

# Schroder UK Mid Cap Fund plc

Half Year Report and Accounts

For the six months ended  
31 March 2022



## Key messages

- A high conviction portfolio targeting 40-50 holdings, with the goal of delivering a return in excess of the FTSE 250 ex Investment Trusts Index, offering exposure to a wide spectrum of investment sectors and themes and both UK and overseas earnings.
- The Manager seeks out resilient companies that are capable of delivering high risk-adjusted returns with rising cash flows and earnings. They can be disruptors, which challenge the status quo within the marketplace, or established companies which can grow sustainably as they reinvent themselves in response to the disruption. Resilience comes from strong finances, leading ESG/sustainability practices and clear strategic direction.
- The investment process is proven and repeatable, having generated returns of 13.8% p.a. versus 11.1% p.a. for the Benchmark since Schroders became the Manager in 2003\*.

*\*Source: Schroders, Morningstar, 1 May 2003 to 31 March 2022. Net asset value total return compared to the Benchmark of the FTSE All-Share ex Investment Trusts ex FTSE 100 TR Index until 2011, and subsequently the FTSE 250 ex Investment Trusts Index. Past performance is not a guide to future performance and may not be repeated.*

## Investment objective

Schroder UK Mid Cap Fund plc's (the "Company") investment objective is to invest in mid cap equities with the aim of providing a total return in excess of the FTSE 250 ex Investment Trusts Index.

## Investment policy

The Manager applies a high conviction approach, managing a focused portfolio of resilient companies that are all capable of delivering excess risk-adjusted returns with rising cash flows and earnings. Fundamental research forms the basis of each investment decision taken by the Manager.

The Company will predominantly invest in companies from the FTSE 250 Index, but may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index.

The Company may also invest in other collective investment vehicles where desirable, for example to provide exposure to specialist areas within the universe.

The Company has the ability to use gearing for investment purposes up to 25% of total assets.







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# Financial Highlights

## Total returns for the six months ended 31 March 2022<sup>1</sup>



Net asset value  
("NAV") per share



Share price



Benchmark<sup>2</sup>

<sup>1</sup>Total returns represent the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

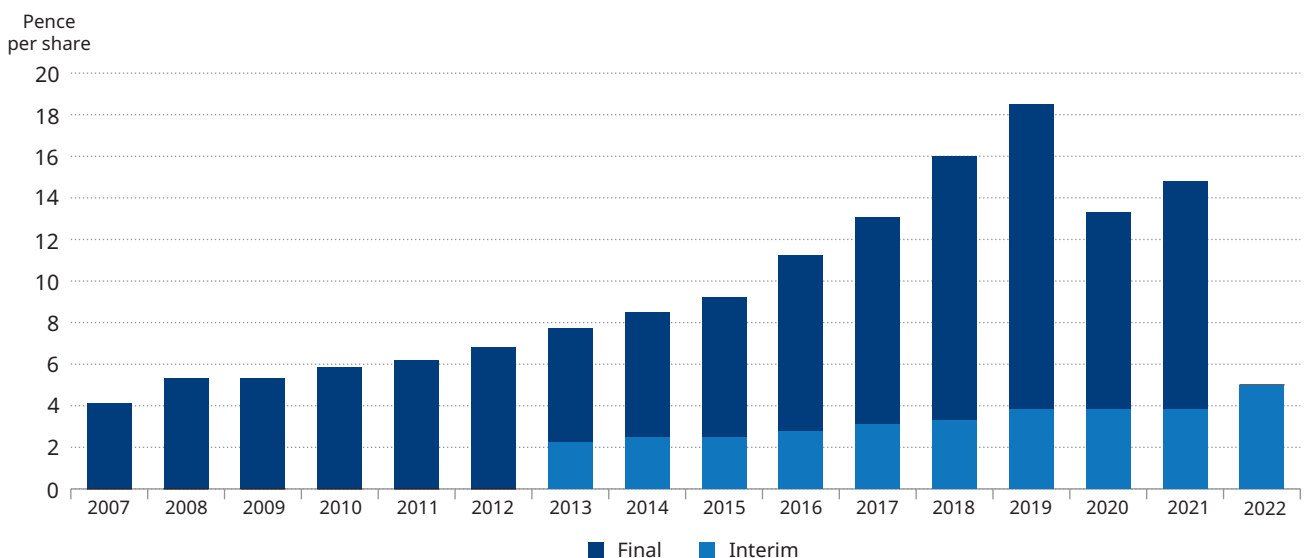
<sup>2</sup>Source: Thomson Reuters. The Company's benchmark is the FTSE 250 ex Investment Trusts Index.

