Schroders

SUTL Cazenove Charity UCITS Fund

Final Report and Accounts

September 2020

Schroders

SUTL Cazenove Charity UCITS Fund

September 2020

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1 Collectively these comprise the Manager's report.

Trust Information

General information

SUTL Cazenove Charity UCITS Fund ('the Trust') is an umbrella unit trust registered in England and Wales, and authorised by the Financial Conduct Authority and registered with the Charity Commission for England and Wales.

The Trust may launch sub funds (the Funds) from time to time. The Trust was established by a Trust Deed, dated 1 May 2018, between the Manager and the Trustee. The Trust is structured as an 'umbrella' unit trust, meaning that different sub funds may exist within the Trust. New sub funds may be established from time to time by the Manager with the agreement of the Trustee and the approval of the Financial Conduct Authority. As at 30 September 2020 the Trust had the following sub funds available:

SUTL Cazenove Charity Equity Value Fund
SUTL Cazenove Charity Equity Income Fund
SUTL Cazenove Charity Bond Fund

Liabilities of the Trust

Under the umbrella unit trust structure, the assets of any particular sub fund are treated as separate from those of every other sub fund, commonly described as segregated liability, and will be invested in accordance with that sub fund's own investment objective and policy.

Statement of the Manager's Responsibilities

The Manager is required by the Charities Act 2011 to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which give a true and fair view of the financial position of the Trust and of its net revenue and the net capital losses on the property of the Trust for the year.

In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008;
- comply with the disclosure requirements of the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the Trust will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the Collective Investment Schemes sourcebook, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations. In accordance with the Trust Deed, Part 9 of the Charities Act 2011 and The Charities (Accounts and Reports) Regulations 2008 the Manager and Trustee are both charity trustees (Charity Trustees) of the Trust for the purposes of section 177 Charities Act 2011.

The Manager's report and accounts for the year ended 30 September 2020 were signed on 14 January 2021 on behalf of the Manager by:

P. Chislett
Directors

P. Truscott

Report of the Trustee

Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the SUTL Cazenove Charity UCITS Fund ('the Trust') for the year ended 30 September 2020

The Trustee of the SUTL Cazenove Charity UCITS Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Trustee must ensure that:

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

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the regulations and the Scheme documents of the fund.

J.P. Morgan Europe Limited
Trustee
Bournemouth
21 October 2020

Independent Auditors' Report to the Unitholders of SUTL Cazenove Charity UCITS Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of SUTL Cazenove Charity UCITS Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust and each of the sub-funds as at 30 September 2020 and of the net revenue and the net capital gains/(losses) on the scheme property of the Authorised Unit Trust and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.
- have been prepared in accordance with the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008.

SUTL Cazenove Charity UCITS Fund is an Authorised Unit Trust with 3 sub-funds. The financial statements of the Trust comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Final Report and Accounts (the "Annual Report"), which comprise: the balance sheets as at 30 September 2020; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended;; the distribution tables; the accounting policies; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

Manager's Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Manager's Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Unitholders of SUTL Cazenove Charity UCITS Fund (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 4, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Use of this report

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

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

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

Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Charities Act 2011 exception reporting

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
14 January 2021

Statement of Cross Holdings

As at 30 September 2020 there were no sub fund cross holdings within the Trust.

Accounting policies

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with applicable law and the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008, the Scheme of the Charity Commissioners of 11 June 2007 and the disclosure requirements of the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Management Association in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)). The accounts are exempt from complying with the Accounting and Reporting by Charities SORP 2015 under paragraph 15 of that document.

Revenue

Dividends and real estate income distributions receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Trust. Any enhancement above the cash dividend is treated as capital. Interest receivable from bank balances, futures clearing houses and brokers is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective yield basis. Underwriting commissions are included under Revenue when received except where the Trust is required to take up units. In these cases commission is deducted from the capital cost of those units on a proportional basis.

Special dividends

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

Equalisation

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

Interest on debt securities bought or sold

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

Expenses

Expenses of the Trust are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the Trust. All expenses except for professional fee are accounted for on an accruals basis. The Annual management charge is initially charged to revenue but ultimately borne by the capital of the Trust.

Distributions

For the sole purpose of avoiding fluctuations in the income available for distribution or allocation, the Manager may determine to carry income earned by any of the sub funds forward to a future period or distribute income received from a previous period. In this respect the Manager and the Trustee may establish an Income Reserve Account in respect of each sub fund. Up to 15% of the income available for distribution or allocation from one accounting period for allocation or distribution in a future accounting period may be transferred to the Income Reserve Account. See Prospectus for further details.

This revenue is distributed to Distribution Unitholders. For Accumulation units this revenue is not distributed but automatically reinvested in the Fund and is reflected in the value of these units. Such distributions are based on the target distribution rate of 4.00% per annum and can be funded from both revenue and capital.

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

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

Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the Trust. See Prospectus for further details.

Valuation

All investments held by the Trust have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions.

Foreign currencies

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

SUTL Cazenove Charity Equity Value Fund
Fund Information

Investment objective and policy

The SUTL Cazenove Charity Equity Value Fund ("the Fund") aims to provide income and capital growth by investing in equity and equity related securities of UK companies. The Fund aims to provide a return in excess of the FTSE All-Share (Gross Total Return) index (after fees have been deducted) over five-year rolling periods but this cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets in 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 invests in "Value" stocks. Value is assessed by looking at indicators such as cash flows, dividends and earnings, to identify securities which the manager believes have been undervalued by the market.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE All-Share (Gross Total Return) index, and compared against the MSCI UK Value Weighted (Gross Total Return) Index. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Participation

Charities in England and Wales (and every 'appropriate body' in Scotland and Northern Ireland) may participate in the Fund unless specifically precluded by their deeds or other governing instrument. For A Income units and A Accumulation units the minimum initial investment is £10,000 and, for subsequent purchases £1,000. Applications for subscriptions into the S Income units are accepted at Schroder Unit Trusts Limited (the Manager's) discretion. There is no maximum limit on the amount which may be invested. The Fund can issue both Income and Accumulation units. Income unitholders receive regular quarterly distributions, while accumulation unitholders benefit from the reinvestment of their revenue into the Fund.

Advisory Committee

The duties and responsibilities of the Advisory Committee are set out in the Prospectus. The Advisory Committee represents the interests of unitholders in the Trust and consults with and makes representations to the Manager and to the Trustee in respect of the management and administration of the Trust, including (without limitation) in relation to the appointment by the Manager and the Trustee of delegates providing key services in respect of the Trust; the investment objective and policy of the sub funds; the income distribution policy of the sub funds; and the fees and charges borne or to be borne by any class of units of a sub fund (including any changes proposed to the fees and charges).

Review of Investment Activities

From 30 September 2019 to 30 September 2020, the price of A Accumulation units on a dealing price basis fell 25.34%. In the same period the FTSE[1] All Share Index generated a negative total return of 16.59%[2].

The fund underperformed the wider market over the period under review. UK equities fell sharply as the coronavirus pandemic caused a rapid decline in global financial markets. The speed of market movements have made it difficult for investors to accurately reflect the impact on companies, and therefore to make sensible pricing decisions. As such, there are many pricing anomalies where prices have moved far further than fair values, and similarly some prices which have not moved enough to reflect the new reality. Up to this point, the market's focus has largely been on short-term profitability; it has not yet focused or distinguished between companies with differing balance sheet strength as it almost inevitably will in due course. This has been painful in terms of the fund's short-term performance.

One of our largest detractors in the period was NatWest. Other positions in the financial sector to detract significantly included HSBC, Lloyds Banking, and Standard Chartered. The banks have seen aggressive sell-offs as the market has become even more pessimistic around near-term profitability owing to central bank rate cuts as well as regulator-mandated suspensions on capital distributions. The impact of both these policy actions on near-term earnings for banks will be substantial, as cash is hoarded and net interest margins get squeezed further. We continue to believe the long-term opportunities in these names is significant, owing to the valuations on offer. Another major detractor to performance was Centrica. Centrica's 2019 reported results confirmed the tough trends the business flagged last year, particularly in the consumer business where the lower UK default tariff cap weighed on results. While the results disappointed the market, they were in line with our expectations. The business is clearly going through a very difficult turnaround and while 2020 does not signal a year of recovery, we know from experience that turnarounds can take time.

Key positive contributors included Royal Mail and William Hill. We made a number of changes to the portfolio in the period, including selling our holding in Computacenter and initiating a new position in Pfizer.

Over the long-term our investment process has added considerable value, but this waxes and wanes. Following good periods, there have been tougher periods, and vice versa: following difficult underperformance the fund has gone on to produce great returns. Past performance isn't a guide to the future, and of course we cannot say for certain that this pattern will continue. This is also not a market timing message but for clients with a genuine five-year time horizon, history suggests that this is an attractive time to invest in our genuine long-term value style.

Fund Manager:

Global Value Team

The Schroder Global Value Team, specifically Nick Kirrage and Kevin Murphy, are responsible for stock selection in the underlying portfolio. The Global Value team has over 100 years of combined investment experience. Kevin and Nick have managed assets in a value style for 14 years.

They are co-heads of the Global Value Team, which consists of 9 investors who manage both value and income orientated portfolios across Global, European and UK equity. An Investment Director is also embedded in the team.

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

Risk Profile

Risk and reward indicator

Lower risk
Potentially lower reward

Higher risk
Potentially higher reward



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

The risk and reward indicator changed from 5 to 6 with effect from 6 July 2020.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website www.schroders.com.

