch date</b>	15 December 2017			
<b>Launch price</b>	257.00p per S Accumulation share			
	Quarterly	Interim	Quarterly	Final
<b>Accounting dates</b>	31 March	30 June	30 September	31 December
<b>Revenue allocation dates</b>	31 May	31 August	30 November	28 February

# Fund Information (continued)

## Ongoing charges figure

	For the period to 30.6.18	For the period from 1.1.18	For the period from 1.1.18	For the year to 31.12.17
<b>A Income shares</b>	1.67% <sup>1</sup>	1.67%	1.67% <sup>2</sup>	1.64%
<b>A Accumulation shares</b>	1.67% <sup>1</sup>	1.67%	1.67%	1.67%
<b>C Income shares</b>	1.17% <sup>1</sup>	1.17%	1.17%	1.17%
<b>C Accumulation shares</b>	1.17% <sup>1</sup>	1.17%	1.17%	1.17%
<b>GBP Hedged C Income shares</b>	1.27% <sup>1 3</sup>	1.27% <sup>4</sup>	1.17%	1.17%
<b>GBP Hedged S Income shares</b>	0.65% <sup>1 3</sup>	0.65% <sup>1 4</sup>	0.55% <sup>1 2</sup>	0.57% <sup>1</sup>
<b>GBP Hedged Z Income shares</b>	1.02% <sup>1 3</sup>	1.02% <sup>1 4</sup>	0.92%	0.92%
<b>L Income shares</b>	0.85% <sup>1</sup>	0.84%	0.84%	0.84%
<b>L Accumulation shares</b>	0.85% <sup>1</sup>	0.84%	0.84%	0.84%
<b>S Income shares</b>	0.55% <sup>1</sup>	0.54%	0.54%	0.54%
<b>S Accumulation shares</b>	0.55% <sup>1</sup>	0.55% <sup>1</sup>	0.55% <sup>1 2</sup>	0.95% <sup>1</sup>
<b>Z Income shares</b>	0.92% <sup>1</sup>	0.92%	0.92%	0.92%
<b>Z Accumulation shares</b>	0.92% <sup>1</sup>	0.92%	0.92%	0.92%

- 1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.
- 2 The Ongoing charges figure is a projected figure based on the latest expenses of these share classes.
- 3 The Ongoing charges figure includes the hedging programme cost of 0.10%.
- 4 The Ongoing charges figure includes the hedging programme cost of 0.10%. This has been disclosed for comparative purposes, previously this cost was charged to the share class but was excluded from the Ongoing charges figure since the launch of the share class.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
<b>Total purchases</b>	518,638	1,386,004
<b>Total sales</b>	475,260	731,910

# Review of Investment Activities

**From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis rose 0.19%. In comparison, the FTSE<sup>1</sup> World Europe ex UK Index generated a negative total return of 1.43%<sup>2</sup> in sterling terms.**

The fund outperformed the benchmark over the six months. Positioning in the oil & gas sector was a key driver of this outperformance with oil services firms Lundin Petroleum, Petroleum Geo-Services and Subsea 7 among the leading individual contributors. The stronger oil price over the period was helpful for these holdings. Although share prices of oil related firms have moved up, we continue to feel that valuations remain cheap.

New position Netcompany Group was another top contributor. This was an attractively priced initial public offering during June. Netcompany Group is an outsourced IT services provider with a key difference: every employee is a coder and IT person, from graduate to CEO. It has a fantastic growth track record and is expanding into new markets.

Positioning in financials supported relative performance with Bankinter among the leading individual performers. We have moved back overweight the sector as we feel valuations are now pricing in falling earnings, which we see as unlikely. Specific changes include adding BNP Paribas.

The fund's skew to telecommunications was detrimental for relative returns. This is a value sector that continues to be out of favour for now. We remain of the view the incumbent telecommunications stocks will see a material positive inflection in terms of cash flow generation but admit this is taking (a lot) longer than expected. Koninklijke KPN and Telefonica were among the main individual detractors.

We will continue to use a pragmatic approach to try to generate the best stock picking returns we can, coupled with the ability to take outsized bets in out of favour areas of the market which offer the potential for significantly higher returns as a whole.

## 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 Chartered Financial Analyst

James has 10 years' investment experience

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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 and reward indicator changed from 6 to 5 with effect from 19 February 2018 for A Income shares, A Accumulation shares, C Income shares, C Accumulation shares, L Accumulation shares, S Income shares, Z Income shares and Z Accumulation shares. The risk and reward indicator changed from 6 to 5 with effect from 4 May 2018 for GBP Hedged S Income shares. At period end the risk and reward indicator for GBP Hedged C Income shares, GBP Hedged Z Income shares, L Income shares and S Accumulation shares remained at 6.

There is a difference between share classes caused by the technical nature of the calculation of the 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 is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

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.

## Specific risks

The fund invests in assets which are exposed to currencies other than sterling. For non-hedged share classes exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

There is no guarantee that the hedging strategy applied in hedged share classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currencies.

In addition, it should be noted that hedging transactions will be entered into whether or not the currency of a hedged share class is declining or increasing in value in relation to the base currency or portfolio currencies. Hedged share classes aim to provide investors with a return correlated to the portfolio currencies performance of the fund by reducing the effect of exchange rate fluctuations between the base currency and the portfolio currencies.

As it is not possible to legally segregate share classes' liabilities from those of other share classes in the fund, there is a risk that, in certain limited circumstances, the hedging transactions undertaken in relation to a hedged share class could result in liabilities which might affect the net asset value of the other share classes in the fund.

The fund invests in a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December				
A Income shares		A Accumulation shares		
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	171.40	142.50	189.30	157.10
2016	188.60	136.60	219.90	155.80
2017	218.50	186.50	261.40	220.40
Financial period to 30 June 2018	216.90	195.90	263.50	238.40

Financial year to 31 December				
C Income shares		C Accumulation shares		
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	174.00	144.40	190.70	158.00
2016	193.30	139.20	223.20	157.50
2017	224.50	191.30	266.40	224.10
Financial period to 30 June 2018	223.30	201.90	269.00	243.60

Financial year to 31 December				
GBP Hedged C Income shares		GBP Hedged S Income shares		
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	204.90	160.30	–	–
2016	189.80	151.50	–	–
2017	213.90	187.40	216.90	204.40
Financial period to 30 June 2018	193.80	177.00	218.90	200.10

Financial year to 31 December				
GBP Hedged Z Income shares		L Income shares		
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	206.30	161.30	61.69	51.13
2016	191.70	152.60	69.04	49.48
2017	216.50	189.20	80.22	68.24
Financial period to 30 June 2018	218.10	199.30	79.84	72.24

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	L Accumulation shares		S Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	64.18	53.10	58.31	48.28
2016	75.51	53.14	65.60	46.88
2017	90.35	75.85	76.39	64.89
Financial period to 30 June 2018	91.29	82.74	76.07	68.88

Financial year to 31 December	S Accumulation shares		Z Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2015	-	-	175.40	145.40
2016	-	-	195.50	140.60
2017	261.10	257.00	227.40	193.70
Financial period to 30 June 2018	269.10	244.10	226.50	204.90

Financial year to 31 December	Z Accumulation shares	
	Highest dealing p	Lowest dealing p
2015	193.60	160.30
2016	227.60	160.30
2017	272.20	228.60
Financial period to 30 June 2018	275.00	249.20

## Net revenue

Financial year to 31 December	A Income shares pence per share	A Accumulation shares pence per share
2015	5.3066	5.8783
2016	5.7322	6.5746
2017	6.2059	7.3650
Financial period to 30 June 2018	2.0300	2.1700

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	C Income shares pence per share	C Accumulation shares pence per share
2015	5.3892	5.9210
2016	5.8529	6.6568
2017	6.3725	7.4837
Financial period to 30 June 2018	2.0400	2.1800

Financial year to 31 December	GBP Hedged C Income shares pence per share	GBP Hedged S Income shares pence per share
2015	6.2977	–
2016	6.2287	–
2017	6.2229	4.2768
Financial period to 30 June 2018	2.1300	2.0800

Financial year to 31 December	GBP Hedged Z Income shares pence per share	L Income shares pence per share
2015	6.3362	1.9113
2016	6.2776	2.0824
2017	6.2947	2.2737
Financial period to 30 June 2018	2.1500	0.6850

Financial year to 31 December	L Accumulation shares pence per share	S Income shares pence per share
2015	1.9928	1.8057
2016	2.2477	1.9753
2017	2.5329	2.1611
Financial period to 30 June 2018	0.7150	0.6050

Financial year to 31 December	S Accumulation shares pence per share	Z Income shares pence per share
2015	–	5.4307
2016	–	5.9137
2017	3.7137	6.4216
Financial period to 30 June 2018	2.1900	2.0600

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	Z Accumulation shares pence per share
2015	6.0131
2016	6.7774
2017	7.6312
Financial period to 30 June 2018	2.2000