## Other financial information

	31 March 2022	30 September 2021	% Change
Shareholders' funds (£'000)	242,445	277,569	(12.7)
Shares in issue	35,066,190	35,066,190	-
NAV per share (pence)	691.39	791.56	(12.7)
Share price (pence)	588.00	730.00	(19.5)
Share price discount to NAV per share (%)	15.0	7.8	
Gearing (%) <sup>1</sup>	8.8	7.7	

<sup>1</sup>Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

## Dividend record since 2007



# Chairman's Statement



## Investment and share price performance

During the six-month period to 31 March 2022, the Company's net asset value total return ("NAV") was -11.4% compared to the -9.0% from the Company's Benchmark (FTSE 250 ex Investment Trusts Index). The Company's share price total return was -18.2%

over the period as the discount at which the shares trade to net asset value (NAV) widened. Interestingly, trading updates for the companies within the portfolio were generally quite robust and therefore the fall in the Trust's share price in large part reflected a deterioration in general sentiment about the domestic UK economy. Despite these challenging times, it remains the case that shareholders in the Trust have nearly trebled their money over 10 years and the board continues to be optimistic about long-term growth from exposure to this dynamic area of investment.

More detailed comment on the performance of your Company may be found in the Manager's review.

## Discount management

Post-period end, the discount to NAV that the shares were trading at presented an attractive opportunity for the Trust to buy-back some shares in the marketplace. Such purchases were accretive to overall shareholder NAV and signalled our belief that the shares were trading at an attractive relative level. A total of 485,000 shares were repurchased by the Company post-period end and placed in treasury.

The Board will continue to monitor the level of the discount and will consider further share purchases when the Board believes these are in shareholders' best interests.

## Revenue and dividends

The Board is pleased to announce an interim dividend of 5.0 pence per share. This represents a 32% increase on the interim dividend for last year and is comfortably covered by earnings per share for the period and reflects our confidence in the quality and resilience of the underlying equity portfolio.

## Gearing

Net gearing as at 31 March 2022 was 8.8% vs. 7.7% at the 30 September 2021 year end, as the Manager saw further opportunities in the market to deploy the Company's £25 million revolving credit facility. During the period, the Board approved an additional £10 million three-year revolving loan facility with Scotiabank in addition to the existing £25 million three-year term loan. This should provide the Manager with greater flexibility to exploit attractive investment opportunities as they arise.

## Outlook

In my last Chairman's statement in the Company's 2021 Annual Report, I flagged the emerging threat of inflation as the UK economy recovered rapidly from the damaging effects of the Covid-19 pandemic and likelihood of an increased pace of interest rate rises in response to growing inflationary pressures. During the period under review both inflation and interest rates have continued to rise, exceeding the predictions of most market forecasters. Emerging geopolitical issues have compounded these issues for economies and financial markets, leading to falls across equity markets, with the UK not immune.

The Russian invasion of Ukraine in February has led to major disruption to the supply of key commodities including oil, gas and soft commodities such as wheat. This has contributed to a further squeeze on household budgets and a large jump in input costs for companies across sectors. The rising trajectory of interest rates also puts additional pressure on businesses that have become accustomed to borrowing at extremely low cost. The potential of a prolonged conflict in Ukraine is not only tragic on a human level but may lead to ongoing economic and market disruption.

Given this backdrop, all equity markets have been under pressure but the UK has held up better than many given both its compositional mix but also due to its low starting valuation compared to most other markets. Many UK companies, outside of the energy and commodity sectors, have de-rated substantially given the challenging economic backdrop, despite reporting robust earnings thus far in 2022 and trading at already low valuations in a global context. International buyers continue to capitalise on the attractive valuation levels of UK companies through increased merger and acquisition activity, especially in the small and mid-cap space. Real value exists around current levels for trade buyers prepared to take a longer-term perspective and look through the current uncertainties.

The importance of stock-picking in an environment as uncertain as this cannot be overstated. Our Investment Manager remains cautiously optimistic on the outlook for the remainder of the year given historically cheap valuation levels and remains focused on identifying

# Chairman's Statement

high-quality and resilient mid-cap companies with strong balance sheets that should be able to withstand the current headwinds. As always, our Manager's focus remains on identifying companies with the potential to be the market leaders of tomorrow whether that be by disrupting the status quo through a unique offering or by their ability to adapt quickly to industry disruption at the expense of their competitors. The companies in your portfolio are operating in niche and growing markets, have healthy balance sheets and are trading at attractive valuations. The attractiveness of current valuation levels is clear from increasing M&A activity, increasing levels of buybacks at many companies and executives continuing to increase personal stakes in their firms. Given the environment, the Manager's approach will be cautiously opportunistic.