Comparative Table

	A Income units		A Accumulation units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**	**2020 p per unit**	**2019 p per unit**
Change in net asset value				
Opening net asset value	394.08	455.80	1,124.14	1,210.00
Return before operating charges*	(95.88)	(28.74)	(277.63)	(78.11)
Operating charges	(1.80)	(2.83)	(5.13)	(7.75)
Return after operating charges*	**(97.68)**	**(31.57)**	**(282.76)**	**(85.86)**
Distributions[1]	(13.69)	(30.15)	(39.41)	(79.80)
Retained distributions[1]	–	–	39.41	79.80
Closing net asset value	**282.71**	**394.08**	**841.38**	**1,124.14**
*after direct transaction costs of	(0.03)	(0.08)	(0.10)	(0.23)
Performance				
Return after charges (%)	(24.79)	(6.93)	(25.15)	(7.10)
Other information				
Closing net asset value (£000's)	44,676	89,140	8,115	11,819
Closing number of units	15,802,793	22,619,670	964,447	1,051,408
Operating charges (%)	0.52	0.67	0.52	0.67
Direct transaction costs (%)**	0.01	0.02	0.01	0.02
Prices				
Highest dealing price (p)	426.15	439.20	1,215.60	1,197.00
Lowest dealing price (p)	258.14	371.50	744.23	1,044.00

A Income units
The unit class was launched on 8 June 2018.

A Accumulation units
The unit class was launched on 8 June 2018.

Comparative Table (continued)

	S Income units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**
Change in net asset value		
Opening net asset value	57.69	66.55
Return before operating charges*	(14.06)	(4.19)
Operating charges	(0.16)	(0.25)
Return after operating charges*	**(14.22)**	**(4.44)**
Distributions[1]	(1.97)	(4.42)
Retained distributions[1]	–	–
Closing net asset value	**41.50**	**57.69**
*after direct transaction costs of	(0.01)	(0.01)
Performance		
Return after charges (%)	(24.65)	(6.67)
Other information		
Closing net asset value (£000's)	50,237	101,709
Closing number of units	121,058,558	176,316,236
Operating charges (%)	0.32	0.41
Direct transaction costs (%)**	0.01	0.02
Prices		
Highest dealing price (p)	62.41	64.11
Lowest dealing price (p)	37.83	54.37

S Income units

The unit class was launched on 8 June 2018.

1 These figures have been rounded to 2 decimal places.

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

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

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

Portfolio Statement

	Holding at 30.9.20	Market Value £000's	% of net assets
Equities 95.37% (93.74%)			
Oil & Gas 7.92% (10.01%)			
BP	1,749,599	3,940	3.82
Eni	147,205	892	0.87
Royal Dutch Shell B	353,687	3,325	3.23
		8,157	**7.92**
Basic Materials 13.44% (10.97%)			
Anglo American	283,232	5,313	5.16
BHP Group	255,022	4,217	4.09
South32	3,781,744	4,318	4.19
		13,848	**13.44**
Industrials 5.50% (3.50%)			
BAE Systems	242,520	1,169	1.13
Rolls-Royce Holdings	522,176	679	0.66
Royal Mail	1,598,876	3,821	3.71
		5,669	**5.50**
Health Care 9.30% (6.41%)			
GlaxoSmithKline	254,824	3,700	3.59
Merck	22,635	1,449	1.41
Pfizer	67,943	1,929	1.87
Sanofi	32,360	2,505	2.43
		9,583	**9.30**
Consumer Services 23.83% (22.60%)			
ITV	2,548,393	1,723	1.67
J Sainsbury	1,607,384	3,069	2.98
Marks & Spencer Group	2,891,656	2,820	2.74
Pearson	651,514	3,578	3.47
Reach	738,404	570	0.56
Tesco	2,013,615	4,277	4.15
William Hill	708,856	1,969	1.91
Wm Morrison Supermarkets	2,084,794	3,546	3.44
WPP	493,171	2,999	2.91
		24,551	**23.83**
Telecommunications 3.65% (3.23%)			
BT Group	2,684,671	2,641	2.56
Vodafone Group	1,088,263	1,118	1.09
		3,759	**3.65**
Utilities 4.01% (4.04%)			
Centrica	7,603,439	3,048	2.96
Drax Group	407,338	1,084	1.05
		4,132	**4.01**
Financials 24.49% (26.88%)			
Aviva	1,166,298	3,332	3.23
Barclays	3,641,987	3,555	3.45
HSBC Holdings	427,624	1,289	1.25
Legal & General Group	518,017	976	0.95
Lloyds Banking Group	9,581,197	2,526	2.45
M&G	1,924,377	3,068	2.98
Natwest Group	3,568,953	3,783	3.67
Provident Financial	561,479	1,089	1.06
Standard Chartered	1,025,888	3,653	3.55
TP ICAP	858,350	1,959	1.90
		25,230	**24.49**
Technology 3.23% (6.10%)			
Cisco Systems	35,422	1,079	1.05
HP	103,211	1,528	1.48
Intel	18,017	723	0.70
		3,330	**3.23**
Equities total		**98,259**	**95.37**

Portfolio Statement (continued)

	Holding at 30.9.20	Market Value £000's	% of net assets
Corporate Bonds 2.51% (0.00%)			
Consumer Services 2.51% (0.00%)			
Carnival 11.5% 01/04/2023	2,386,000	2,049	1.99
Carnival 10.5% 01/02/2026	640,000	539	0.52
		2,588	**2.51**
Corporate Bonds total		**2,588**	**2.51**
Forward Foreign Currency Contracts (0.32)% ((0.17)%)			
Buy EUR 135,000 Sell GBP 123,579 04/11/2020	EUR 135,000	0	0.00
Buy USD 295,000 Sell GBP 227,512 04/11/2020	USD 295,000	2	0.00
Sell EUR 3,995,000 Buy GBP 3,576,472 04/11/2020	EUR (3,995,000)	(71)	(0.07)
Sell USD 12,530,000 Buy GBP 9,500,853 04/11/2020	USD (12,530,000)	(263)	(0.25)
Forward Foreign Currency Contracts total		**(332)**	**(0.32)**
Portfolio of investments		**100,515**	**97.56**
Net other assets		2,513	2.44
Net assets attributable to unitholders		**103,028**	**100.00**

The comparative percentage figures in brackets are as at 30 September 2019.
Unless otherwise stated, all securities are admitted to official stock exchange listings.

Statement of Total Return

For the year ended 30 September 2020

	Notes	2020 £000's	2020 £000's	8.6.18 to 30.9.19 £000's	8.6.18 to 30.9.19 £000's
Income					
Net capital losses	2		(47,845)		(26,487)
Revenue	3	4,899		12,795	
Expenses	4	(665)		(1,099)	
Net revenue before taxation		**4,234**		**11,696**	
Taxation	5	(115)		(133)	
Net revenue after taxation			**4,119**		**11,563**
Total return before distributions			**(43,726)**		**(14,924)**
Distributions	6		(6,537)		(14,380)
Change in net assets attributable to unitholders from investment activities			**(50,263)**		**(29,304)**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 30 September 2020

	2020 £000's	2020 £000's	8.6.18 to 30.9.19 £000's	8.6.18 to 30.9.19 £000's
Opening net assets attributable to unitholders		202,668		0
Amounts transferred from The Charity Equity Fund		0		214,630
Amounts receivable on issue of units	5,728		26,878	
Amounts payable on cancellation of units	(55,500)		(10,396)	
		(49,772)		**16,482**
Dilution adjustment		0		9
Change in net assets attributable to unitholders from investment activities		(50,263)		(29,304)
Retained distribution on Accumulation units		391		848
Unclaimed distributions		4		3
Closing net assets attributable to unitholders		**103,028**		**202,668**

Balance Sheet

As at 30 September 2020

	Notes	2020 £000's	2019 £000's
Assets			
Investments		100,849	190,041
Current assets			
Debtors	8	875	764
Cash and bank balances	9	2,756	15,240
Total assets		**104,480**	**206,045**
Liabilities			
Investment liabilities		(334)	(408)
Creditors			
Distributions payable		(1,059)	(2,839)
Other creditors	10	(59)	(130)
Total liabilities		**(1,452)**	**(3,377)**
Net assets attributable to unitholders		**103,028**	**202,668**

Notes to the Accounts

1 Accounting policies

Basis of preparation

The applicable accounting policies adopted by SUTL Cazenove Charity Equity Value Fund are disclosed on page 9.

2 Net capital losses

The net capital losses during the year comprise:

	2020 £000's	8.6.18 to 30.9.19 £000's
Non-derivative securities	(48,174)	(24,733)
Forward foreign currency contracts	565	(2,321)
Foreign currency (losses)/gains	(232)	571
Transaction costs	(4)	(4)
Net capital losses	**(47,845)**	**(26,487)**

3 Revenue

	2020 £000's	8.6.18 to 30.9.19 £000's
UK dividends	4,127	11,414
Overseas dividends	702	1,348
Interest on debt securities	55	0
Bank interest	15	33
Total revenue	**4,899**	**12,795**

4 Expenses

	2020 £000's	8.6.18 to 30.9.19 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	636	1,059
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	17	29
Safe custody fees	1	1
	18	**30**
Other expenses:		
Audit fee	10	10
Professional fee	1	0
	11	**10**
Total expenses	**665**	**1,099**

Notes to the Accounts (continued)

5 Taxation

The Schroder Charity Equity Value Fund is a registered charity and its unitholders are restricted to those with charitable status in England and Wales. Investment policy is set in recognition of the charitable restrictions and accordingly the revenue and the net capital gains are exempt from direct taxation in the United Kingdom. Indirect taxation suffered is included in the expenditure to which it relates. The Trustee, J.P.Morgan Europe Limited, arranges for the reclaim of tax on revenue received by the Fund. However, it may not always be possible for overseas tax to be reclaimed.

Quarterly distributions are paid without deduction of tax.

6 Distributions

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

	2020 £000's	8.6.18 to 30.9.19 £000's
Quarterly Dividend distribution	0	2,586
Quarterly Dividend distribution	0	2,239
Quarterly Dividend distribution	2,312	1,722
Interim Dividend distribution	888	1,907
Quarterly Dividend distribution	1,710	3,214
Final Dividend distribution	1,149	2,997
	6,059	**14,665**
Add: Revenue deducted on cancellation of units	553	129
Deduct: Revenue received on issue of units	(75)	(414)
Distributions	**6,537**	**14,380**

Net revenue after taxation	4,119	11,563
Expenses taken to capital	637	1,059
Movement in undistributed revenue	1,781	(2,053)
Distribution paid from capital	0	3,811
Distributions	**6,537**	**14,380**

Details of the distributions per unit are set out in the Distribution Table on pages 26 and 27.