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
A Income shares	14,363	156.66	9,168,014
A Accumulation shares	29,567	178.73	16,543,161
C Income shares	60,620	159.59	37,984,776
C Accumulation shares	9,330	180.56	5,167,357
GBP Hedged C Income shares	15,447	184.50	8,372,093
GBP Hedged Z Income shares	71,820	185.84	38,647,048
L Income shares	28,391	56.69	50,080,781
L Accumulation shares	33,083	60.89	54,336,227
S Income shares	4,185	53.69	7,793,642
Z Income shares	204,274	161.06	126,828,308
Z Accumulation shares	59,933	183.64	32,636,026
<b>2016</b>			
A Income shares	1,270	185.77	683,917
A Accumulation shares	37,676	219.17	17,190,157
C Income shares	54,238	190.28	28,504,725
C Accumulation shares	8,366	222.52	3,759,837
GBP Hedged C Income shares	13,456	186.37	7,219,788
GBP Hedged Z Income shares	89,545	188.18	47,584,750
L Income shares	93,697	67.83	138,136,718
L Accumulation shares	49,844	75.27	66,218,824
S Income shares	8,079	64.44	12,538,621
Z Income shares	139,049	192.51	72,227,714
Z Accumulation shares	52,908	226.88	23,320,203

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2017</b>			
A Income shares	36,688	208.55	17,591,826
A Accumulation shares	43,545	253.42	17,182,555
C Income shares	2,984	214.67	1,390,046
C Accumulation shares	309	258.58	119,301
GBP Hedged C Income shares	199	184.95	107,651
GBP Hedged S Income shares	35,517	208.72	17,016,522
GBP Hedged Z Income shares	138,266	208.02	66,467,138
L Income shares	384,375	76.74	500,886,765
L Accumulation shares	103,333	87.75	117,753,851
S Income shares	302,946	73.10	414,401,518
S Accumulation shares	14,205	258.65	5,492,008
Z Income shares	180,260	217.71	82,798,979
Z Accumulation shares	95,235	264.30	36,032,857
<b>2018 at 30 June</b>			
A Income shares	40,280	205.33	19,617,285
A Accumulation shares	48,629	251.99	19,298,440
C Income shares	2,951	211.94	1,392,172
C Accumulation shares	541	257.76	209,813
GBP Hedged C Income shares	197	183.27	107,651
GBP Hedged S Income shares	35,236	207.80	16,957,063
GBP Hedged Z Income shares	135,952	206.68	65,778,135
L Income shares	354,421	75.93	466,775,094
L Accumulation shares	131,490	87.62	150,076,057
S Income shares	312,395	72.49	430,944,944
S Accumulation shares	14,851	258.63	5,742,310
Z Income shares	184,435	215.21	85,698,238
Z Accumulation shares	105,308	263.79	39,921,743

# Net Asset Value and Comparative Tables (continued)

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
A Income shares	205.33	208.55	(1.54)
A Accumulation shares	251.99	253.42	(0.56)
C Income shares	211.94	214.67	(1.27)
C Accumulation shares	257.76	258.58	(0.32)
GBP Hedged C Income shares	183.27	184.95	(0.91)
GBP Hedged S Income shares	207.80	208.72	(0.44)
GBP Hedged Z Income shares	206.68	208.02	(0.64)
L Income shares	75.93	76.74	(1.06)
L Accumulation shares	87.62	87.75	(0.15)
S Income shares	72.49	73.10	(0.83)
S Accumulation shares	258.63	258.65	(0.01)
Z Income shares	215.21	217.71	(1.15)
Z Accumulation shares	263.79	264.30	(0.19)

**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 30.6.18	Market Value £000's	% of net assets
<b>Equities 96.12% (97.32%)</b>			
<b>Austria 0.51% (0.50%)</b>			
Porr	273,387	6,987	0.51
		<b>6,987</b>	<b>0.51</b>
<b>Belgium 3.15% (6.69%)</b>			
KBC Group	737,737	43,059	3.15
		<b>43,059</b>	<b>3.15</b>
<b>Bermuda 2.05% (0.00%)</b>			
Borr Drilling	7,838,591	27,973	2.05
		<b>27,973</b>	<b>2.05</b>
<b>Denmark 7.17% (8.93%)</b>			
Danske Bank	1,154,313	27,395	2.00
Netcompany Group	1,243,334	34,532	2.53
Novo Nordisk B	1,023,416	36,010	2.64
		<b>97,937</b>	<b>7.17</b>
<b>Finland 2.23% (4.13%)</b>			
Cargotec B	796,586	30,432	2.23
		<b>30,432</b>	<b>2.23</b>
<b>France 27.45% (18.60%)</b>			
Altran Technologies	5,008,411	54,966	4.02
AXA	1,471,120	27,333	2.00
BNP Paribas	592,897	27,878	2.04
IPSOS	1,593,033	40,911	2.99
Lagardere	1,767,292	35,274	2.58
Orange	5,488,943	69,608	5.09
Renault	481,003	30,967	2.27
Teleperformance	267,777	35,805	2.62
TOTAL	1,135,087	52,399	3.84
		<b>375,141</b>	<b>27.45</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Germany 12.38% (17.27%)</b>			
Allianz	90,397	14,159	1.04
AURELIUS Equity Opportunities	724,987	32,666	2.39
Bayer	881,546	73,741	5.40
Continental	102,907	17,792	1.30
LANXESS	521,232	30,800	2.25
		<b>169,158</b>	<b>12.38</b>
<b>Italy 3.39% (1.27%)</b>			
Eni	2,527,782	35,556	2.60
Intesa Sanpaolo	4,908,696	10,794	0.79
Intesa Sanpaolo Rights 17/07/2018	4,908,696	0	0.00
		<b>46,350</b>	<b>3.39</b>
<b>Luxembourg 4.06% (1.78%)</b>			
Grand City Properties	1,372,554	26,898	1.97
Subsea 7	2,362,687	28,599	2.09
		<b>55,497</b>	<b>4.06</b>
<b>Netherlands 6.81% (14.16%)</b>			
ING Groep	1,798,297	19,577	1.43
Intertrust	1,638,477	21,618	1.58
Koninklijke KPN	25,349,094	51,896	3.80
		<b>93,091</b>	<b>6.81</b>
<b>Norway 3.35% (1.88%)</b>			
Atea	1,854,773	20,236	1.48
Petroleum Geo-Services	7,207,874	25,581	1.87
		<b>45,817</b>	<b>3.35</b>
<b>Portugal 2.26% (0.00%)</b>			
Galp Energia	2,166,795	30,851	2.26
		<b>30,851</b>	<b>2.26</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Spain 10.22% (13.06%)</b>			
Bankinter	5,311,354	39,183	2.87
Grifols Preference	842,476	13,738	1.00
Grupo Catalana Occidente	978,470	33,011	2.42
Telefonica	8,349,172	53,745	3.93
		<b>139,677</b>	<b>10.22</b>
<b>Sweden 4.19% (4.51%)</b>			
Ahlsell	1,512,298	6,728	0.49
Lundin Petroleum	2,088,523	50,538	3.70
		<b>57,266</b>	<b>4.19</b>
<b>Switzerland 5.82% (3.39%)</b>			
Roche Holding	97,194	16,348	1.20
Swiss Re	372,066	24,323	1.78
Zurich Insurance Group	173,200	38,843	2.84
		<b>79,514</b>	<b>5.82</b>
<b>United Kingdom 1.08% (1.15%)</b>			
IQE <sup>#</sup>	14,526,447	14,832	1.08
		<b>14,832</b>	<b>1.08</b>
<b>Equities total</b>		<b>1,313,582</b>	<b>96.12</b>
<b>Forward Foreign Currency Contracts (0.06)% ((0.01)%)</b>			
Buy CHF 14,627 Sell GBP 11,191 31/07/2018	CHF 14,627	0	0.00
Buy DKK 116,669 Sell GBP 13,821 31/07/2018	DKK 116,669	0	0.00
Buy EUR 163,321 Sell GBP 144,130 31/07/2018	EUR 163,321	1	0.00
Buy NOK 154,461 Sell GBP 14,403 31/07/2018	NOK 154,461	0	0.00
Buy SEK 94,011 Sell GBP 8,013 31/07/2018	SEK 94,011	0	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell CHF 13,100,617 Buy GBP 10,019,411 31/07/2018	CHF (13,100,617)	(25)	0.00
Sell DKK 103,394,756 Buy GBP 12,240,605 31/07/2018	DKK (103,394,756)	(60)	(0.01)
Sell EUR 146,446,691 Buy GBP 129,161,959 31/07/2018	EUR (146,446,691)	(671)	(0.05)
Sell NOK 137,739,109 Buy GBP 12,792,184 31/07/2018	NOK (137,739,109)	(57)	0.00
Sell SEK 82,713,313 Buy GBP 7,048,890 31/07/2018	SEK (82,713,313)	26	0.00
Sell SEK 44,178 Buy GBP 3,745 31/07/2018	SEK (44,178)	0	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>(786)</b>	<b>(0.06)</b>
Portfolio of investments		<b>1,312,796</b>	<b>96.06</b>
Net other assets		53,890	3.94
<b>Net assets attributable to shareholders</b>		<b>1,366,686</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