**Robert Talbut**

Chairman

28 June 2022

# Manager's Review

## Market background

New Covid-19 variants caused disruption at the beginning of the period before geo-political considerations became central following Russia's invasion of Ukraine. Large cap UK equities performed resiliently as investors priced in the additional inflationary shock of the invasion. In sharp contrast, UK small and mid caps (SMIDs) performed poorly. Consumer focused sectors and a number of overseas and domestically focused industrial areas of the market weighed on these indices. Their greater exposure to secular growth companies also impacted the sector as investors concentrated on the commodity heavy FTSE 100 against a backdrop of soaring resource prices.

## Portfolio performance

The NAV returned a negative 11.4% during the period. The share price returned a significantly greater negative 18.2%, the discount having widened from 7.8% to 15.0% over the period. Both underperformed the benchmark which returned a negative 9.0%.

Almost half of the shortfall came from a lack of exposure to utilities names, in particular Centrica and Drax, which benefited during the period from steep rises in energy prices. Our exposure to this theme is instead via multi-utility company **Telecom Plus**, itself a significant positive contributor during the period. This holding benefited not only from rising energy prices, but also a better competitive positioning which should feed into significant growth in customer numbers.

Amongst stocks held, the largest detractor over the six month period was online gaming company **888 Holdings**. The market responded poorly to the company's planned financing of its acquisition of William Hill's non-US assets, which, post period end, was renegotiated under more favourable terms and at a lower price. The main drag on performance has been the ongoing gaming sector review in the UK which now looks as though it is coming to a head and should result in more certainty for the industry.

Another main detractor was animal genetics company, **Genus**, primarily due to weakness in the Chinese pig market. However, the company is strongly positioned to benefit from a recovery in China, and is making good progress in stepping through the regulation around its programme to breed and commercialise PRRSv resistant pigs. PRRSv is the most costly infectious disease affecting pigs worldwide. We therefore remain patient holders.

**IP Group**, which invests in the commercialisation of IP with technology, cleantech and life sciences applications, underperformed over the period as falling technology company valuations affected sentiment towards the company's shares. Post the period end, one of its portfolio companies, First Light Fusion, achieved nuclear fusion,

underscoring the excitement which exists within the company's holdings.

Speciality chemicals business **Synthomer** was another detractor. The shares underperformed in anticipation of well-flagged tougher comparatives (its medical rubber gloves business benefited from Covid) and because of a change of CEO as the company is making an acquisition. With the new CEO coming from a larger multinational chemicals company, the acquisition taking the company into a still higher margin specialty chemicals niche, and the shares' valuation undemanding in our view, we have retained our holding.

Finally, sentiment towards instrumentation and controls business, **Spectris**, was negatively impacted following an unfortunately timed bid for technology products and services supplier Oxford Instruments. Post the period end, the disposal of the Omega division was positive news, and accompanied the announcement of a £150m share buyback.

On the positive side, self storage specialist **Safestore**, continued to outperform strongly on the back of a strong Q4 trading update and full year earnings upgrades. Safestore remains one of the key overweight positions in the portfolio. Another high conviction portfolio position and one of the top contributors over the period, as well as during the last financial year, was alternative investment manager, **Man Group**, which performed well as a result of strong financial performance. Robust net inflows (logically) followed strong performance from many of their products. This is another portfolio company which is buying back shares, a theme which has become very common among our holdings and underscores many management teams' confidence in the valuation and balance sheet strength of these companies.

Shares in gaming software group, **Playtech**, also performed very well as the company became the subject of a three-way bidding war. We have since disposed of our position. Staying on the topic of bid targets, wealth manager, **Brewin Dolphin**, was a key contributor to relative performance following a recommended cash offer from Royal Bank of Canada at a 62% premium.