7 Fair value hierarchy

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

	2020		2019	
Basis of valuation	**Assets £000's**	**Liabilities £000's**	**Assets £000's**	**Liabilities £000's**
Level 1: Quoted prices	100,847	0	189,988	0
Level 2: Observable market data	2	(334)	53	(408)
Level 3: Unobservable data	0	0	0	0
Total	**100,849**	**(334)**	**190,041**	**(408)**

Notes to the Accounts (continued)

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

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

Level 3: Valuation techniques using unobservable inputs.

Unobservable data

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

8 Debtors

	2020 £000's	2019 £000's
Amounts receivable for issue of units	1	36
Sales awaiting settlement	579	206
Accrued revenue	295	522
Total debtors	**875**	**764**

9 Cash and bank balances

	2020 £000's	2019 £000's
Cash and bank balances	2,466	15,040
Amounts held at futures clearing houses and brokers	290	200
Total cash and bank balances	**2,756**	**15,240**

10 Other creditors

	2020 £000's	2019 £000's
Amounts payable for cancellation of units	1	48
Accrued expenses	58	82
Total other creditors	**59**	**130**

11 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2019 – Nil).

12 Related party transactions

The Manager exercises control over the Fund and is therefore a related party by virtue of its controlling influence.

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

The Manager acts as principal on all transactions of units in the Fund. The aggregate monies paid through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the Fund's net asset value at the balance sheet date were 53.06% (2019 – 53.22%).

Notes to the Accounts (continued)

13 Unit classes

The Fund currently has three unit classes. The Annual Management charge is based on the average value of the Fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

A Income units	0.50%
A Accumulation units	0.50%
S Income units	0.30%

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 13 and 14. The distributions per unit class are given in the Distribution Table on pages 26 and 27. All classes have the same rights on winding up.

14 Derivative and other financial instruments

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

Market price risk

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

Foreign currency risk

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

Liquidity risk

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

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

	2020				2019			
Currency	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Euro	0	0	3,520	3,520	0	0	4,859	4,859
Sterling	2,726	0	101,932	104,658	15,209	0	192,628	207,837
US dollar	30	2,588	7,113	9,731	31	0	16,159	16,190

Notes to the Accounts (continued)

Currency	2020 Financial liabilities not carrying interest £000's	2020 Total £000's	2019 Financial liabilities not carrying interest £000's	2019 Total £000's
Euro	3,648	3,648	4,784	4,784
Sterling	1,469	1,469	6,332	6,332
US dollar	9,764	9,764	15,102	15,102

There are no material amounts of non-interest bearing financial assets, other than equities which do not have a maturity date.

Floating rate financial assets and financial liabilities

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

Fair value of financial assets and financial liabilities

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

Global risk exposure

Commitment approach

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

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

The global risk exposure of the Fund is calculated using the commitment approach. During the year ended 30 September 2020 the global risk exposure of the Fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the Fund as at the balance sheet date was as follows:

Leverage

	2020 Lowest	2020 Highest	2020 Average	2020 Leverage 30 September	2019 Lowest	2019 Highest	2019 Average	2019 Leverage 30 September
	0.00%	1.78%	0.11%	0.17%	0.00%	0.68%	0.06%	0.00%

15 Direct transaction costs

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

2020	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	2,587	0	0	2,587	0.00	0.00
Equities	28,073	11	3	28,087	0.04	0.01
	30,660	**11**	**3**	**30,674**		
Sales						
Equities	71,646	(21)	(1)	71,624	(0.03)	0.00
Total cost of the Fund's average net asset value (%)		**0.02**	**0.00**			

Notes to the Accounts (continued)

8.6.18 to 30.9.19	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases[1]:						
Equities	44,120	19	16	44,155	0.04	0.04
In-specie purchases:						
Equities	206,584	0	0	206,584	0.00	0.00
Corporate actions purchases:						
Equities	840	0	0	840	0.00	0.00
	251,544	**19**	**16**	**251,579**		
Sales						
Equities	36,872	(14)	0	36,858	(0.04)	0.00
Total cost of the Fund's average net asset value (%)		**0.01**	**0.01**			

1 Excluding in-specie transfers and corporate actions.

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (2019 – 0.06%).

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

16 Units in issue reconciliation

	Number of units in issue as at 30.9.19	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 30.9.20
A Income units	22,619,670	67,637	(6,887,602)	3,088	15,802,793
A Accumulation units	1,051,408	752	(86,630)	(1,083)	964,447
S Income units	176,316,236	10,172,382	(65,430,060)	0	121,058,558

Notes to the Accounts (continued)

17 Counterparty exposure

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

Counterparty	Forward foreign currency contracts £000's	Total £000's
Barclays Capital		
2020	(263)	(263)
2019	0	0
Citi bank		
2020	2	2
2019	(338)	(338)
HSBC		
2020	(71)	(71)
2019	0	0
State Street		
2020	0	0
2019	(17)	(17)

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

Counterparty	2020 £000's	2019 £000's
Barclays Capital	(290)	0
Citibank	0	(200)
Total	**(290)**	**(200)**

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

	2020 £000's	2019 £000's
Cash	(290)	(200)
Total	**(290)**	**(200)**

18 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 30 September 2020, the price of each unit class has changed as follows:

	Dealing price p at 11.1.21	Dealing price p at 30.9.20	% change
A Income units	366.30	285.60	28.26
A Accumulation units	1,099.00	840.70	30.72
S Income units	53.78	41.93	28.26

Distribution Table

Quarterly distribution for the three months ended 31 December 2019

Group 1 Units purchased prior to 1 October 2019
Group 2 Units purchased on or after 1 October 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 29.2.20 p per unit	Distribution paid 28.2.19 p per unit
A Income units				
Group 1	4.5000	–	4.5000	3.8000
Group 2	0.0000	4.5000	4.5000	3.8000
A Accumulation units				
Group 1	14.0000	–	14.0000	10.1000
Group 2	0.0000	14.0000	14.0000	10.1000
S Income units				
Group 1	0.6500	–	0.6500	0.5300
Group 2	0.0000	0.6500	0.6500	0.5300

Interim distribution for the three months ended 31 March 2020

Group 1 Units purchased prior to 1 January 2020
Group 2 Units purchased on or after 1 January 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution paid 31.5.20 p per unit	Distribution paid 31.5.19 p per unit
A Income units				
Group 1	1.9890	–	1.9890	4.1000
Group 2	0.0000	1.9890	1.9890	4.1000
A Accumulation units				
Group 1	5.0140	–	5.0140	11.1000
Group 2	0.0000	5.0140	5.0140	11.1000
S Income units				
Group 1	0.2706	–	0.2706	0.5800
Group 2	0.0000	0.2706	0.2706	0.5800

Distribution Table (continued)

Quarterly distribution for the three months ended 30 June 2020

Group 1 Units purchased prior to 1 April 2020
Group 2 Units purchased on or after 1 April 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution paid 31.8.20 p per unit	Distribution paid 31.8.19 p per unit
A Income units				
Group 1	4.1000	–	4.1000	6.3000
Group 2	0.2087	3.8913	4.1000	6.3000
A Accumulation units				
Group 1	11.1000	–	11.1000	17.1000
Group 2	11.1000	0.0000	11.1000	17.1000
S Income units				
Group 1	0.5800	–	0.5800	0.9200
Group 2	0.0442	0.5358	0.5800	0.9200

Final distribution for the three months ended 30 September 2020

Group 1 Units purchased prior to 1 July 2020
Group 2 Units purchased on or after 1 July 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution payable 30.11.20 p per unit	Distribution paid 30.11.19 p per unit
A Income units				
Group 1	3.1000	–	3.1000	5.8500
Group 2	1.7106	1.3894	3.1000	5.8500
A Accumulation units				
Group 1	9.3000	–	9.3000	15.0000
Group 2	9.3000	0.0000	9.3000	15.0000
S Income units				
Group 1	0.4700	–	0.4700	0.8600
Group 2	0.0786	0.3914	0.4700	0.8600

Equalisation

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

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

SUTL Cavenove Charity Equity Income Fund
Fund Information

Investment objective and policy

The SUTL Cazenove Charity Equity Income Fund ("the Fund") aims to provide income and capital growth by investing in equity and equity related securities of UK companies. The Fund aims to provide income in excess of the FTSE All Share Index yield and a total return that exceeds the FTSE All Share (Gross Total Return) index (after fees have been deducted) over rolling five-year periods but this cannot be guaranteed and your capital is at risk.

The Fund is actively managed and invests at least 80% of its assets in 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 seeks to invest in a diversified portfolio of equity and equity related securities whose dividend yield in aggregate is greater than the average market yield. Equities with below average dividend yield may be included in the portfolio when the Investment Manager considers that they have the potential to pay above average income in future.

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

Fund characteristics

The Fund's performance should be assessed against its target benchmarks, being to exceed the FTSE All Share Index yield and the FTSE All Share Index total return, and compared against and the Investment Association Equity Income sector average. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmarks have been selected because they are representative of the type of investments in which the Fund is likely to invest, and they are, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Participation

Charities in England and Wales (and every 'appropriate body' in Scotland and Northern Ireland) may participate in the Fund unless specifically precluded by their deeds or other governing instrument. For A Income units and A Accumulation units the minimum initial investment is £10,000 and, for subsequent purchases £1,000. Applications for subscriptions into the S Income and S Accumulation units are accepted at Schroder Unit Trusts Limited (the Manager's) discretion. There is no maximum limit on the amount which may be invested. The Fund can issue both Income and Accumulation units. Income unitholders receive regular quarterly distributions, while accumulation unitholders benefit from the reinvestment of their revenue into the Fund.