# Security traded on another regulated market.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
TOTAL	49,843
Eni	31,687
Galp Energia	31,063
BNP Paribas	28,336
Swiss Re	27,814
Netcompany Group	25,968
Subsea 7	25,451
Borr Drilling	23,930
Bayer	23,825
Petroleum Geo-Services	22,986

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
ABN AMRO Group	46,392
ING Groep	35,174
bpost	31,390
Deutsche Telekom	30,085
Hispania Activos Inmobiliarios SOCIMI REIT	29,101
KBC Group	29,004
Continental	28,856
Nokian Renkaat	23,335
Danske Bank	20,446
TKH Group	17,901

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(29,670)	70,166
Revenue	36,964	24,593
Expenses	(5,989)	(4,134)
Net revenue before taxation	<b>30,975</b>	<b>20,459</b>
Taxation	(3,003)	(1,755)
Net revenue after taxation	<b>27,972</b>	<b>18,704</b>
<b>Total return before distributions</b>	<b>(1,698)</b>	<b>88,870</b>
Distributions	(12,358)	(7,021)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(14,056)</b>	<b>81,849</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	1,337,862 <sup>1</sup>	548,128
Amounts receivable on issue of shares	176,063	492,731
Amounts payable on cancellation of shares	(135,664)	(48,313)
	<b>40,399</b>	<b>444,418</b>
Dilution adjustment	16	576
Change in net assets attributable to shareholders from investment activities	(14,056)	81,849
Retained distribution on Accumulation shares	2,465	1,613
<b>Closing net assets attributable to shareholders</b>	<b>1,366,686</b>	<b>1,076,584<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	1,313,609	1,302,069
<b>Current assets</b>		
Debtors	32,078	6,467
Cash and bank balances	53,598	46,799
<b>Total assets</b>	<b>1,399,285</b>	<b>1,355,335</b>
<b>Liabilities</b>		
Investment liabilities	(813)	(173)
<b>Creditors</b>		
Distributions payable	(8,148)	(15,517)
Other creditors	(23,638)	(1,783)
<b>Total liabilities</b>	<b>(32,599)</b>	<b>(17,473)</b>
<b>Net assets attributable to shareholders</b>	<b>1,366,686</b>	<b>1,337,862</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder European Alpha Income Fund are disclosed on page 11.

# Distribution Table (unaudited)

Quarterly distribution  
for the three  
months ended  
31 March 2018

**Group 1** Shares purchased prior to 1 January 2018

**Group 2** Shares purchased on or after 1 January 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution paid 31.5.18 p per share	Distribution paid 31.5.17 p per share
<b>A Income shares</b>				
Group 1	0.3100	–	0.3100	0.3000
Group 2	0.2326	0.0774	0.3100	0.3000
<b>A Accumulation shares</b>				
Group 1	0.3400	–	0.3400	0.3300
Group 2	0.2456	0.0944	0.3400	0.3300
<b>C Income shares</b>				
Group 1	0.3100	–	0.3100	0.3000
Group 2	0.2916	0.0184	0.3100	0.3000
<b>C Accumulation shares</b>				
Group 1	0.3400	–	0.3400	0.3300
Group 2	0.0000	0.3400	0.3400	0.3300
<b>GBP Hedged C Income shares</b>				
Group 1	0.3500	–	0.3500	0.3400
Group 2	0.3500	0.0000	0.3500	0.3400
<b>GBP Hedged S Income shares</b>				
Group 1	0.3600	–	0.3600	–
Group 2	0.2920	0.0680	0.3600	–
<b>GBP Hedged Z Income shares</b>				
Group 1	0.3600	–	0.3600	0.3500
Group 2	0.3103	0.0497	0.3600	0.3500
<b>L Income shares</b>				
Group 1	0.1150	–	0.1150	0.1100
Group 2	0.0980	0.0170	0.1150	0.1100
<b>L Accumulation shares</b>				
Group 1	0.1150	–	0.1150	0.1100
Group 2	0.0770	0.0380	0.1150	0.1100
<b>S Income shares</b>				
Group 1	0.1050	–	0.1050	0.1000
Group 2	0.0863	0.0187	0.1050	0.1000

# Distribution Table (unaudited) (continued)

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution paid 31.5.18 p per share	<i>Distribution paid 31.5.17 p per share</i>
<b>S Accumulation shares</b>				
Group 1	0.3400	–	0.3400	–
Group 2	0.1683	0.1717	0.3400	–
<b>Z Income shares</b>				
Group 1	0.3100	–	0.3100	0.3000
Group 2	0.2570	0.0530	0.3100	0.3000
<b>Z Accumulation shares</b>				
Group 1	0.3400	–	0.3400	0.3300
Group 2	0.2375	0.1025	0.3400	0.3300

## Interim distribution for the three months ended 30 June 2018

**Group 1** Shares purchased prior to 1 April 2018  
**Group 2** Shares purchased on or after 1 April 2018

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	<i>Distribution paid 31.8.17 p per share</i>
<b>A Income shares</b>				
Group 1	1.7200	–	1.7200	1.6100
Group 2	0.0000	1.7200	1.7200	1.6100
<b>A Accumulation shares</b>				
Group 1	1.8300	–	1.8300	1.7100
Group 2	0.0000	1.8300	1.8300	1.7100
<b>C Income shares</b>				
Group 1	1.7300	–	1.7300	1.6200
Group 2	0.0000	1.7300	1.7300	1.6200
<b>C Accumulation shares</b>				
Group 1	1.8400	–	1.8400	1.7200
Group 2	0.0000	1.8400	1.8400	1.7200
<b>GBP Hedged C Income shares</b>				
Group 1	1.7800	–	1.7800	1.6600
Group 2	1.7800	0.0000	1.7800	1.6600
<b>GBP Hedged S Income shares</b>				
Group 1	1.7200	–	1.7200	–
Group 2	0.0000	1.7200	1.7200	–

# Distribution Table (unaudited) (continued)

	Net revenue 2018 p per share	Equalisation 2018 p per share	Distribution payable 31.8.18 p per share	Distribution paid 31.8.17 p per share
<b>GBP Hedged Z Income shares</b>				
Group 1	1.7900	–	1.7900	1.6700
Group 2	0.0000	1.7900	1.7900	1.6700
<b>L Income shares</b>				
Group 1	0.5700	–	0.5700	0.5000
Group 2	0.0000	0.5700	0.5700	0.5000
<b>L Accumulation shares</b>				
Group 1	0.6000	–	0.6000	0.5000
Group 2	0.0000	0.6000	0.6000	0.5000
<b>S Income shares</b>				
Group 1	0.5000	–	0.5000	0.4700
Group 2	0.0000	0.5000	0.5000	0.4700
<b>S Accumulation shares</b>				
Group 1	1.8500	–	1.8500	–
Group 2	0.2309	1.6191	1.8500	–
<b>Z Income shares</b>				
Group 1	1.7500	–	1.7500	1.6400
Group 2	0.0000	1.7500	1.7500	1.6400
<b>Z Accumulation shares</b>				
Group 1	1.8600	–	1.8600	1.7400
Group 2	0.0000	1.8600	1.8600	1.7400

## Corporate shareholders

Corporate shareholders receive the dividend distribution payments as detailed below:

100.00% of the total distribution is received as franked investment income.

## 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.

# Fund Information

## Investment objective and policy

The Schroder Global Recovery Fund (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, macroeconomic 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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
L Income shares	72.16p	74.09p	(2.60)
L Accumulation shares	74.13p	74.95p	(1.09)
S Income shares	55.92p	57.48p	(2.71)
Z Income shares	72.08p	73.97p	(2.56)
Z Accumulation shares	74.00p	74.85p	(1.14)

## Fund information

Launch date	30 October 2015	
Launch price	50.00p per L Income share	
	50.00p per L Accumulation share	
	50.00p per Z Income share	
	50.00p per Z Accumulation share	
Launch date	28 November 2016	
Launch price	50.00p per S Income share	
	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation date		28 February

# Fund Information (continued)

## Ongoing charges figure

	For the period to 30.6.18	For the year to 31.12.17
L Income shares	0.87% <sup>1</sup>	0.88%
L Accumulation shares	0.87% <sup>1</sup>	0.88%
S Income shares	0.57% <sup>1</sup>	0.58%
Z Income shares	0.95% <sup>1</sup>	0.96%
Z Accumulation shares	0.95% <sup>1</sup>	0.96%

<sup>1</sup> The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

## Total purchases and sales

	For the period to 30.6.18 £000's	For the year to 31.12.17 £000's
Total purchases	87,923	65,319
Total sales	45,135	42,277

# Review of Investment Activities

From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis fell 1.14%. In comparison, the MSCI World Index generated a net return of 2.90%<sup>1</sup> in sterling terms.