# Manager's Review

## Stocks held – significant positive and negative contributions versus the benchmark

Positive contributor	Portfolio weight <sup>1</sup> (%)	Weight relative to index (%)	Relative performance <sup>2</sup> (%)	Impact <sup>3</sup> (%)
Safestore	3.5	+2.7	38.6	+0.8
Playtech	0.3	-0.4	35.2	+0.7
Man Group	4.0	+3.0	23.6	+0.6
Telecom Plus	2.3	+2.0	37.2	+0.6
Brewin Dolphin	1.8	+1.5	46.8	+0.5

Negative contributor	Portfolio weight <sup>1</sup> (%)	Weight relative to index (%)	Relative performance <sup>2</sup> (%)	Impact <sup>3</sup> (%)
888 Holdings	1.1	+0.9	-48.1	-0.6
Genus	1.9	+0.9	-39.0	-0.6
IP Group	2.0	+1.6	-26.7	-0.5
Synthomer	1.9	+1.5	-28.4	-0.5
Spectris	3.1	1.8	-23.4	-0.5

Source: Schroders, Factset, close 30 September 2021 to close 31 March 2022.

<sup>1</sup>Weights are averages.

<sup>2</sup>Performance of the stock in the index relative to the FTSE 250 ex Investment Trusts Index return.

<sup>3</sup>Impact is the contribution to performance relative to the FTSE 250 ex Investment Trusts Index.

Not holding Tritax Big Box, an operator of logistics warehouses, negatively impacted our performance. For exposure to this theme, we hold Londonmetric, which has more portfolio diversification in our view: less exposure to Amazon for example may turn out to be an advantage. Endeavour Mining (not held) has performed strongly, benefiting from rising gold prices. Our preference is for less direct and more diversified mining exposure in the form of mining royalties' company Anglo Pacific. Increased mining activity is likely to be beneficial to our new portfolio holding, Weir Group, which provides equipment (mainly slurry pumps) and aftermarket support for hardware in the mining space, and has an interesting sustainability angle.

In terms of the stocks not held which benefited the Fund's performance, we note that two of them are former portfolio companies (Wizz Air and Trustpilot), evidence of our sell discipline. Both companies were sold during 2021 on valuation grounds, as disclosed in our 2021 annual report. Dr Martens was a 2021 IPO in which we did not participate, also on valuation grounds. We note that, post the period end, Countryside Partners has been bid for, following a difficult period for performance and with

some positive read across to the valuation of our portfolio holding Vistry, which has a significant and growing partnerships division.

## Stocks not held – largest contributions relative to the benchmark

Positive contributor	Portfolio weight <sup>1</sup> (%)	Weight relative to index (%)	Relative performance <sup>2</sup> (%)	Impact <sup>3</sup> (%)
Wizz Air	-	-1.3	-33.3	+0.5
Countryside Partners	-	-0.7	-37.4	+0.3
Dr. Martens	-	-0.6	-30.1	+0.2
Bellway	-	-1.3	-14.8	+0.2
Trustpilot	-	-0.2	-53.1	+0.2

Negative contributor	Portfolio weight <sup>1</sup> (%)	Weight relative to index (%)	Relative performance <sup>2</sup> (%)	Impact <sup>3</sup> (%)
Centrica	-	-1.4	50.3	-0.5
Drax	-	-0.8	72.2	-0.4
Tritax Big Box	-	-1.5	24.5	-0.3
Endeavour Mining	-	-1.0	26.2	-0.3
Hiscox	-	-1.0	26.2	-0.2

Source: Schroders, Factset, close 30 September 2021 to close 31 March 2022.

<sup>1</sup>Weights are averages.

<sup>2</sup>Performance of the stock in the index relative to the FTSE 250 ex Investment Trusts Index return.

<sup>3</sup>Impact is the contribution to performance relative to the FTSE 250 ex Investment Trusts Index.

## Portfolio activity

Over the period, we diversified our real estate exposure by building positions in both **Savills** and **Sirius Real Estate**. We initiated our position in the former to gain exposure to the theme of a rapidly changing property landscape as opposed to the owners of the underlying properties. We bought a position in mixed use business park landlord and operator Sirius Real Estate as it raised capital to do an attractive UK deal which complements its German business. The German operations are poised to benefit, in the medium term, from a trend towards near shoring.

We also bought a new holding in critical power control solutions provider **XP Power**. The company supplies the technology, semiconductor fab, healthcare and industrial electronics industries, and is therefore exposed to the structural growth drivers within these industries. Whilst



# Manager's Review

the shares have been under some pressure following the unexpected loss of a legal dispute in March 2022, the position's size during the period has meant that it has had little negative impact. We can, additionally, expect the shares to recover as China emerges from pandemic-related disruption.

We initiated a position in London-based leading shipping services provider, **Clarkson**, whose innovative digital platform, Sea/net, which brings together all aspects of shipping data and services, is showing early signs of success.