Advisory Committee

The duties and responsibilities of the Advisory Committee are set out in the Prospectus. The Advisory Committee represents the interests of unitholders in the Trust and consults with and makes representations to the Manager and to the Trustee in respect of the management and administration of the Trust, including (without limitation) in relation to the appointment by the Manager and the Trustee of delegates providing key services in respect of the Trust; the investment objective and policy of the sub funds; the income distribution policy of the sub funds; and the fees and charges borne or to be borne by any class of units of a sub fund (including any changes proposed to the fees and charges).

Review of Investment Activities

From 30 September 2019 to 30 September 2020, the price of A Accumulation units on a dealing price basis fell 16.11%. In the same period, the FTSE[1] All Share Index generated a negative total return of 16.59%[2].

The weaker market environment towards the end of the reporting period results in a larger than normal 12 month trailing yield of 7.0% for the fund[3] and 5.5% for the benchmark[4].

The fund outperformed the index over the period. UK equities fell sharply in early 2020 as the coronavirus pandemic caused the fastest decline in global financial markets on record. Though equity markets recovered well from their March lows following the significant monetary and fiscal responses to Covid-19 they remain in negative territory for this period.

We took decisive action early in the crisis to sell companies where we had fundamental concerns brought on by Covid-19. We decreased our exposure to oil majors and domestic banks. Both were subsequently beneficial to performance. Well capitalised companies in defensive sectors performed relatively well. As a result the fund benefitted from its positions in utility company Pennon, chemical firm Croda and pharmaceutical company Roche. Security services firm G4S and bookmaker William Hill were significantly boosted in September 2020 by bid approaches. A recent uptick in corporate activity provided a catalyst for the market to begin to recognise some of the mispricing that we see in some of our portfolio companies. On the negative side, companies subject to balance sheet concerns underperformed, in particular house builder Crest Nicholson. More cyclical areas were also hit hard during the market sell-off, including the fund's holding in easyJet, which we sold in May.

We feel that there are many attractive opportunities in the UK market today as the Covid-19 sell-off has left UK companies as cheap as in the global financial crisis. Gloomy headlines on Brexit and dividend cuts have also obscured the positive long-term prospects of many businesses. There is encouraging news on the outlook for dividends. After the uncertainty earlier in the year which led to many companies suspending payments, we have recently seen some portfolio companies both restore dividends and make additional payments to make up for those deferred earlier in the year. These include Direct Line, BAE Systems and Bunzl. By taking a measured, long-term investment view, we believe that the portfolio will be able to exploit the many mispriced bottom-up stock opportunities in the market both now and into the future.

Co-Fund Manager:

Matt Bennison



Matt Bennison is a UK Equity Fund Manager at Schroders and joined the Prime UK Equity team in 2015, initially as an analyst. He is co-fund manager of Schroder Prime UK Equity Fund and Schroder UK Alpha Income Fund. Matt is also responsible for UK equity portfolios for institutional clients including portfolios with sustainability objectives

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

CFA charterholder

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

Co-Fund Manager:

Sue Noffke



Sue Noffke is a UK Equity Fund Manager at Schroders, and a founding member of the Prime UK Equity team established in 2006. She is co-fund manager of the Schroder Prime UK Equity Fund and Schroder UK Alpha Income Fund. Sue is also fund manager of the Schroder Income Growth Fund plc. Sue has managed UK equity portfolios for institutional clients since 1993. She joined Schroders in 1989 and is based in London

Sue was an analyst at Schroders from 1989 to 1993, with responsibilities for insurance, tobacco and retail sectors in the UK market

Honorary Doctorate Degree from Aston University; BSc in Business Administration and Biochemistry from Aston University

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2 Source: Thomson Reuters Datastream.

3 Based on income accrued over 12 month period to 30 September 2020 divided by A Accumulation unit price on 30 September 2020.

4 Thomson Reuters, as at 30 September 2020.

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

Risk Profile

Risk and reward indicator

Lower risk
Potentially lower reward

Higher risk
Potentially higher reward



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

The risk and reward indicator changed from 5 to 6 with effect from 14 July 2020.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website www.schroders.com.

Comparative Table

	A Income units		A Accumulation units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**	**2020 p per unit**	**2019 p per unit**
Change in net asset value				
Opening net asset value	88.34	100.30	119.88	125.70
Return before operating charges*	(13.84)	(4.06)	(18.91)	(5.03)
Operating charges	(0.42)	(0.61)	(0.58)	(0.79)
Return after operating charges*	**(14.26)**	**(4.67)**	**(19.49)**	**(5.82)**
Distributions[1]	(3.92)	(7.29)	(5.40)	(9.37)
Retained distributions[1]	–	–	5.40	9.37
Closing net asset value	**70.16**	**88.34**	**100.39**	**119.88**
*after direct transaction costs of	(0.02)	(0.05)	(0.03)	(0.06)
Performance				
Return after charges (%)	(16.14)	(4.66)	(16.26)	(4.63)
Other information				
Closing net asset value (£000's)	9,664	16,604	1,284	2,211
Closing number of units	13,774,819	18,795,338	1,279,370	1,844,180
Operating charges (%)	0.52	0.67	0.52	0.67
Direct transaction costs (%)**	0.03	0.05	0.03	0.05
Prices				
Highest dealing price (p)	97.27	95.30	132.00	122.30
Lowest dealing price (p)	60.21	82.64	82.46	106.00

A Income units
The unit class was launched on 8 June 2018.

A Accumulation units
The unit class was launched on 8 June 2018.

Comparative Table (continued)

	S Income units		S Accumulation units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**	**2020 p per unit**	**2019 p per unit**
Change in net asset value				
Opening net asset value	49.43	56.00	120.95	126.50
Return before operating charges*	(7.74)	(2.29)	(19.09)	(5.06)
Operating charges	(0.15)	(0.21)	(0.37)	(0.49)
Return after operating charges*	**(7.89)**	**(2.50)**	**(19.46)**	**(5.55)**
Distributions[1]	(2.20)	(4.07)	(5.46)	(9.44)
Retained distributions[1]	–	–	5.46	9.44
Closing net asset value	**39.34**	**49.43**	**101.49**	**120.95**
*after direct transaction costs of	(0.01)	(0.03)	(0.03)	(0.06)
Performance				
Return after charges (%)	(15.96)	(4.46)	(16.09)	(4.39)
Other information				
Closing net asset value (£000's)	57,884	173,143	270	896
Closing number of units	147,149,666	350,265,177	266,140	741,064
Operating charges (%)	0.32	0.41	0.32	0.41
Direct transaction costs (%)**	0.03	0.05	0.03	0.05
Prices				
Highest dealing price (p)	54.46	53.22	133.24	123.30
Lowest dealing price (p)	33.72	46.17	83.28	106.80

S Income units

The unit class was launched on 8 June 2018.

S Accumulation units

The unit class was launched on 8 June 2018.

1 These figures have been rounded to 2 decimal places.

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

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

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

Portfolio Statement

	Holding at 30.9.20	Market Value £000's	% of net assets
Equities 99.20% (99.09%)			
Oil & Gas 3.18% (12.71%)			
BP	109,948	247	0.36
Galp Energia	155,466	1,109	1.61
Royal Dutch Shell B	89,232	839	1.21
		2,195	**3.18**
Basic Materials 13.77% (7.65%)			
Anglo American	122,113	2,291	3.32
BHP Group	199,636	3,301	4.78
Croda International	33,079	2,065	2.99
Rio Tinto	39,842	1,855	2.68
		9,512	**13.77**
Industrials 14.27% (13.43%)			
BAE Systems	541,284	2,609	3.78
G4S	1,959,021	3,924	5.68
Ibstock	502,566	784	1.13
PayPoint	209,195	1,054	1.53
Wincanton	740,442	1,488	2.15
		9,859	**14.27**
Consumer Goods 2.33% (2.01%)			
Unilever	33,704	1,610	2.33
		1,610	**2.33**
Health Care 16.23% (12.93%)			
AstraZeneca	39,496	3,340	4.83
GlaxoSmithKline	363,564	5,279	7.64
Roche Holding	9,791	2,598	3.76
		11,217	**16.23**
Consumer Services 10.52% (11.28%)			
Hollywood Bowl Group	867,024	1,170	1.69
Pearson	239,551	1,316	1.91
Tesco	1,100,122	2,337	3.38
William Hill	532,387	1,479	2.14
Wm Morrison Supermarkets	568,187	966	1.40
		7,268	**10.52**
Telecommunications 1.74% (1.92%)			
Vodafone Group	1,173,367	1,205	1.74
		1,205	**1.74**
Utilities 7.25% (6.07%)			
National Grid	369,999	3,290	4.76
Pennon Group	166,904	1,721	2.49
		5,011	**7.25**
Financials 29.91% (29.52%)			
3i Group	76,811	766	1.11
Assura	2,555,377	1,970	2.85
Brewin Dolphin Holdings	385,624	899	1.30
Direct Line Insurance Group	686,759	1,850	2.68
Empiric Student Property	2,294,409	1,397	2.02
Intermediate Capital Group	115,132	1,371	1.98
John Laing Group	481,171	1,509	2.18
Legal & General Group	1,509,942	2,844	4.12
M&G	1,336,744	2,131	3.08
Polar Capital Holdings[#]	304,016	1,429	2.07
Prudential	70,615	783	1.13
Sabre Insurance Group	538,226	1,359	1.97
Savills	134,358	1,047	1.52
TP ICAP	287,950	657	0.95
Workspace Group REIT	123,216	659	0.95
		20,671	**29.91**
Technology 0.00% (1.57%)			
Equities total		**68,548**	**99.20**

Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	**68,548**	**99.20**
Net other assets	554	0.80
Net assets attributable to unitholders	**69,102**	**100.00**

The comparative percentage figures in brackets are as at 30 September 2019.

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

Security traded on another regulated market.