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

The portfolio underperformed the wider equity market over the six months under review. The underperformance of a small handful of the fund's holdings was responsible. The most significant was French media business Technicolor. This had been a long term holding in the fund and management have made great strides in deleveraging the business but its debt burden remains considerable. This was previously accounted for by the extremely profitable technology arm of the business. However, profit projections for technology now are now more conservative, and, in addition, it sold its patent licensing arm for a disappointing price. The loss of licensing profits reduces its ability to support and reduce debt levels, and the permanent loss of recovery potential from patents, and more realistic expectations in its technology division, means its recovered valuation is less compelling. As a result, our faith that the company can continue to service its debt has wavered so we sold our position. US retailers Dillard's and Buckle, UK power generator Centrica, and Russian oil producer LUKOIL were among the largest positive contributors to performance.

We initiated new positions in Spanish oil firm Repsol, Eni, the Italian oil and gas business, and Russian gas giant Gazprom. We also established new holdings in French pharmaceutical giant Sanofi and the Taiwanese electronics company Asustek Computer.

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.

**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.**

## Co-Fund Manager:

**Nick Kirrage**



Specialist Value UK equities fund manager with 17 years' investment experience

Previously a sector analyst responsible for a number of UK sectors including Transport and Metals & Mining

Investment career commenced in 2001 at Schroders

Chartered Financial Analyst

Degree in Aeronautical Engineering, Bristol University

## Co-Fund Manager:

**Kevin Murphy**



Specialist Value UK equities fund manager with 18 years' investment experience

Previously a sector analyst for Pan European Construction and Building Materials

Investment career commenced in 2000 at Schroders

Chartered Financial Analyst

Degree in Economics, Manchester University

## Co-Fund Manager:

**Andrew Lyddon**



Specialist Value UK equities fund manager with 13 years' investment experience

UK equity analyst responsible for Telecommunications and Support Services

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

Chartered Financial Analyst

MSc in Intellectual Property Law, Queen Mary College

Degree in Chemistry, Bath University

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

The fund 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.

## Specific risks

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 invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

The fund is index unconstrained and has the potential for greater volatility.

More than 35% of the property of the fund may be invested in Government securities.

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 share prices of the fund.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial year to 31 December		L Income shares		L Accumulation shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	
2015	50.72	46.75	50.72	46.74	
2016	67.97	44.18	67.89	44.17	
2017	74.28	65.74	75.15	66.53	
Financial period to 30 June 2018	76.63	69.11	78.71	71.00	

Financial year to 31 December		S Income shares		Z Income shares	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	
2015	–	–	50.72	46.75	
2016	52.01	48.83	67.86	44.18	
2017	57.63	50.91	74.16	65.69	
Financial period to 30 June 2018	59.31	53.52	76.56	69.05	

Financial year to 31 December		Z Accumulation shares	
		Highest dealing p	Lowest dealing p
2015		50.72	46.75
2016		67.85	44.17
2017		75.04	66.47
Financial period to 30 June 2018		78.60	70.89

## Net revenue

Financial year to 31 December	L Income shares pence per share	L Accumulation shares pence per share
2015	Nil <sup>1</sup>	0.0712
2016	0.8839	0.7605
2017	1.1312	1.1230
Financial period to 30 June 2018	Nil	Nil

# Net Asset Value and Comparative Tables (continued)

Financial year to 31 December	S Income shares pence per share	Z Income shares pence per share
2015	–	Nil <sup>1</sup>
2016	0.0994	0.8046
2017	1.0201	1.0775
Financial period to 30 June 2018	Nil	Nil

Financial year to 31 December	Z Accumulation shares pence per share
2015	Nil <sup>1</sup>
2016	0.8372
2017	1.0784
Financial period to 30 June 2018	Nil

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

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2015</b>			
L Income shares	1	49.25	2,000
L Accumulation shares	9,867	49.25	20,035,144
Z Income shares	1	49.25	2,000
Z Accumulation shares	34	49.25	69,314
<b>2016</b>			
L Income shares	109	66.39	163,922
L Accumulation shares	30,056	67.19	44,733,069
S Income shares	47,779	51.37	93,002,000
Z Income shares	82	66.35	123,663
Z Accumulation shares	4,466	67.15	6,650,182
<b>2017</b>			
L Income shares	1,402	72.84	1,924,558
L Accumulation shares	42,308	74.83	56,536,142
S Income shares	49,896	56.37	88,519,303
Z Income shares	1,934	72.78	2,657,116
Z Accumulation shares	18,440	74.73	24,675,828

# Net Asset Value and Comparative Tables (continued)

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2018 at 30 June</b>			
L Income shares	1,849	71.92	2,571,605
L Accumulation shares	28,822	73.88	39,009,730
S Income shares	79,831	55.74	143,228,552
Z Income shares	15,090	71.84	21,004,171
Z Accumulation shares	27,985	73.76	37,941,997

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
L Income shares	71.92	72.84	(1.26)
L Accumulation shares	73.88	74.83	(1.27)
S Income shares	55.74	56.37	(1.12)
Z Income shares	71.84	72.78	(1.29)
Z Accumulation shares	73.76	74.73	(1.30)

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 30.6.18	Market Value £000's	% of net assets
<b>Collective Investment Schemes 3.72% (6.09%)</b>			
<b>Cash Funds 3.72% (6.09%)</b>			
Schroder Sterling Liquidity Plus Fund I Accumulation GBP <sup>†</sup>	47,654	5,716	3.72
		<b>5,716</b>	<b>3.72</b>
<b>Collective Investment Schemes total</b>			
		<b>5,716</b>	<b>3.72</b>
<b>Equities 94.75% (91.64%)</b>			
<b>Australia 4.53% (4.17%)</b>			
South32	3,451,568	6,954	4.53
		<b>6,954</b>	<b>4.53</b>
<b>Belgium 1.34% (1.44%)</b>			
Orange Belgium	160,594	2,054	1.34
		<b>2,054</b>	<b>1.34</b>
<b>Bermuda 0.02% (0.86%)</b>			
TAI Cheung Holdings	37,000	31	0.02
		<b>31</b>	<b>0.02</b>
<b>Croatia 1.86% (1.99%)</b>			
Hrvatski Telekom	159,485	2,862	1.86
		<b>2,862</b>	<b>1.86</b>
<b>Czech Republic 0.00% (0.94%)</b>			
<b>Egypt 1.67% (2.04%)</b>			
Telecom Egypt	4,377,415	2,563	1.67
		<b>2,563</b>	<b>1.67</b>
<b>France 5.74% (8.43%)</b>			
Coface	372,499	3,129	2.04
Sanofi	67,264	4,082	2.66

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>France (continued)</b>			
Television Francaise 1	201,544	1,608	1.04
		<b>8,819</b>	<b>5.74</b>
<b>Greece 5.81% (8.00%)</b>			
Hellenic Exchanges – Athens Stock Exchange	592,022	2,432	1.58
Hellenic Telecommunications Organization	314,790	2,915	1.90
OPAP	419,069	3,580	2.33
		<b>8,927</b>	<b>5.81</b>
<b>Italy 7.68% (7.19%)</b>			
Eni	284,852	4,006	2.61
Intesa Sanpaolo	1,354,406	3,107	2.02
Intesa Sanpaolo Rights 17/07/2018	970,068	0	0.00
UniCredit	370,898	4,688	3.05
		<b>11,801</b>	<b>7.68</b>
<b>Netherlands 0.92% (1.10%)</b>			
ING Groep	129,020	1,405	0.92
		<b>1,405</b>	<b>0.92</b>
<b>Poland 2.00% (2.73%)</b>			
Orange Polska	3,263,647	3,064	2.00
		<b>3,064</b>	<b>2.00</b>
<b>Russia 3.93% (1.76%)</b>			
Gazprom ADR	735,192	2,451	1.60
LUKOIL ADR	69,126	3,580	2.33
		<b>6,031</b>	<b>3.93</b>
<b>South Africa 0.88% (1.72%)</b>			
ArcelorMittal South Africa	306,548	36	0.02