Another new entrant into the portfolio is mining equipment provider, **Weir**, as mentioned above.

Turning to sales over the period, we disposed of positions in both Dechra Pharmaceuticals and Electrocomponents (now renamed RS Group) following their promotions to the FTSE 100, in line with our stated policy. We exited Playtech as mentioned above.

We also sold a residual stake in commercial real estate business CLS Holdings.

## Outlook

Our last outlook statement, published in the 2021 Annual Report in December, commented on "eye catching levels of inflation". The first quarter of 2022 has brought the shock of the invasion of Ukraine by Russia together with existing pandemic-related supply chain issues. This has culminated in inflation rates not seen for a generation and has had an impact on virtually all the companies in the UK market, with the energy and commodity heavy FTSE 100 outperforming relative to most developed world indices.

Despite a fairly robust earnings season, then, when many of our holdings have proven that they do, indeed, have pricing power, it has been a tough period for the share prices of UK mid cap companies as a whole. Many companies' shares have de-rated, presumably in anticipation of something even more nasty around the corner.

We see US private equity players in particular attempting to profit from this nervousness; it's been a very busy period for merger and acquisition activity. Plenty of UK SMIDs have been acquired or approached in the period (Brewin Dolphin, Playtech and Ted Baker, to name a trio to which we are or have been exposed; another trio, which we do not own, but which strengthens the point, is Homeserve, Countryside Partnerships and The Hut Group). We can expect more of this.

Management teams have not failed to notice the value presented by their own shares, and this is reflected in the plethora of share buybacks which have been announced since the beginning of the year. To name a few in the portfolio, in addition to Man Group, mentioned above: Grafton, Pets at Home and Spectris.

So, what might the market be anticipating? Although many of our companies have successfully increased prices, a very tight labour market means they are reluctant to reduce staffing levels, and this means that profitability is likely to be tested. The bounce in consumer spending which we had seen has been replaced by a degree of caution as wage increases lag price increases. While this is offset to a degree by excess household savings, and government intervention with regard to energy bills, there is no doubt we have seen a dip in consumer confidence more recently. It remains to be seen how this pans out over the rest of the year. Interestingly, UK corporates appear to be a lot more confident with the Lloyds business barometer showing a marked improvement in May.

Being stock pickers, we share some of their cautious optimism, noting the strength of many of our holdings' balance sheets. As ever, we are sticking to our sell discipline, avoiding companies where we think the business model is in danger of being disrupted while seeking out companies which we think are capable of reinventing themselves, or which might be the next mid cap disruptor.

## Largest overweight positions

	Sector	Portfolio weight %	Index weight %	Difference %
Man Group	Financials	4.6	1.1	3.5
Safestore	Real Estate	4.1	1.0	3.1
Dunelm	Consumer Services	3.1	0.5	2.6
Computacenter	Technology	3.4	0.8	2.6
Diploma	Industrials	3.5	1.2	2.3
Oxford Instruments	Industrials	2.7	0.4	2.3
Paragon	Financials	2.8	0.4	2.4
Grafton	Industrials	2.9	0.8	2.1
Inchcape	Industrials	3.0	0.9	2.1
Games Workshop	Industrials	2.9	0.9	2.0

Source: Schroders, as at 31 March 2022, for Schroder UK Mid Cap Fund investment portfolio. Index refers to the FTSE 250 ex Investment Trusts Index.

# Manager's Review

**Schroder Investment Management Limited**

28 June 2022

## **Risk factors**

*The securities shown above are for illustrative purposes only and are not to be considered recommendations to buy or sell. 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 amount originally invested.*

# Investment Portfolio as at 31 March 2022

Stocks in bold are the 20 largest investments, which by value account for 58.4% (31 March 2021: 54.9% and 30 September 2021: 56.2%) of total investments. Investment are all equities.