Statement of Total Return

For the year ended 30 September 2020

	Notes	2020 £000's	2020 £000's	8.6.18 to 30.9.19 £000's	8.6.18 to 30.9.19 £000's
Income					
Net capital losses	2		(19,123)		(32,428)
Revenue	3	4,829		17,307	
Expenses	4	(424)		(1,126)	
Net revenue before taxation		**4,405**		**16,181**	
Taxation	5	(53)		(39)	
Net revenue after taxation			**4,352**		**16,142**
Total return before distributions			**(14,771)**		**(16,286)**
Distributions	6		(6,076)		(20,546)
Change in net assets attributable to unitholders from investment activities			**(20,847)**		**(36,832)**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 30 September 2020

	2020 £000's	2020 £000's	8.6.18 to 30.9.19 £000's	8.6.18 to 30.9.19 £000's
Opening net assets attributable to unitholders		192,854		0
Amounts transferred from The Equity Income Trust for Charities		0		312,904
Amounts receivable on issue of units	1,566		2,589	
Amounts payable on cancellation of units	(104,672)		(86,117)	
		(103,106)		**(83,528)**
Dilution adjustment		102		50
Change in net assets attributable to unitholders from investment activities		(20,847)		(36,832)
Retained distribution on Accumulation units		99		260
Closing net assets attributable to unitholders		**69,102**		**192,854**

Balance Sheet

As at 30 September 2020

	Notes	2020 £000's	2019 £000's
Assets			
Investments		68,548	191,108
Current assets			
Debtors	8	737	831
Cash and bank balances		1,277	5,057
Total assets		**70,562**	**196,996**
Liabilities			
Creditors			
Distributions payable		(1,026)	(3,651)
Other creditors	9	(434)	(491)
Total liabilities		**(1,460)**	**(4,142)**
Net assets attributable to unitholders		**69,102**	**192,854**

Notes to the Accounts

1 Accounting policies

Basis of preparation

The applicable accounting policies adopted by SUTL Cazenove Charity Equity Income Fund are disclosed on page 9.

2 Net capital losses

The net capital losses during the year comprise:

	2020 £000's	8.6.18 to 30.9.19 £000's
Non-derivative securities	(19,105)	(32,420)
Forward foreign currency contracts	3	0
Foreign currency losses	(18)	(3)
Transaction costs	(3)	(5)
Net capital losses	**(19,123)**	**(32,428)**

3 Revenue

	2020 £000's	8.6.18 to 30.9.19 £000's
UK dividends	4,429	16,298
Overseas dividends	300	879
Real estate income distributions	68	79
Scrip dividends	22	0
Bank interest	10	34
Underwriting commission	0	17
Total revenue	**4,829**	**17,307**

4 Expenses

	2020 £000's	8.6.18 to 30.9.19 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	399	1,080
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	13	35
Safe custody fees	1	1
	14	**36**
Other expenses:		
Audit fee	10	10
Professional fee	1	0
	11	**10**
Total expenses	**424**	**1,126**

Notes to the Accounts (continued)

5 Taxation

The Schroder Charity Equity Income Fund is a registered charity and its unitholders are restricted to those with charitable status in England and Wales. Investment policy is set in recognition of the charitable restrictions and accordingly the revenue and the net capital gains are exempt from direct taxation in the United Kingdom. Indirect taxation suffered is included in the expenditure to which it relates. The Trustee, J.P.Morgan Europe Limited, arranges for the reclaim of tax on revenue received by the Fund. However, it may not always be possible for overseas tax to be reclaimed.

Quarterly distributions are paid without deduction of tax.

6 Distributions

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

	2020 £000's	8.6.18 to 30.9.19 £000's
Quarterly Dividend distribution	0	2,468
Quarterly Dividend distribution	0	4,372
Quarterly Dividend distribution	1,765	2,479
Interim Dividend distribution	1,317	3,201
Quarterly Dividend distribution	1,132	3,011
Final Dividend distribution	1,049	3,710
	5,263	**19,241**
Add: Revenue deducted on cancellation of units	826	1,343
Deduct: Revenue received on issue of units	(13)	(38)
Distributions	**6,076**	**20,546**

Net revenue after taxation	4,352	16,142
Expenses taken to capital	400	1,080
Movement in undistributed revenue	1,324	(1,341)
Deficit taken to capital	0	4,665
Distributions	**6,076**	**20,546**

Details of the distributions per unit are set out in the Distribution Table on pages 43 to 45.

7 Fair value hierarchy

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

Basis of valuation	2020 Assets £000's	2019 Assets £000's
Level 1: Quoted prices	68,548	191,108
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
Total	**68,548**	**191,108**

Notes to the Accounts (continued)

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

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

Level 3: Valuation techniques using unobservable inputs.

Unobservable data

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

8 Debtors

	2020 £000's	2019 £000's
Amounts receivable for issue of units	0	1
Sales awaiting settlement	613	182
Accrued revenue	124	648
Total debtors	**737**	**831**

9 Other creditors

	2020 £000's	2019 £000's
Amounts payable for cancellation of units	0	425
Purchases awaiting settlement	265	0
Accrued expenses	169	66
Total other creditors	**434**	**491**

10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2019 – Nil).

11 Related party transactions

The Manager exercises control over the Fund and is therefore a related party by virtue of its controlling influence.

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

The Manager acts as principal on all transactions of units in the Fund. The aggregate monies paid through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the Fund's net asset value at the balance sheet date were 84.22% (2019 – 90.27%).

12 Unit classes

The Fund currently has four unit classes. The Annual Management charge is based on the average value of the Fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

A Income units	0.50%
A Accumulation units	0.50%
S Income units	0.30%
S Accumulation units	0.30%

The Fund may invest up to 10% of its net asset value in shares of collective investment schemes. The maximum level of Management fee that maybe charged to the Fund for these underlying Funds is 3% of its net asset value.

Notes to the Accounts (continued)

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 31 and 32. The distributions per unit class are given in the Distribution Table on pages 43 to 45. All classes have the same rights on winding up.

13 Derivative and other financial instruments

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

Market price risk

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

Foreign currency risk

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

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

Currency risk profile

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

Currency	2020 £000's	2019 £000's
Euro	1,109	0
Sterling	65,395	188,705
Swiss franc	2,598	4,149

Liquidity risk

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

Interest rate risk

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

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

At the year end date 1.85% (2019: 2.63%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

Floating rate financial assets and financial liabilities

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

Fair value of financial assets and financial liabilities

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

Global risk exposure

Commitment approach

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

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

Notes to the Accounts (continued)

The global risk exposure of the Fund is calculated using the commitment approach. During the year ended 30 September 2020 the global risk exposure of the Fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the Fund as at the balance sheet date was as follows:

Leverage

	2020				2019			
	Lowest	Highest	Average	Leverage 30 September	Lowest	Highest	Average	Leverage 30 September
	0.00%	2.02%	0.01%	0.00%	0.00%	0.51%	0.02%	0.00%

14 Direct transaction costs

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

2020	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Equities	38,434	17	0	38,451	0.04	0.00
Sales						
Equities	141,961	(56)	0	141,905	(0.04)	0.00
Total cost of the Fund's average net asset value (%)		**0.06**	**0.00**			

8.6.18 to 30.9.19	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Purchases[1]:						
Equities	117,547	57	2	117,606	0.05	0.00
In-specie purchases:						
Equities	302,587	0	0	302,587	0.00	0.00
Corporate actions purchases:						
Equities	2,077	0	0	2,077	0.00	0.00
	422,211	**57**	**2**	**422,270**		
Sales						
Equities	198,761	(85)	0	198,676	(0.04)	0.00
Total cost of the Fund's average net asset value (%)		**0.06**	**0.00**			

1 Excluding in-specie transfers and corporate actions.

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.16% (8.6.18 to 30.9.19 – 0.10%).

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

Notes to the Accounts (continued)

15 Units in issue reconciliation

	Number of units in issue as 30.9.19	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 30.9.20
A Income units	18,795,338	133,626	(5,574,987)	420,842	13,774,819
A Accumulation units	1,844,180	1,565	(256,362)	(310,013)	1,279,370
S Income units	350,265,177	3,495,160	(206,610,671)	0	147,149,666
S Accumulation units	741,064	0	(474,924)	0	266,140

16 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 30 September 2020, the price of each unit class has changed as follows:

	Number of units in issue 11.1.21	Number of units in issue 30.9.20	% change	Dealing price p at 11.1.21	Dealing price p at 30.9.20	% change
A Income units	13,648,240	13,774,819	(0.92)	82.61	71.31	15.85
A Accumulation units	1,041,489	1,279,370	(18.59)	118.80	100.50	18.21
S Income units	120,345,658	147,149,666	(18.22)	46.35	39.98	15.93
S Accumulation units	161,582	266,140	(39.29)	120.20	101.60	18.31

The Fund experienced higher than average cancellation of units post year end. The liquidity measures within the fund remain within normal range and there is no immediate or material uncertainty about the viability of the fund as a going concern.