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>South Africa (continued)</b>			
Impala Platinum Holdings	1,178,087	1,316	0.86
		<b>1,352</b>	<b>0.88</b>
<b>South Korea 4.22% (2.44%)</b>			
Hyundai Mobis	23,079	3,318	2.16
Kia Motors	151,163	3,169	2.06
		<b>6,487</b>	<b>4.22</b>
<b>Spain 1.63% (0.00%)</b>			
Repsol	168,564	2,499	1.63
		<b>2,499</b>	<b>1.63</b>
<b>Taiwan 2.84% (0.00%)</b>			
Asustek Computer	631,000	4,358	2.84
		<b>4,358</b>	<b>2.84</b>
<b>United Arab Emirates 1.01% (0.00%)</b>			
Aldar Properties	3,759,417	1,558	1.01
		<b>1,558</b>	<b>1.01</b>
<b>United Kingdom 26.65% (23.69%)</b>			
Anglo American	415,578	7,041	4.59
Barclays	3,088,167	5,836	3.80
Centrica	3,985,915	6,284	4.09
Debenhams	1,385,817	206	0.13
HSBC Holdings	576,027	4,094	2.67
Lonmin	648,292	272	0.18
NatWest Markets EUR	1,542,762	3,949	2.57
NatWest Markets GBP	474,898	1,216	0.79
Standard Chartered	1,051,195	7,281	4.74
Wm Morrison Supermarkets	1,884,732	4,749	3.09
		<b>40,928</b>	<b>26.65</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>United States of America 22.02% (23.14%)</b>			
Adtalem Global Education	87,387	3,177	2.07
American International Group	119,436	4,854	3.16
Bridgepoint Education	522,689	2,526	1.65
Buckle	153,232	3,134	2.04
Cisco Systems	118,534	3,889	2.53
Citigroup	60,587	3,115	2.03
Dillard's A	70,161	5,084	3.31
HP	187,028	3,237	2.11
Intel	40,406	1,527	0.99
Strayer Education	38,301	3,270	2.13
		<b>33,813</b>	<b>22.02</b>
<b>Equities total</b>		<b>145,506</b>	<b>94.75</b>
Portfolio of investments		<b>151,222</b>	<b>98.47</b>
Net other assets		2,355	1.53
<b>Net assets attributable to shareholders</b>		<b>153,577</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

† A related party to the fund.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
Schroder Sterling Liquidity Plus Fund I Accumulation GBP <sup>†</sup>	4,912
Asustek Computer	4,694
Centrica	4,553
Sanofi	4,053
Eni	4,002
Standard Chartered	3,528
Anglo American	3,179
Wm Morrison Supermarkets	3,035
Dillard's A	2,908
Gazprom ADR	2,863

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
Schroder Sterling Liquidity Plus Fund I Accumulation GBP <sup>†</sup>	6,154
Danieli & C Officine Meccaniche	2,589
Citigroup	2,561
Abercrombie & Fitch A	2,172
Cisco Systems	2,096
Intesa Sanpaolo	2,090
Television Francaise 1	2,042
Hellenic Telecommunications Organization	1,996
HP	1,991
NatWest Markets (EUR)	1,680

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

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
<b>Income</b>		
Net capital (losses)/gains	(2,996)	5,273
Revenue	2,606	1,583
Expenses	(540)	(370)
Net revenue before taxation	<b>2,066</b>	<b>1,213</b>
Taxation	(107)	(133)
Net revenue after taxation	<b>1,959</b>	<b>1,080</b>
<b>Total return before distributions</b>	<b>(1,037)</b>	<b>6,353</b>
Distributions	(52)	(49)
<b>Change in net assets attributable to shareholders from investment activities</b>	<b>(1,089)</b>	<b>6,304</b>

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

For the six months ended 30 June 2018

	30.6.18	30.6.17
	£000's	£000's
Opening net assets attributable to shareholders	113,980 <sup>1</sup>	82,492
Amounts receivable on issue of shares	59,744	28,037
Amounts payable on cancellation of shares	(19,200)	(14,110)
	<b>40,544</b>	<b>13,927</b>
Dilution adjustment	142	50
Change in net assets attributable to shareholders from investment activities	(1,089)	6,304
<b>Closing net assets attributable to shareholders</b>	<b>153,577</b>	<b>102,773<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	151,222	111,395
<b>Current assets</b>		
Debtors	1,629	695
Cash and bank balances	4,038	3,354
<b>Total assets</b>	<b>156,889</b>	<b>115,444</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	0	(953)
Other creditors	(3,312)	(511)
<b>Total liabilities</b>	<b>(3,312)</b>	<b>(1,464)</b>
<b>Net assets attributable to shareholders</b>	<b>153,577</b>	<b>113,980</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder Global Recovery Fund are disclosed on page 11.

# Fund Information

## Investment objective and policy

The Schroder Multi-Asset Total Return Fund (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.

## Financial highlights

Dealing price	29.6.18	29.12.17	% change
<b>I Income shares</b>	51.41p	52.10p	(1.32)
<b>I Accumulation shares</b>	51.41p	52.10p	(1.32)
<b>L Income shares</b>	51.34p	52.06p	(1.38)
<b>L Accumulation shares</b>	51.40p	52.11p	(1.36)
<b>X Income shares</b>	51.75p	52.30p	(1.05)
<b>X Accumulation shares</b>	51.73p	52.31p	(1.11)
<b>Z Income shares</b>	51.41p	52.15p	(1.42)
<b>Z Accumulation shares</b>	51.37p	52.10p	(1.40)

# Fund Information (continued)

## Fund information

<b>Launch date</b>	28 April 2017	
<b>Launch price</b>	50.00p per I Income share	
	50.00p per I Accumulation share	
	50.00p per L Income share	
	50.00p per L Accumulation share	
	50.00p per X Income share	
	50.00p per X Accumulation share	
	50.00p per Z Income share	
	50.00p per Z Accumulation share	
	Interim	Final
<b>Accounting dates</b>	30 June	31 December
<b>Revenue allocation date</b>	28 February	

## Ongoing charges figure

	For the period to 30.6.18	For the period from 1.1.18	For the period to 31.12.17
<b>I Income shares</b>	0.62% <sup>1 2 3</sup>	0.68% <sup>1 2</sup>	0.84% <sup>2 3</sup>
<b>I Accumulation shares</b>	0.62% <sup>1 2 3</sup>	0.68% <sup>1 2</sup>	0.84% <sup>2 3</sup>
<b>L Income shares</b>	0.76% <sup>1 2 3</sup>	0.83% <sup>1 2</sup>	0.97% <sup>2 3</sup>
<b>L Accumulation shares</b>	0.76% <sup>1 2 3</sup>	0.83% <sup>1 2</sup>	0.82% <sup>2 3</sup>
<b>X Income shares<sup>4</sup></b>	0.07% <sup>2 3</sup>	0.13% <sup>2</sup>	0.13% <sup>2 3</sup>
<b>X Accumulation shares<sup>4</sup></b>	0.07% <sup>2 3</sup>	0.13% <sup>2</sup>	0.13% <sup>2 3</sup>
<b>Z Income shares</b>	0.84% <sup>1 2 3</sup>	0.90% <sup>1 2</sup>	0.93% <sup>2 3</sup>
<b>Z Accumulation shares</b>	0.84% <sup>1 2 3</sup>	0.90% <sup>1 2</sup>	0.89% <sup>2 3</sup>

- 1 The Ongoing charges figure is a projected figure based on the latest expenses of the share class.
- 2 The Audit fee is invoiced directly to the ACD and is therefore not included in the Ongoing charges figure for these share classes.
- 3 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.
- 4 The ACD fee for X Income shares and X Accumulation shares are invoiced directly to shareholders and is therefore not included in the Ongoing charges figure for these share classes.

# Fund Information (continued)

## Total purchases and sales

	For the period to 30.6.18 £000's	For the period to 31.12.17 £000's
Total purchases	24,810	31,994
Total sales	15,514	16,181

# Review of Investment Activities

From 29 December 2017 to 29 June 2018, the price of Z Accumulation shares on a dealing price to dealing price basis fell 1.40%. In comparison, Sterling 3 Month London Interbank Offer Rate +4% generated a total return of 2.28%<sup>1</sup>.

<sup>1</sup> Source: Lipper for Investment Management.

The return seeking portion of the portfolio detracted from returns as equity markets came under pressure at the start of the year and have struggled to regain ground since.

Emerging market assets were hit by a stronger dollar in the second quarter, while credit markets also made slight losses. Our bias towards small cap equities in the US, however, added value. The risk reducing portion of the portfolio made a positive contribution as our long dollar positions proved to be effective hedges and our preference for the yen as a defensive position also helped. Elsewhere in the risk reducing portfolio, our long UK equities versus German equities worked well as a hedge against rising global protectionism and a deepening of European political risk.

Our Diversifiers lost ground overall, with negative performance from Foreign exchange Growth offsetting a positive contribution from Foreign exchange Value and Diversified Trend making the largest losses over the period. Momentum strategies struggled in the first quarter as the sharp market reversal caused losses in these strategies. Overall, the three components of our strategy are behaving the way we expect them to, and the correlations between components are in line with expectations.

**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.**

## 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

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

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.

## Specific risks

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 invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

The fund is index unconstrained and has the potential for greater volatility.