	£'000	%		£'000	%
<b>Industrials</b>			<b>Consumer Services</b>		
<b>Diploma</b>	<b>9,265</b>	<b>3.5</b>	<b>Dunelm</b>	<b>8,183</b>	<b>3.1</b>
<b>Grafton</b>	<b>7,565</b>	<b>2.9</b>	<b>Inchcape</b>	<b>7,839</b>	<b>3.0</b>
<b>Spectris</b>	<b>7,165</b>	<b>2.7</b>	<b>Future</b>	<b>7,020</b>	<b>2.7</b>
<b>Oxford Instruments</b>	<b>7,157</b>	<b>2.7</b>	<b>Pets at Home</b>	<b>5,924</b>	<b>2.3</b>
<b>Chemring</b>	<b>6,825</b>	<b>2.6</b>	4Imprint	5,620	2.1
<b>QinetiQ</b>	<b>6,697</b>	<b>2.6</b>	Genus	4,515	1.7
Bodycote International	5,060	1.9	888 Holdings	2,055	0.8
Keller	4,420	1.7	<b>Total Consumer Services</b>	<b>41,156</b>	<b>15.7</b>
Redde Northgate	4,320	1.6	<b>Consumer Goods</b>		
International Workplace	4,189	1.6	<b>Games Workshop</b>	<b>7,483</b>	<b>2.9</b>
Tyman	3,816	1.5	<b>Cranswick</b>	<b>7,048</b>	<b>2.7</b>
Paypoint	2,766	1.1	Redrow	4,696	1.8
XP Power	1,559	0.6	A.G. Barr	4,673	1.8
Clarkson	998	0.4	Vistry	4,237	1.6
Weir	902	0.3	Crest Nicholson	3,901	1.5
James Fisher	518	0.2	PZ Cussons	712	0.3
<b>Total Industrials</b>	<b>73,222</b>	<b>27.9</b>	Ted Baker	643	0.2
<b>Financials</b>			<b>Total Consumer Goods</b>	<b>33,393</b>	<b>12.8</b>
<b>Man Group</b>	<b>11,960</b>	<b>4.6</b>	<b>Technology</b>		
<b>Safestore</b>	<b>10,720</b>	<b>4.1</b>	<b>Computacenter</b>	<b>8,914</b>	<b>3.4</b>
<b>Paragon</b>	<b>7,250</b>	<b>2.8</b>	IP Group	5,164	2.0
<b>Brewin Dolphin</b>	<b>6,132</b>	<b>2.3</b>	Ascential	4,506	1.7
<b>Investec</b>	<b>6,038</b>	<b>2.3</b>	NCC	2,556	0.9
Londonmetric Property	5,622	2.1	Micro Focus	1,441	0.6
IG Group	5,324	2.0	<b>Total Technology</b>	<b>22,581</b>	<b>8.6</b>
OSB	4,012	1.5	<b>Basic Materials</b>		
Petershill Partners	2,739	1.0	<b>Victrex</b>	<b>6,489</b>	<b>2.5</b>
Grainger	2,628	1.0	Anglo Pacific	4,368	1.7
Sirius	2,586	1.0	Synthomer	4,367	1.7
Savills	2,315	0.9	<b>Total Basic Materials</b>	<b>15,224</b>	<b>5.9</b>
Bridgepoint	2,106	0.8	<b>Telecommunications</b>		
<b>Total Financials</b>	<b>69,432</b>	<b>26.4</b>	<b>Telecom Plus</b>	<b>6,952</b>	<b>2.7</b>
			<b>Total Telecommunications</b>	<b>6,952</b>	<b>2.7</b>
			<b>Total investments</b>	<b>261,960</b>	<b>100.0</b>

# Half Year Report

## Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties faced by the Company for the remaining six months of the financial year, which could have a material impact on performance, remain consistent with those on pages 17 to 18 in the Annual Report and Accounts for the year ended 30 September 2021.

## Going concern

Having assessed the Company's principal risks and uncertainties, the impact of the war between Russia and Ukraine and of COVID-19 pandemic, its current financial position, its cash flows, its liquidity position and FRC guidance, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

## Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2022.

## Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in April 2021 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.