Distribution Table

Quarterly distribution for the three months ended 31 December 2019

Group 1 Units purchased prior to 1 October 2019
Group 2 Units purchased on or after 1 October 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 29.2.20 p per unit	Distribution paid 28.2.19 p per unit
A Income units				
Group 1	0.8900	–	0.8900	0.8700
Group 2	0.0000	0.8900	0.8900	0.8700
A Accumulation units				
Group 1	1.1986	–	1.1986	1.1055
Group 2	1.1986	0.0000	1.1986	1.1055
S Income units				
Group 1	0.4980	–	0.4980	0.4857
Group 2	0.0041	0.4939	0.4980	0.4857
S Accumulation units				
Group 1	1.2093	–	1.2093	1.1128
Group 2	1.2093	0.0000	1.2093	1.1128

Interim distribution for the three months ended 31 March 2020

Group 1 Units purchased prior to 1 January 2020
Group 2 Units purchased on or after 1 January 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution paid 31.5.20 p per unit	Distribution paid 31.5.19 p per unit
A Income units				
Group 1	0.9886	–	0.9886	1.2100
Group 2	0.2757	0.7129	0.9886	1.2100
A Accumulation units				
Group 1	1.2540	–	1.2540	1.5573
Group 2	0.2279	1.0261	1.2540	1.5573
S Income units				
Group 1	0.5519	–	0.5519	0.6759
Group 2	0.5519	0.0000	0.5519	0.6759
S Accumulation units				
Group 1	1.2624	–	1.2624	1.5687
Group 2	1.2624	0.0000	1.2624	1.5687

Distribution Table (continued)

Quarterly distribution for the three months ended 30 June 2020

Group 1 Units purchased prior to 1 April 2020
Group 2 Units purchased on or after 1 April 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution paid 31.8.20 p per unit	Distribution paid 31.8.19 p per unit
A Income units				
Group 1	0.9788	–	0.9788	1.2100
Group 2	0.9788	0.0000	0.9788	1.2100
A Accumulation units				
Group 1	1.4473	–	1.4473	1.5573
Group 2	1.4473	0.0000	1.4473	1.5573
S Income units				
Group 1	0.5500	–	0.5500	0.6759
Group 2	0.2606	0.2894	0.5500	0.6759
S Accumulation units				
Group 1	1.4652	–	1.4652	1.5687
Group 2	1.4652	0.0000	1.4652	1.5687

Final distribution for the three months ended 30 September 2020

Group 1 Units purchased prior to 1 July 2020
Group 2 Units purchased on or after 1 July 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution payable 30.11.20 p per unit	Distribution paid 30.11.19 p per unit
A Income units				
Group 1	1.0658	–	1.0658	1.7000
Group 2	1.0658	0.0000	1.0658	1.7000
A Accumulation units				
Group 1	1.5022	–	1.5022	2.2697
Group 2	1.5022	0.0000	1.5022	2.2697
S Income units				
Group 1	0.5973	–	0.5973	0.9511
Group 2	0.0103	0.5870	0.5973	0.9511
S Accumulation units				
Group 1	1.5182	–	1.5182	2.2895
Group 2	1.5182	0.0000	1.5182	2.2895

Distribution Table (continued)

Equalisation

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

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

SUTL Cazenove Charity Bond Fund
Fund Information

Investment objective and policy

The SUTL Cazenove Charity Bond Fund (the 'Fund') aims to provide income by investing in fixed and floating rate securities. The Fund aims to provide a total return in excess of the FTSE A Government All Stocks (Gross Total Return) index (after fees have been deducted) over rolling five-year periods but this cannot be guaranteed and your capital is at risk.

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

The Fund has a responsible investment policy. The responsible investment policy applies investment restrictions on companies involved in military products and services, non-military firearms, pornography, tobacco, gambling, alcoholic drinks, high interest rate lending, human embryonic cloning, tar sands and thermal coal.

The Fund will invest up to 50% of the Fund's assets in fixed and floating rate securities issued by companies (including credit default swaps).

The Fund may invest up to 20% of its asset on a currency hedged basis in bonds denominated in currencies other than sterling.

The Fund invests no more than 20% of its assets in below investment grade instruments (as measured by Standard & Poor's or any other equivalent credit rating agencies). The Fund will be restricted to the following investment limits in non-investment grade bonds:

– a maximum of 5% of its assets in B rated bonds with no more than 1% in any one name;

– a maximum of 15% of its assets in BB rated bonds with no more than 2% in any one name.

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

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

Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE A Government All Stocks (Gross Total Return) index, and compared against the Investment Association's UK Gilt sector average. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Participation

Charities in England and Wales (and every 'appropriate body' in Scotland and Northern Ireland) may participate in the fund unless specifically precluded by their deeds or other governing instrument. For A Income units and A Accumulation units the minimum initial investment is £10,000 and, for subsequent purchases £1,000. Applications for subscriptions into the S Income units are accepted at Schroder Unit Trusts Limited (the Manager's) discretion. There is no maximum limit on the amount which may be invested. The fund can issue both Income and Accumulation units. Income unitholders receive regular quarterly distributions, while accumulation unitholders benefit from the reinvestment of their revenue into the fund.

Advisory Committee

The duties and responsibilities of the Advisory Committee are set out in the Prospectus. The Advisory Committee represents the interests of unitholders in the Trust and consults with and makes representations to the Manager and to the Trustee in respect of the management and administration of the Trust, including (without limitation) in relation to the appointment by the Manager and the Trustee of delegates providing key services in respect of the Trust; the investment objective and policy of the sub funds; the income distribution policy of the sub funds; and the fees and charges borne or to be borne by any class of units of a sub fund (including any changes proposed to the fees and charges.

Review of Investment Activities

From 30 September 2019 to 30 September 2020 the price of A Accumulation units on a dealing price basis rose 4.14%. In the same period, the FTSE[1] A Government All Stocks index generated a total return of 3.41%[2].

In Q4 2019, a decisive general election victory for the incumbent Conservative party brought hopes of a clearer path to a Brexit resolution. The UK 10-year yield rose from 0.70% to 0.82% with sterling gaining against the US dollar and euro. 2020 has been dominated by the enormous disruption Covid-19 pandemic. The outbreak in Q1 2020 wreaked havoc on markets, with even government bonds seeing extreme swings. From early April, a massive government and central bank policy response precipitated a pronounced recovery in markets and the economy. For the whole period, the UK 10-year government bond yield fell from 0.49% to 0.23%. Sterling investment grade corporate bonds saw a total return (local currency) of 4.8%, outperforming government bonds.

The fund's outperformance resulted primarily from the underweight to government bonds in Q4 2019. Positions in local authority bonds were also positive. Overall, we reduced corporate bond exposure, adding to government bonds reducing the underweight, and adding a position in the secondary market to a AA government-guaranteed (quasi-sovereign) bond.

UK yields have reached very low levels impacted by the Covid pandemic and its associated economic shock, continued Brexit uncertainty and another wave of accommodative policy measures from the central bank. The Bank of England has said it is discussing the possibility of negative policy interest rates. Progress with development of a vaccine for Covid or other forms of medical treatments, amid ongoing policy support, could precipitate gains for riskier assets and a sell-off in government yields.

Fund Manager:

Alex Smitten



Alex Smitten joined Schroders in July 2013 following the acquisition of Cazenove Capital

He joined Cazenove Capital in 2000. As head of the Cazenove Capital Fixed Income team at Schroders, his responsibilities include management of The SUTL Cazenove Charity Bond Fund

Prior to joining Cazenove Capital, Alex worked in the bond capital markets divisions of Daiwa and Nat West. At TSB/Hill Samuel he was responsible for all proprietary bond activity on behalf of the Group

He studied at City University with a degree in Banking and International Finance

Member of the Investment Policy Committee

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2 Source: Thomson Reuters Datastream.

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

Risk Profile

Risk and reward indicator

Lower risk
Potentially lower reward

Higher risk
Potentially higher reward



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

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website www.schroders.com.

Comparative Table

	A Income units		A Accumulation units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**	**2020 p per unit**	**2019 p per unit**
Change in net asset value				
Opening net asset value	70.04	66.33	87.27	78.67
Return before operating charges*	2.68	7.25	3.37	8.96
Operating charges	(0.24)	(0.29)	(0.30)	(0.36)
Return after operating charges*	**2.44**	**6.96**	**3.07**	**8.60**
Distributions[1]	(1.40)	(3.25)	(1.60)	(3.78)
Retained distributions[1]	–	–	1.60	3.78
Closing net asset value	**71.08**	**70.04**	**90.34**	**87.27**
*after direct transaction costs of	0.00	0.00	0.00	0.00
Performance				
Return after charges (%)	3.48	10.49	3.52	10.93
Other information				
Closing net asset value (£000's)	11,117	11,871	1,556	1,629
Closing number of units	15,639,792	16,949,250	1,722,729	1,866,194
Operating charges (%)	0.34	0.45	0.34	0.45
Prices				
Highest dealing price (p)	74.56	71.14	93.38	88.19
Lowest dealing price (p)	66.57	62.93	83.38	76.38

A Income units

The unit class was launched on 15 June 2018.

A Accumulation units

The unit class was launched on 15 June 2018.

Comparative Table (continued)

	S Income units	
Financial year to 30 September	**2020 p per unit**	**2019 p per unit**
Change in net asset value		
Opening net asset value	70.48	66.86
Return before operating charges*	2.69	7.32
Operating charges	(0.24)	(0.30)
Return after operating charges*	**2.45**	**7.02**
Distributions[1]	(1.65)	(3.40)
Retained distributions[1]	–	–
Closing net asset value	**71.28**	**70.48**
*after direct transaction costs of	0.00	0.00
Performance		
Return after charges (%)	3.48	10.50
Other information		
Closing net asset value (£000's)	24,130	28,965
Closing number of units	33,853,270	41,095,553
Operating charges (%)	0.34	0.45
Prices		
Highest dealing price (p)	74.92	71.69
Lowest dealing price (p)	66.90	63.45

S Income units

The unit class was launched on 15 June 2018.