The fund may invest in unregulated collective investment schemes, which involves a higher degree of risk as they are not regulated by the FCA. The funds may not be readily realisable and priced less frequently than listed shares or authorised unit trusts, and therefore price swings may be more volatile.

More than 35% of the property of the fund may be invested in Government securities.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

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 uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the share prices of the fund. The ACD employs a risk management process to allow the ACD 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 ACD conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

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

# Net Asset Value and Comparative Tables

## Share price range

Financial period to 31 December <b>I Income shares</b>					<b>I Accumulation shares</b>	
	Highest dealing p	Lowest dealing p			Highest dealing p	Lowest dealing p
2017	52.16	49.79			52.16	49.79
Financial period to 30 June 2018	53.08	51.16			53.08	51.16

Financial period to 31 December <b>L Income shares</b>					<b>L Accumulation shares</b>	
	Highest dealing p	Lowest dealing p			Highest dealing p	Lowest dealing p
2017	52.13	49.79			52.18	49.79
Financial period to 30 June 2018	53.04	51.11			53.10	51.17

Financial period to 31 December <b>X Income shares</b>					<b>X Accumulation shares</b>	
	Highest dealing p	Lowest dealing p			Highest dealing p	Lowest dealing p
2017	52.36	49.79			52.37	49.79
Financial period to 30 June 2018	53.31	51.39			53.32	51.39

Financial period to 31 December <b>Z Income shares</b>					<b>Z Accumulation shares</b>	
	Highest dealing p	Lowest dealing p			Highest dealing p	Lowest dealing p
2017	52.21	49.79			52.17	49.79
Financial period to 30 June 2018	53.13	51.20			53.09	51.16

## Net revenue

Financial period to 31 December	I Income shares pence per share	I Accumulation shares pence per share
2017	Nil <sup>1 2</sup>	Nil <sup>1 2</sup>
Financial period to 30 June 2018	Nil	Nil

Financial period to 31 December	L Income shares pence per share	L Accumulation shares pence per share
2017	Nil <sup>1 2</sup>	Nil <sup>1 2</sup>
Financial period to 30 June 2018	Nil	Nil

# Net Asset Value and Comparative Tables (continued)

Financial period to 31 December	X Income shares pence per share	X Accumulation shares pence per share
2017	Nil <sup>1 2</sup>	0.2609
Financial period to 30 June 2018	Nil	Nil

Financial period to 31 December	Z Income shares pence per share	Z Accumulation shares pence per share
2017	Nil <sup>1 2</sup>	Nil <sup>1 2</sup>
Financial period to 30 June 2018	Nil	Nil

1 The I Income shares, I Accumulation shares, L Income shares, L Accumulation shares, X Income shares, Z Income shares and Z Accumulation shares have made no distributions to date.

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

## Net asset value

As at 31 December	Net asset value £000's	Net asset value per share p	Number of shares in issue
<b>2017</b>			
I Income shares	1	52.06	2,000
I Accumulation shares	1	52.06	2,000
L Income shares	1	52.03	2,000
L Accumulation shares	17	52.08	32,951
X Income shares	1	52.26	2,000
X Accumulation shares	16,729	52.27	32,002,126
Z Income shares	8	52.11	15,335
Z Accumulation shares	102	52.07	196,005
<b>2018 at 30 June</b>			
I Income shares	1	51.36	2,000
I Accumulation shares	1	51.36	2,000
L Income shares	41	51.29	79,499
L Accumulation shares	177	51.35	345,171
X Income shares	1	51.70	2,000
X Accumulation shares	26,389	51.68	51,060,245
Z Income shares	13	51.36	25,052
Z Accumulation shares	213	51.32	415,020

# Net Asset Value and Comparative Tables (continued)

## Fund performance

	Net asset value per share p as at 30.6.18	Net asset value per share p as at 31.12.17	% change
I Income shares	51.36	52.06	(1.34)
I Accumulation shares	51.36	52.06	(1.34)
L Income shares	51.29	52.03	(1.42)
L Accumulation shares	51.35	52.08	(1.40)
X Income shares	51.70	52.26	(1.07)
X Accumulation shares	51.68	52.27	(1.13)
Z Income shares	51.36	52.11	(1.44)
Z Accumulation shares	51.32	52.07	(1.44)

**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 30.6.18	Market Value £000's	% of net assets
<b>Collective Investment Schemes 37.31% (42.95%)</b>			
<b>Cash Funds 8.45% (13.42%)</b>			
Schroder Offshore Cash Fund B Accumulation GBP <sup>^†</sup>	443,431	812	3.03
Schroder Sterling Liquidity Plus Fund I Accumulation GBP <sup>†</sup>	12,135	1,456	5.42
		<b>2,268</b>	<b>8.45</b>
<b>Chinese Equity Funds 0.52% (0.00%)</b>			
Schroder China A Fund I Accumulation USD <sup>^†</sup>	1,707	140	0.52
		<b>140</b>	<b>0.52</b>
<b>Commodity Funds 1.32% (2.72%)</b>			
iShares Physical Gold ETC USD	18,977	353	1.32
		<b>353</b>	<b>1.32</b>
<b>Emerging Markets Equity Funds 2.74% (3.43%)</b>			
Schroder QEP Global Emerging Markets Fund X Accumulation GBP <sup>^†</sup>	1,118,473	737	2.74
		<b>737</b>	<b>2.74</b>
<b>Emerging Markets Fixed Interest Funds 7.04% (11.45%)</b>			
Schroder Markets Debt Emerging Absolute Return Fund I Accumulation USD <sup>^†</sup>	65,925	1,889	7.04
		<b>1,889</b>	<b>7.04</b>
<b>Global Equity Funds 8.70% (7.15%)</b>			
Schroder Global Multi-Factor Equity Fund I Accumulation GBP <sup>^†</sup>	1,203,180	650	2.42
Schroder Global Multi-Factor Equity Fund X Accumulation GBP <sup>^†</sup>	1,206,205	653	2.43
Schroder QEP Global Active Value Fund X Accumulation GBP <sup>^†</sup>	724,837	1,032	3.85
		<b>2,335</b>	<b>8.70</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Global Fixed Interest Funds 8.54% (4.78%)</b>			
Schroder Global Corporate Bond Fund I Accumulation USD <sup>^†</sup>	38,806	393	1.46
Schroder Global High Yield Fund I Accumulation USD <sup>^†</sup>	47,281	1,898	7.08
		<b>2,291</b>	<b>8.54</b>
<b>Collective Investment Schemes total</b>		<b>10,013</b>	<b>37.31</b>
<b>Government Bonds 56.36% (51.23%)</b>			
<b>United Kingdom 50.33% (48.45%)</b>			
UK Treasury Bill 0% 09/07/2018	£2,000,000	2,000	7.45
UK Treasury Bill 0% 16/07/2018	£1,100,000	1,100	4.10
UK Treasury Bill 0% 23/07/2018	£1,600,000	1,600	5.96
UK Treasury Bill 0% 30/07/2018	£305	0	0.00
UK Treasury Bill 0% 03/09/2018	£2,500,000	2,498	9.31
UK Treasury Bill 0% 24/09/2018	£2,070,000	2,068	7.71
UK Treasury Bill 0% 29/10/2018	£1,100,000	1,098	4.09
UK Treasury Bill 0% 12/11/2018	£800,000	798	2.97
UK Treasury Bill 0% 26/11/2018	£1,220,000	1,217	4.54
UK Treasury Bill 0% 17/12/2018	£1,130,000	1,127	4.20
		<b>13,506</b>	<b>50.33</b>
<b>United States of America 6.03% (2.78%)</b>			
US Treasury Inflation Indexed 0.625% 15/01/2026	US\$1,000,500	795	2.96
US Treasury Inflation Indexed 0.5% 15/01/2028	US\$1,095,300	825	3.07
		<b>1,620</b>	<b>6.03</b>
<b>Government Bonds total</b>		<b>15,126</b>	<b>56.36</b>