# Income Statement

## For the six months ended 31 March 2022 (unaudited)

	(Unaudited) For the six months ended 31 March 2022			(Unaudited) For the six months ended 31 March 2021			(Audited) For the year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	-	(33,736)	(33,736)	-	46,049	46,049	-	78,136	78,136
Income from investments	3,733	88	3,821	2,376	736	3,112	6,453	736	7,189
<b>Gross return/(loss)</b>	<b>3,733</b>	<b>(33,648)</b>	<b>(29,915)</b>	<b>2,376</b>	<b>46,785</b>	<b>49,161</b>	<b>6,453</b>	<b>78,872</b>	<b>85,325</b>
Investment management fee	(271)	(633)	(904)	(242)	(564)	(806)	(521)	(1,215)	(1,736)
Administrative expenses	(255)	-	(255)	(259)	-	(259)	(494)	-	(494)
<b>Net return/(loss) before finance costs and taxation</b>	<b>3,207</b>	<b>(34,281)</b>	<b>(31,074)</b>	<b>1,875</b>	<b>46,221</b>	<b>48,096</b>	<b>5,438</b>	<b>77,657</b>	<b>83,095</b>
Finance costs	(58)	(135)	(193)	(57)	(133)	(190)	(116)	(270)	(386)
<b>Net return/(loss) before taxation</b>	<b>3,149</b>	<b>(34,416)</b>	<b>(31,267)</b>	<b>1,818</b>	<b>46,088</b>	<b>47,906</b>	<b>5,322</b>	<b>77,387</b>	<b>82,709</b>
Taxation (note 3)	-	-	-	-	-	-	-	-	-
<b>Net return/(loss) after taxation</b>	<b>3,149</b>	<b>(34,416)</b>	<b>(31,267)</b>	<b>1,818</b>	<b>46,088</b>	<b>47,906</b>	<b>5,322</b>	<b>77,387</b>	<b>82,709</b>
<b>Return/(loss) per share (note 4)</b>	<b>8.98p</b>	<b>(98.15)p</b>	<b>(89.17)p</b>	<b>5.18p</b>	<b>131.43p</b>	<b>136.61p</b>	<b>15.18p</b>	<b>220.69p</b>	<b>235.87p</b>

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

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

# Statement of Changes in Equity

## For the six months ended 31 March 2022 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2021	9,036	13,971	220	2,184	9,908	235,367	6,883	277,569
Net (loss)/return after taxation	-	-	-	-	-	(34,416)	3,149	(31,267)
Dividend paid in the period (note 5)	-	-	-	-	-	-	(3,857)	(3,857)
<b>At 31 March 2022</b>	<b>9,036</b>	<b>13,971</b>	<b>220</b>	<b>2,184</b>	<b>9,908</b>	<b>200,951</b>	<b>6,175</b>	<b>242,445</b>

## For the six months ended 31 March 2021 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2020	9,036	13,971	220	2,184	9,908	157,980	6,225	199,524
Net return after taxation	-	-	-	-	-	46,088	1,818	47,906
Dividend paid in the period (note 5)	-	-	-	-	-	-	(3,331)	(3,331)
<b>At 31 March 2021</b>	<b>9,036</b>	<b>13,971</b>	<b>220</b>	<b>2,184</b>	<b>9,908</b>	<b>204,068</b>	<b>4,712</b>	<b>244,099</b>

## For the year ended 30 September 2021 (audited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2020	9,036	13,971	220	2,184	9,908	157,980	6,225	199,524
Net return after taxation	-	-	-	-	-	77,387	5,322	82,709
Dividends paid in the year (note 5)	-	-	-	-	-	-	(4,664)	(4,664)
<b>At 30 September 2021</b>	<b>9,036</b>	<b>13,971</b>	<b>220</b>	<b>2,184</b>	<b>9,908</b>	<b>235,367</b>	<b>6,883</b>	<b>277,569</b>

# Statement of Financial Position at 31 March 2022

	(Unaudited) 31 March 2022 £'000	(Unaudited) 31 March 2021 £'000	(Audited) 30 September 2021 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	261,960	254,666	300,061
<b>Current assets</b>			
Debtors	2,434	1,556	1,389
Cash at bank and in hand	3,603	13,400	3,564
	<b>6,037</b>	14,956	4,953
<b>Current liabilities</b>			
Creditors: amounts falling due within one year (note 6)	(25,552)	(523)	(2,445)
<b>Net current (liabilities)/assets</b>	<b>(19,515)</b>	14,433	2,508
<b>Total assets less current liabilities</b>	<b>242,445</b>	269,099	302,569
Creditors: amounts falling due after more than one year	-	(25,000)	(25,000)
<b>Net assets</b>	<b>242,445</b>	244,099	277,569
<b>Capital and reserves</b>			
Called-up share capital (note 7)	9,036	9,036	9,036
Share premium	13,971	13,971	13,971
Capital redemption reserve	220	220	220
Merger reserve	2,184	2,184	2,184
Share purchase reserve	9,908	9,908	9,908
Capital reserves	200,951	204,068	235,367
Revenue reserve	6,175	4,712	6,883
<b>Total equity shareholders' funds</b>	<b>242,445</b>	244,099	277,569
<b>Net asset value per share (note 8)</b>	<b>691.39p</b>	696.11p	791.56p

Registered in Scotland as a public company limited by shares

Company registration number: SC082551

# Notes to the Accounts

## 1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 September 2021 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

### Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in particular with Financial Reporting Standard 104 "Interim Financial Reporting" and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in April 2021.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2021.