1 These figures have been rounded to 2 decimal places.

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

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

Portfolio Statement

	Holding at 30.9.20	Market Value £000's	% of net assets
Government Bonds 72.34% (70.29%)			
Guernsey 4.83% (4.80%)			
Guernsey Government Bond 3.375% 12/12/2046	1,280,000	1,777	4.83
		1,777	**4.83**
United Kingdom 67.51% (65.49%)			
UK Treasury 0.5% 22/07/2022	1,000,000	1,010	2.74
UK Treasury 5% 07/03/2025	2,600,000	3,187	8.66
UK Treasury 1.25% 22/07/2027	2,550,000	2,762	7.50
UK Treasury 4.25% 07/06/2032	500,000	724	1.97
UK Treasury 4.25% 07/03/2036	1,709,000	2,649	7.20
UK Treasury 1.75% 07/09/2037	500,000	591	1.61
UK Treasury 4.75% 07/12/2038	1,684,192	2,887	7.84
UK Treasury 4.25% 07/12/2040	1,862,000	3,112	8.46
UK Treasury 4.25% 07/12/2046	1,495,000	2,734	7.43
UK Treasury 3.75% 22/07/2052	250,000	463	1.26
UK Treasury 4.25% 07/12/2055	1,562,000	3,262	8.86
UK Treasury 1.75% 22/07/2057	1,100,000	1,463	3.98
		24,844	**67.51**
Government Bonds total		**26,621**	**72.34**
Corporate Bonds 23.18% (26.05%)			
Bermuda 1.31% (1.93%)			
Fidelity International 7.125% 13/02/2024	410,000	483	1.31
		483	**1.31**
Canada 2.72% (2.36%)			
Canadian Imperial Bank of Commerce FRN 0.523% 10/01/2022	1,000,000	1,002	2.72
		1,002	**2.72**
France 0.00% (0.51%)			
Germany 1.45% (1.24%)			
Deutsche Bahn Finance GMBH 1.875% 13/02/2026	500,000	533	1.45
		533	**1.45**
Norway 0.00% (2.26%)			
United Kingdom 15.84% (14.17%)			
Friends Life Holdings 12% 21/05/2021	842,000	900	2.45
BUPA Finance 5% 25/04/2023	235,000	254	0.69
Liberty Living Finance 2.625% 28/11/2024	500,000	510	1.39
Annington Funding 2.646% 12/07/2025	322,000	344	0.93
Santander UK Group Holdings 3.625% 14/01/2026	750,000	821	2.23
National Express Group 2.375% 20/11/2028	100,000	97	0.26
Network Rail Infrastructure Finance 4.375% 09/12/2030	500,000	688	1.87
Experian Finance 3.25% 07/04/2032	100,000	118	0.32
Telereal Securitisation 6.165% 10/12/2033	447,500	558	1.52
LCR Finance 4.5% 07/12/2038	500,000	800	2.17
Tesco Property Finance 3 5.744% 13/04/2040	558,271	739	2.01
		5,829	**15.84**

Portfolio Statement (continued)

	Holding at 30.9.20	Market Value £000's	% of net assets
United States of America 1.86% (3.58%)			
Bank of America 6.125% 15/09/2021	500,000	527	1.43
Digital Stout Holding REIT 2.75% 19/07/2024	147,000	157	0.43
		684	**1.86**
Corporate Bonds total		**8,531**	**23.18**
Supranationals 2.57% (2.24%)			
European Investment Bank 0.75% 15/11/2024	193,000	198	0.54
Nordic Investment Bank 5.2% 07/06/2032	500,000	749	2.03
Supranationals total		**947**	**2.57**
Futures 0.00% (0.01%)			
Portfolio of investments		**36,099**	**98.09**
Net other assets		704	1.91
Net assets attributable to unitholders		**36,803**	**100.00**

The comparative percentage figures in brackets are as at 30 September 2019.
Unless otherwise stated, all securities are admitted to official stock exchange listings.

Statement of Total Return

For the year ended 30 September 2020

	Notes	2020 £000's	2020 £000's	15.6.18 to 30.9.19 £000's	15.6.18 to 30.9.19 £000's
Income					
Net capital gains	2		880		3,466
Revenue	3	618		866	
Expenses	4	(136)		(178)	
Net revenue before taxation		**482**		**688**	
Taxation	5	0		0	
Net revenue after taxation			**482**		**688**
Total return before distributions			**1,362**		**4,154**
Distributions	6		(914)		(1,899)
Change in net assets attributable to unitholders from investment activities			**448**		**2,255**

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 30 September 2020

	2020 £000's	2020 £000's	15.6.18 to 30.9.19 £000's	15.6.18 to 30.9.19 £000's
Opening net assets attributable to unitholders		42,465		0
Amounts transferred from The Income Trust for Charities		0		38,095
Amounts receivable on issue of units	4,503		5,380	
Amounts payable on cancellation of units	(10,654)		(3,343)	
		(6,151)		**2,037**
Dilution adjustment		11		3
Change in net assets attributable to unitholders from investment activities		448		2,255
Retained distribution on Accumulation units		28		73
Unclaimed distributions		2		2
Closing net assets attributable to unitholders		**36,803**		**42,465**

Balance Sheet

As at 30 September 2020

	Notes	2020 £000's	2019 £000's
Assets			
Investments		36,099	41,867
Current assets			
Debtors	8	272	348
Cash and bank balances	9	2,150	541
Total assets		**38,521**	**42,756**
Liabilities			
Creditors			
Distributions payable		(190)	(244)
Other creditors	10	(1,528)	(47)
Total liabilities		**(1,718)**	**(291)**
Net assets attributable to unitholders		**36,803**	**42,465**

Notes to the Accounts

1 Accounting policies

Basis of preparation

The applicable accounting policies adopted by SUTL Cazenove Charity Bond Fund are disclosed on page 9.

2 Net capital gains

The net capital gains during the year comprise:

	2020 £000's	15.6.18 to 30.9.19 £000's
Non-derivative securities	841	3,637
Derivative contracts	40	(168)
Transaction costs	(1)	(3)
Net capital gains	**880**	**3,466**

3 Revenue

	2020 £000's	15.6.18 to 30.9.19 £000's
Interest on debt securities	611	866
Bank interest	6	9
Net revenue return from derivative contracts	1	(9)
Total revenue	**618**	**866**

4 Expenses

	2020 £000's	15.6.18 to 30.9.19 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	120	150
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	4	5
Safe custody fees	1	1
	5	**6**
Other expenses:		
Audit fee	11	11
Interest payable	0	11
	11	**22**
Total expenses	**136**	**178**

Notes to the Accounts (continued)

5 Taxation

The SUTL Cazenove Charity Bond Fund is a registered charity and its unitholders are restricted to those with charitable status in England and Wales. Investment policy is set in recognition of the charitable restrictions and accordingly the revenue and the net capital gains are exempt from direct taxation in the United Kingdom. Indirect taxation suffered is included in the expenditure to which it relates. The Trustee, J.P.Morgan Europe Limited, arranges for the reclaim of tax on revenue received by the Fund. However, it may not always be possible for overseas tax to be reclaimed.

Quarterly distributions are paid without deduction of tax.

6 Distributions

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

	2020 £000's	15.6.18 to 30.9.19 £000's
Quarterly Interest distribution	0	427
Quarterly Interest distribution	0	428
Quarterly Interest distribution	249	284
Interim Interest distribution	212	302
Quarterly Interest distribution	201	258
Final Interest distribution	197	252
	859	**1,951**
Add: Revenue deducted on cancellation of units	98	61
Deduct: Revenue received on issue of units	(43)	(113)
Distributions	**914**	**1,899**

Net revenue after taxation	482	688
Expenses taken to capital	136	167
Movement in undistributed revenue	296	(355)
Deficit taken to capital	0	1,407
Equalisation on conversions	0	(8)
Distributions	**914**	**1,899**

Details of the distributions per unit are set out in the Distribution Table on pages 61 and 62.

7 Fair value hierarchy

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

Basis of valuation	2020 Assets £000's	2019 Assets £000's
Level 1: Quoted prices	27,568	27,815
Level 2: Observable market data	8,531	14,052
Level 3: Unobservable data	0	0
Total	**36,099**	**41,867**

Notes to the Accounts (continued)

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

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

Level 3: Valuation techniques using unobservable inputs.

Unobservable data

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

8 Debtors

	2020 £000's	2019 £000's
Amounts receivable for issue of units	2	0
Accrued revenue	270	348
Total debtors	**272**	**348**

9 Cash and bank balances

	2020 £000's	2019 £000's
Cash and bank balances	2,150	527
Amounts held at futures clearing houses and brokers	0	14
Total cash and bank balances	**2,150**	**541**

10 Other creditors

	2020 £000's	2019 £000's
Amounts payable for cancellation of units	1,507	25
Accrued expenses	21	22
Total other creditors	**1,528**	**47**

11 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2019 – Nil).

12 Related party transactions

The Manager exercises control over the Fund and is therefore a related party by virtue of its controlling influence.

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

The Manager acts as principal on all transactions of units in the Fund. The aggregate monies paid through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are included under Debtors and Other creditors in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the Fund's net asset value at the balance sheet date were 55.71% (2019 – 64.74%).

Related party holdings are disclosed in the Portfolio Statement. The revenue earned from these investments of Nil (15.6.18 to 30.9.19 – Nil) is included under Revenue in the Notes to the Accounts. Amounts receivable at the balance sheet date of Nil (15.6.18 to 30.9.19 – Nil) are included under in Debtors in the Notes to the Accounts.

Notes to the Accounts (continued)

13 Unit classes

The Fund currently has three unit classes. The Annual Management charge is based on the average value of the Fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

A Income units	0.30%
A Accumulation units	0.30%
S Income units	0.30%

The Fund may invest up to 10% of its net asset value in shares of collective investment schemes. The maximum level of Management fee that maybe charged to the Fund for these underlying Funds is 3% of its net asset value.

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Table on pages 49 and 50. The distributions per unit class are given in the Distribution Table on pages 61 and 62. All classes have the same rights on winding up.

14 Derivative and other financial instruments

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

Market price risk

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

Foreign currency risk

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

Liquidity risk

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

Credit risk

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

Interest rate risk

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

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

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

	2020				2019			
Currency	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's	Floating rate financial assets £000's	Fixed rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Sterling	3,152	35,097	272	38,521	1,544	40,857	355	42,756

Notes to the Accounts (continued)

Currency	2020 Financial liabilities not carrying interest £000's	2020 Total £000's	2019 Financial liabilities not carrying interest £000's	2019 Total £000's
Sterling	1,718	1,718	291	291

There are no material amounts of non-interest bearing financial assets which do not have a maturity date.