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Swaps (0.18)% (0.00%)</b>			
Commodity Index Swap J.P. Morgan Pay 0.25% Receive USJMAB126E.CI 14/08/2018	USD 2,211,017	(41)	(0.15)
Commodity Index Swap J.P. Morgan Pay 0.25% Receive USJMAB126E.CI 14/08/2018	USD 180,539	0	0.00
Commodity Index Swap J.P. Morgan Pay 0.09% Receive USBCOMF3.CI 14/09/2018	USD 495,639	(2)	(0.01)
Total Return Swap J.P. Morgan Pay 0.25% Receive USJMAB126E.CI 14/08/2018	USD 235,421	(6)	(0.02)
<b>Swaps total</b>		<b>(49)</b>	<b>(0.18)</b>
<b>Forward Foreign Currency Contracts (0.05)% (0.20%)</b>			
Buy AUD 945,959 Sell NZD 1,016,000 26/07/2018	AUD 945,959	8	0.03
Buy BRL 4,157,000 Sell USD 1,135,715 03/07/2018	BRL 4,157,000	(45)	(0.17)
Buy CLP 637,270,000 Sell USD 997,302 26/07/2018	CLP 637,270,000	(12)	(0.04)
Buy COP 5,050,880,000 Sell USD 1,707,879 26/07/2018	COP 5,050,880,000	3	0.01
Buy COP 212,500,000 Sell USD 72,774 26/07/2018	COP 212,500,000	(1)	0.00
Buy CZK 17,589,000 Sell USD 790,015 26/07/2018	CZK 17,589,000	(1)	0.00
Buy EUR 571,507 Sell SEK 5,930,000 26/07/2018	EUR 571,507	3	0.01
Buy IDR 11,193,000,000 Sell USD 785,895 26/07/2018	IDR 11,193,000,000	(5)	(0.02)
Buy ILS 3,594,000 Sell USD 994,667 26/07/2018	ILS 3,594,000	(8)	(0.03)
Buy INR 67,915,000 Sell USD 992,280 26/07/2018	INR 67,915,000	(4)	(0.01)
Buy JPY 155,300,000 Sell EUR 1,217,166 26/07/2018	JPY 155,300,000	(10)	(0.04)
Buy JPY 76,700,000 Sell USD 697,947 26/07/2018	JPY 76,700,000	(3)	(0.01)
Buy MXN 16,162,000 Sell USD 789,490 26/07/2018	MXN 16,162,000	20	0.07

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy PHP 40,823,000 Sell USD 763,018 26/07/2018	PHP 40,823,000	0	0.00
Buy PHP 1,451,000 Sell USD 27,189 26/07/2018	PHP 1,451,000	0	0.00
Buy PLN 6,654,000 Sell USD 1,783,903 26/07/2018	PLN 6,654,000	(9)	(0.03)
Buy SEK 12,220,000 Sell EUR 1,182,430 26/07/2018	SEK 12,220,000	(11)	(0.04)
Buy TRY 8,577,000 Sell USD 1,787,085 26/07/2018	TRY 8,577,000	49	0.18
Buy USD 791,154 Sell AUD 1,071,000 26/07/2018	USD 791,154	1	0.00
Buy USD 1,892,707 Sell BRL 7,050,000 03/07/2018	USD 1,892,707	52	0.19
Buy USD 792,045 Sell BRL 2,995,000 02/08/2018	USD 792,045	14	0.05
Buy USD 2,472,598 Sell CAD 3,290,000 26/07/2018	USD 2,472,598	(9)	(0.03)
Buy USD 1,866,505 Sell EUR 1,603,000 26/07/2018	USD 1,866,505	(2)	(0.01)
Buy USD 995,975 Sell GBP 749,000 26/07/2018	USD 995,975	8	0.03
Buy USD 993,755 Sell JPY 109,120,000 26/07/2018	USD 993,755	4	0.01
Buy USD 2,400,837 Sell KRW 2,658,710,000 26/07/2018	USD 2,400,837	9	0.03
Buy USD 82,201 Sell KRW 91,500,000 26/07/2018	USD 82,201	0	0.00
Buy USD 1,783,800 Sell NZD 2,595,000 26/07/2018	USD 1,783,800	23	0.09
Buy USD 993,786 Sell SEK 8,837,000 26/07/2018	USD 993,786	5	0.02
Buy USD 794,662 Sell TWD 23,967,000 26/07/2018	USD 794,662	5	0.02
Buy USD 790,118 Sell ZAR 10,816,000 26/07/2018	USD 790,118	7	0.03
Buy ZAR 13,607,000 Sell USD 994,003 26/07/2018	ZAR 13,607,000	(8)	(0.03)
Sell AUD 94,000 Buy GBP 52,347 26/07/2018	AUD (94,000)	0	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Sell CAD 157,000 Buy GBP 88,893 26/07/2018	CAD (157,000)	(1)	0.00
Sell CHF 73,000 Buy GBP 55,594 26/07/2018	CHF (73,000)	0	0.00
Sell DKK 260,000 Buy GBP 30,541 26/07/2018	DKK (260,000)	0	0.00
Sell EUR 210,000 Buy GBP 184,041 26/07/2018	EUR (210,000)	(2)	(0.01)
Sell HKD 2,803,000 Buy GBP 269,327 26/07/2018	HKD (2,803,000)	(2)	(0.01)
Sell JPY 35,151,000 Buy GBP 241,009 26/07/2018	JPY (35,151,000)	(1)	0.00
Sell NOK 152,000 Buy GBP 14,091 26/07/2018	NOK (152,000)	0	0.00
Sell SEK 292,000 Buy GBP 24,743 26/07/2018	SEK (292,000)	0	0.00
Sell USD 11,000,000 Buy GBP 8,271,943 26/07/2018	USD (11,000,000)	(90)	(0.34)
<b>Forward Foreign Currency Contracts total</b>		<b>(13)</b>	<b>(0.05)</b>
<b>Futures 0.12% (0.20%)</b>			
Australia 10 Year Bond September 2018	96	92	0.36
Canada 10 Year Bond September 2018	0	(37)	(0.13)
DAX Index September 2018	(4)	28	0.10
EURO STOXX 50 Index September 2018	7	(2)	(0.01)
Euro-Bobl September 2018	6	4	0.02
Euro-Bund September 2018	3	5	0.02
Euro-Buxl September 2018	2	6	0.02
FTSE 100 Index September 2018	18	(3)	(0.01)
Hang Seng Mini Index July 2018	8	1	0.00
Japan 10 Year Bond Mini September 2018	7	1	0.00
Long Gilt September 2018	(3)	(9)	(0.04)
MSCI Emerging Markets Index September 2018	(8)	0	0.00

# Portfolio Statement (continued)

	Holding at 30.6.18	Market Value £000's	% of net assets
<b>Futures (continued)</b>			
NASDAQ 100 Emini Index September 2018	3	(8)	(0.03)
OMXS30 Index July 2018	17	0	0.00
Russell 2000 Emini Index September 2018	29	(33)	(0.12)
S&P 500 Emini Index September 2018	(3)	(8)	(0.03)
SPI 200 Index September 2018	4	6	0.02
TOPIX Mini Index September 2018	20	(7)	(0.03)
US 5 Year Note September 2018	(3)	0	0.00
US 10 Year Note September 2018	(27)	(10)	(0.04)
US Long Bond September 2018	(2)	(1)	0.00
XAE Energy Index September 2018	19	6	0.02
<b>Futures total</b>		<b>31</b>	<b>0.12</b>
Portfolio of investments		<b>25,108</b>	<b>93.56</b>
Net other assets		1,728	6.44
<b>Net assets attributable to shareholders</b>		<b>26,836</b>	<b>100.00</b>
Investment grade securities		7,288	27.15
Unrated securities		7,838	29.21
<b>Total debt securities</b>		<b>15,126</b>	<b>56.36</b>

The comparative percentage figures in brackets are as at 31 December 2017.

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

^ Unlisted, suspended or delisted security.

† A related party to the fund.

# Summary of Portfolio Transactions

## Largest purchases

For the six months ended 30 June 2018	Cost £000's
UK Treasury Bill 0% 03/09/2018	2,494
UK Treasury Bill 0% 24/09/2018	2,067
UK Treasury Bill 0% 29/05/2018	1,997
UK Treasury Bill 0% 25/06/2018	1,996
UK Treasury Bill 0% 09/07/2018	1,996
UK Treasury Bill 0% 23/07/2018	1,596
Schroder Global High Yield Fund I Accumulation USD <sup>†</sup>	1,291
UK Treasury Bill 0% 26/11/2018	1,217
UK Treasury Bill 0% 17/12/2018	1,127
UK Treasury Bill 0% 16/07/2018	1,098

## Largest sales

For the six months ended 30 June 2018	Proceeds £000's
UK Treasury Bill 0% 05/03/2018	2,059
UK Treasury Bill 0% 25/06/2018	2,000
UK Treasury Bill 0% 29/05/2018	2,000
UK Treasury Bill 0% 18/06/2018	1,670
UK Treasury Bill 0% 30/04/2018	1,498
UK Treasury Bill 0% 22/01/2018	1,330
UK Treasury Bill 0% 14/05/2018	800
iShares J.P. Morgan \$ EM Bond Fund USD Distribution	712
UK Treasury Bill 0% 09/04/2018	699
UK Treasury Bill 0% 15/01/2018	667

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

# Statement of Total Return (unaudited)

For the six months ended 30 June 2018

	30.6.18		28.4.17 to 30.6.17	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital (losses)/gains		(442)		45
Revenue	90		29	
Expenses	(5)		(3)	
Net revenue before taxation	<b>85</b>		<b>26</b>	
Taxation	(16)		(7)	
Net revenue after taxation		<b>69</b>		<b>19</b>
<b>Total return before distributions</b>		<b>(373)</b>		<b>64</b>
Distributions		3		0
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(370)</b>		<b>64</b>