## 3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income.

## 4. Return/(loss) per share

	(Unaudited) For the six months ended 31 March 2022 £'000	(Unaudited) For the six months ended 31 March 2021 £'000	(Audited) For the year ended 30 September 2021 £'000
Revenue return	3,149	1,818	5,322
Capital (loss)/return	(34,416)	46,088	77,387
Total (loss)/return	(31,267)	47,906	82,709
Weighted average number of shares in issue during the period	35,066,190	35,066,190	35,066,190
Revenue return per share	8.98p	5.18p	15.18p
Capital (loss)/return per share	(98.15)p	131.43p	220.69p
<b>Total (loss)/return per share</b>	<b>(89.17)p</b>	136.61p	235.87p



# Notes to the Accounts

## 5. Dividends

	(Unaudited) For the six months ended 31 March 2022 £'000	(Unaudited) For the six months ended 31 March 2021 £'000	(Audited) For the year ended 30 September 2021 £'000
2021 final dividend paid of 11.0p (2020: 9.5p)	3,857	3,331	3,331
Interim dividend of 3.8p	-	-	1,333
	<b>3,857</b>	3,331	4,664

An interim dividend of 5.0p (2020: 3.8p) per share, amounting to £1,753,000 (2020: £1,333,000), has been declared payable in respect of the six months ended 31 March 2022.

## 6. Creditors: amounts falling due within one year

	(Unaudited) 31 March 2022 £'000	(Unaudited) 31 March 2021 £'000	(Audited) 30 September 2021 £'000
Bank Loan	25,000	-	-
Securities purchased awaiting settlement	-	-	1,783
Other creditors and accruals	552	523	662
	<b>25,552</b>	523	2,445

The bank loan is a £25 million three-year term loan from Scotiabank Europe plc, expiring in February 2023 and carrying a fixed interest rate of 1.546% per annum.

## 7. Called-up share capital

	(Unaudited) Six months ended 31 March 2022 £'000	(Unaudited) Six months ended 31 March 2021 £'000	(Audited) Year ended 30 September 2021 £'000
Ordinary shares of 25p each, allotted, called-up and fully paid			
Opening and closing balance of 36,143,690 shares <sup>1</sup>	9,036	9,036	9,036

<sup>1</sup> Including 1,077,500 (31 March 2021 and September 2021: same) shares held in treasury.

## 8. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the 35,066,190 (31 March 2021 and 30 September 2021: same) shares in issue, excluding shares held in treasury.

# Notes to the Accounts

## **9. Financial instruments measured at fair value**

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 March 2022, all investments in the Company's portfolio were categorised as Level 1 in accordance with the criteria set out in paragraph 34.22 (amended) of FRS 102. That is, they are all valued using unadjusted quoted prices in active markets for identical assets (31 March 2021 and 30 September 2021: same).

## **10. Events after the interim period that have not been reflected in the financial statements for the interim period**

The Directors have evaluated the period since the interim date and have not noted any events which have not been reflected in the financial statements.



## Directors

Robert Talbut (Chairman)  
Wendy Colquhoun  
Clare Dobie  
Andrew Page  
Helen Galbraith (appointed on 7 April 2022)

## Advisers

### Alternative Investment Fund Manager ("Manager")

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

### Investment manager and company secretary

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Telephone: 020 7658 6596

### Registered office

1 Exchange Crescent  
Conference Square  
Edinburgh EH3 8UL

### Depositary and custodian

HSBC Bank plc  
8 Canada Square  
London E14 5HQ

### Lending bank

Scotiabank Europe PLC  
201 Bishopsgate  
London EC2M 3NS

### Corporate broker

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

### Legal advisers

Shepherd and Wedderburn LLP  
1 Exchange Crescent  
Conference Square  
Edinburgh EH3 8UL

## Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA  
Shareholder Helpline: 0800 032 0641\*  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

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

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

## Independent auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## AIFM Directive disclosures

Certain pre-sale, regular and periodic disclosures required by the Alternative Investment Fund Managers ("AIFM") Directive may be found on its webpages.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on its webpages.

## Dealing codes

ISIN: GB0006108418  
SEDOL 0610841  
Ticker: SCP

## Global Intermediary Identification Number (GIIN)

9GN3DU.99999.SL.826

## Legal Entity Identifier (LEI)

549300SOEWCYZTK2SP87

The Company's privacy notice is  
available on its webpage.