Floating rate financial assets and financial liabilities

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

Fair value of financial assets and financial liabilities

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

Global risk exposure

Commitment approach

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

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

The global risk exposure of the Fund is calculated using the commitment approach. During the year ended 30 September 2020 the global risk exposure of the Fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the Fund as at the balance sheet date was as follows:

Leverage

2020 Lowest	2020 Highest	2020 Average	2020 Leverage 30 September	2019 Lowest	2019 Highest	2019 Average	2019 Leverage 30 September
0.00%	4.13%	0.40%	0.00%	0.00%	10.60%	4.69%	3.37%

15 Debt security credit analysis

	2020 £000's	2019 £000's
Investment grade securities	36,099	40,917
Below investment grade securities	0	943
Total debt securities	**36,099**	**41,860**

16 Direct transaction costs

No transaction costs on the purchase or sale of investments were incurred by the Fund during the year or prior period. The total purchases for the year amounted to £1,698,184 (2019 – £45,149,598) and the total sales amounted to £7,809,938 (2019 – £6,284,194).

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.21% (15.6.18 to 30.9.19 – 0.21%).

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

Notes to the Accounts (continued)

17 Units in issue reconciliation

	Number of units in issue as at 30.9.19	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 30.9.20
A Income units	16,949,250	4,363	(1,313,821)	0	15,639,792
A Accumulation units	1,866,194	23,000	(166,465)	0	1,722,729
S Income units	41,095,553	6,415,815	(13,658,098)	0	33,853,270

18 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 30 September 2020, the price of each unit class has changed as follows:

	Dealing price p at 11.1.21	Dealing price p at 30.9.20	% change
A Income units	70.70	71.85	(1.60)
A Accumulation units	90.17	90.87	(0.77)
S Income units	70.87	72.10	(1.71)

Distribution Table

Quarterly distribution for the three months ended 31 December 2019

Group 1 Units purchased prior to 1 October 2019
Group 2 Units purchased on or after 1 October 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 29.2.20 p per unit	Distribution paid 28.2.19 p per unit
A Income units				
Group 1	0.3500	–	0.3500	0.5000
Group 2	0.3500	0.0000	0.3500	0.5000
A Accumulation units				
Group 1	0.4000	–	0.4000	0.5839
Group 2	0.0000	0.4000	0.4000	0.5839
S Income units				
Group 1	0.4500	–	0.4500	0.5000
Group 2	0.0000	0.4500	0.4500	0.5000

Interim distribution for the three months ended 31 March 2020

Group 1 Units purchased prior to 1 January 2020
Group 2 Units purchased on or after 1 January 2020

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 31.5.20 p per unit	Distribution paid 31.5.19 p per unit
A Income units				
Group 1	0.3500	–	0.3500	0.5000
Group 2	0.0520	0.2980	0.3500	0.5000
A Accumulation units				
Group 1	0.4000	–	0.4000	0.5839
Group 2	0.4000	0.0000	0.4000	0.5839
S Income units				
Group 1	0.4000	–	0.4000	0.5000
Group 2	0.0000	0.4000	0.4000	0.5000

Distribution Table (continued)

Quarterly distribution for the three months ended 30 June 2020

Group 1 Units purchased prior to 1 April 2020
Group 2 Units purchased on or after 1 April 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution paid 31.8.20 p per unit	Distribution paid 31.8.19 p per unit
A Income units				
Group 1	0.3500	–	0.3500	0.4000
Group 2	0.3500	0.0000	0.3500	0.4000
A Accumulation units				
Group 1	0.4000	–	0.4000	0.4853
Group 2	0.4000	0.0000	0.4000	0.4853
S Income units				
Group 1	0.4000	–	0.4000	0.4500
Group 2	0.0000	0.4000	0.4000	0.4500

Final distribution for the three months ended 30 September 2020

Group 1 Units purchased prior to 1 July 2020
Group 2 Units purchased on or after 1 July 2020

	Net revenue 2020 p per unit	Equalisation 2020 p per unit	Distribution payable 30.11.20 p per unit	Distribution paid 30.11.19 p per unit
A Income units				
Group 1	0.3500	–	0.3500	0.3500
Group 2	0.3500	0.0000	0.3500	0.3500
A Accumulation units				
Group 1	0.4000	–	0.4000	0.4000
Group 2	0.4000	0.0000	0.4000	0.4000
S Income units				
Group 1	0.4000	–	0.4000	0.4500
Group 2	0.0000	0.4000	0.4000	0.4500

Equalisation

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

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

Remuneration

UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2019

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 72 to 108 of the 2019 Annual Report & Accounts (available on the Group's website – www.schroders.com/annualreport2019), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The UCITS Material Risk Takers ('UCITS MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any UCITS fund that it manages. These roles are identified in line with the requirements of the UCITS Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2019 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SUTL and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined based on a profit share ratio, measuring variable remuneration charge against pre-bonus profit, and from a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2019.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL[1]. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 176 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2019, and attributed to SUTL or the UCITS funds that it manages, is £17.10 million, of which £3.29 million was paid to senior management, and £13.81 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and Control Function MRTs.

For additional qualitative information on remuneration policies and practices see www.schroders.com/rem-disclosures.

1 The fees are not disclosed due to confidentiality and data protection considerations. The amount is not material to SUTL.

General Information

Manager

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

Authorised and regulated by the Financial Conduct Authority

Investment Adviser

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

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

Advisory Committee

M. Pomery (Chairman)
C. Brown
D. Gibbons
R.E. Hills
J. Brooke Turner
C. Fraser

Trustee

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

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

Registrar

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

Authorised and regulated by the Financial Conduct Authority

The Manager is responsible for maintaining the register for each Fund. It has delegated certain registrar functions to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

Administration Details

Schroder Investor Services
PO Box 1402
Sunderland
SR43 4AF

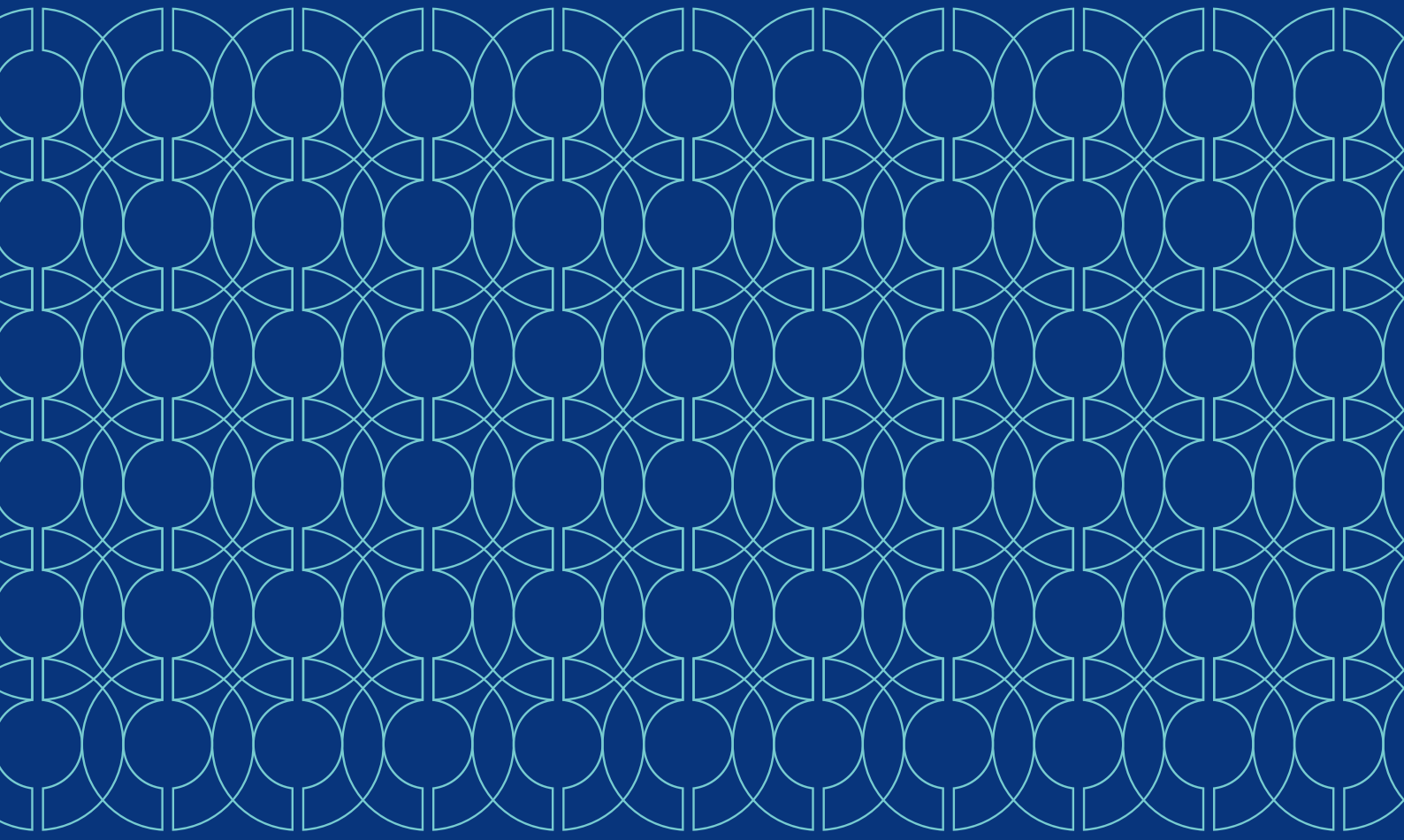
Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Value Assessment

A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at www.Schroders.com within 4 months of the annual 'reference date' 30 June.

**The SUTL Cazenove Charity UCITS Fund is a registered charity.
Its registered number is 1178343.**



EST. 1804

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For further literature please contact Schroder Investor Services on 0800 182 2399 or schrodersinvestor@HSBC.com for Retail Clients, or 0345 030 7277 or schrodersinstitutional@HSBC.com for Institutional Clients, or visit our website at www.schroders.com.

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