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

For the six months ended 30 June 2018

	30.6.18		28.4.17 to 30.6.17	
	£000's	£000's	£000's	£000's
Opening net assets attributable to shareholders		16,860 <sup>1</sup>		0
Amounts receivable on issue of shares	10,429		16,009	
Amounts payable on cancellation of shares	(83)		0	
		<b>10,346</b>		<b>16,009</b>
Change in net assets attributable to shareholders from investment activities		(370)		64
<b>Closing net assets attributable to shareholders</b>		<b>26,836</b>		<b>16,073<sup>1</sup></b>

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

# Balance Sheet (unaudited)

As at 30 June 2018

	30.6.18	31.12.17
	£000's	£000's
<b>Assets</b>		
Investments	25,499	16,189
<b>Current assets</b>		
Debtors	5	17
Cash and bank balances	1,817	935
<b>Total assets</b>	<b>27,321</b>	<b>17,141</b>
<b>Liabilities</b>		
Investment liabilities	(391)	(243)
<b>Creditors</b>		
Bank overdrafts	(57)	(19)
Other creditors	(37)	(19)
<b>Total liabilities</b>	<b>(485)</b>	<b>(281)</b>
<b>Net assets attributable to shareholders</b>	<b>26,836</b>	<b>16,860</b>

# Notes to the Accounts (unaudited)

## Accounting policies

The applicable accounting policies adopted by Schroder Multi-Asset Total Return Fund are disclosed on page 11.

# Securities Financing Transactions

The fund engaged in SFTs (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) and TRSs. In accordance with Article 13 of the Regulation, the funds involvement in and exposures related to TRSs for the accounting period ended 30 June 2018 are detailed below.

## Global data

### Amount of assets engaged in each type of TRSs

The total value of assets engaged in each type of TRSs is as follows:

30.6.18	Total outstanding value £000's	% of Net Assets
<b>Long position</b>		
TRS	2,328	8.67

## Concentration data

### Ten largest collateral issuers across all TRSs

As at the balance sheet date, there are no collateral securities and commodities received in respect of TRSs.

### Top ten counterparties

The top ten counterparties (based on gross volume of outstanding transactions) in respect of OTC derivative transactions, as at the balance sheet date are as follows:

#### TRSs

Counterparty	Total outstanding value £000's
JPMorgan Chase	2,328

## Aggregate transaction data

### Type and quality of collateral

As at the balance sheet date, no collateral was received in respect of TRSs.

### Maturity tenor of collateral

As at the balance sheet date, no collateral was received in respect of TRSs.

### Currency of collateral

As at the balance sheet date, no collateral was received in respect of TRSs.

### Maturity tenor of TRSs

An analysis of the maturity tenor of TRSs, outstanding as at the balance sheet date is as follows:

Maturity tenor	TRS Long positions value £000's
1 to 3 months	2,328
<b>Total</b>	<b>2,328</b>

# Securities Financing Transactions (continued)

The above maturity tenor analysis has been based on the respective transaction contractual maturity date.

## Country in which counterparties are established

Details of the country of incorporation of counterparties across all TRSs, as at the balance sheet date are as follows:

Counterparty	Country
JPMorgan Chase	United Kingdom

## Settlement and clearing

	TRS Value £000's
Bilateral	2,328

## Reuse of collateral

### Share of collateral received that is reused and reinvestment return

As at the balance sheet date, no collateral was received in respect of TRSs.

## Safekeeping of collateral

### Collateral received

As at the balance sheet date, no collateral was received in respect of TRSs.

### Collateral granted

As at the balance sheet date, no collateral was granted in respect of TRSs.

## Return and cost

### Gross Return

All returns from TRSs transactions accrue to the fund and are not subject to any returns sharing arrangements with the ACD or any other third party. Data on return and cost in respect of TRSs transactions during the period are as follows:

	TRSs return* £000's	% of overall returns
Net interest on TRSs	1	1.15
Net realised gains	43	46.20
Net change in unrealised appreciation	49	52.65
<b>Total</b>	<b>93</b>	<b>100.00</b>

\* Expressed in absolute terms.

# General Information

## Authorised Corporate Director (ACD)

Schroder Unit Trusts Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by the Financial Conduct Authority

## Directors

G. Henriques (Chairman)  
J. Barker (appointed 21 February 2018)  
P. Chislett  
P. Middleton  
J. Rainbow  
J. W. Stewart  
R. E. Stoakley  
C. Thomson  
J. A. Walker-Hazell  
H. Williams (appointed 21 February 2018)

## Investment Adviser

Schroder Investment Management Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by the Financial Conduct Authority

## Depository

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised and regulated by the Financial Conduct Authority  
and Prudential Regulation Authority

## Registrar

Schroder Unit Trusts Limited  
31 Gresham Street  
London EC2V 7QA  
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

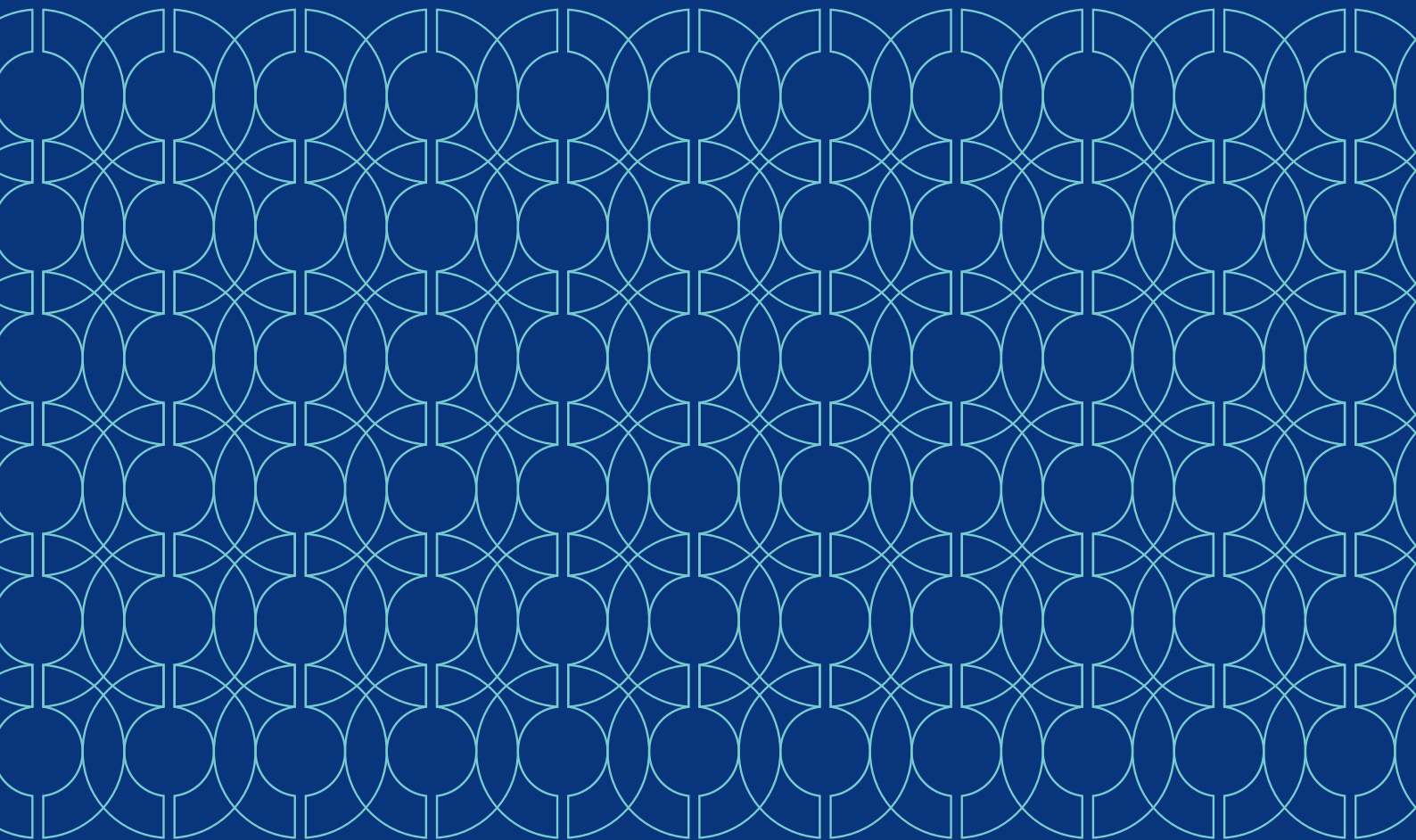
PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## 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 FCA under Regulation 14 of the OEIC Regulations. The company is a UCITS scheme for the purpose of the categorisation of the COLL.

## Other information

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



EST. 1804

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

 **[@schroders](https://twitter.com/schroders)**

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.co.uk](https://www.schroders.co.uk).

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