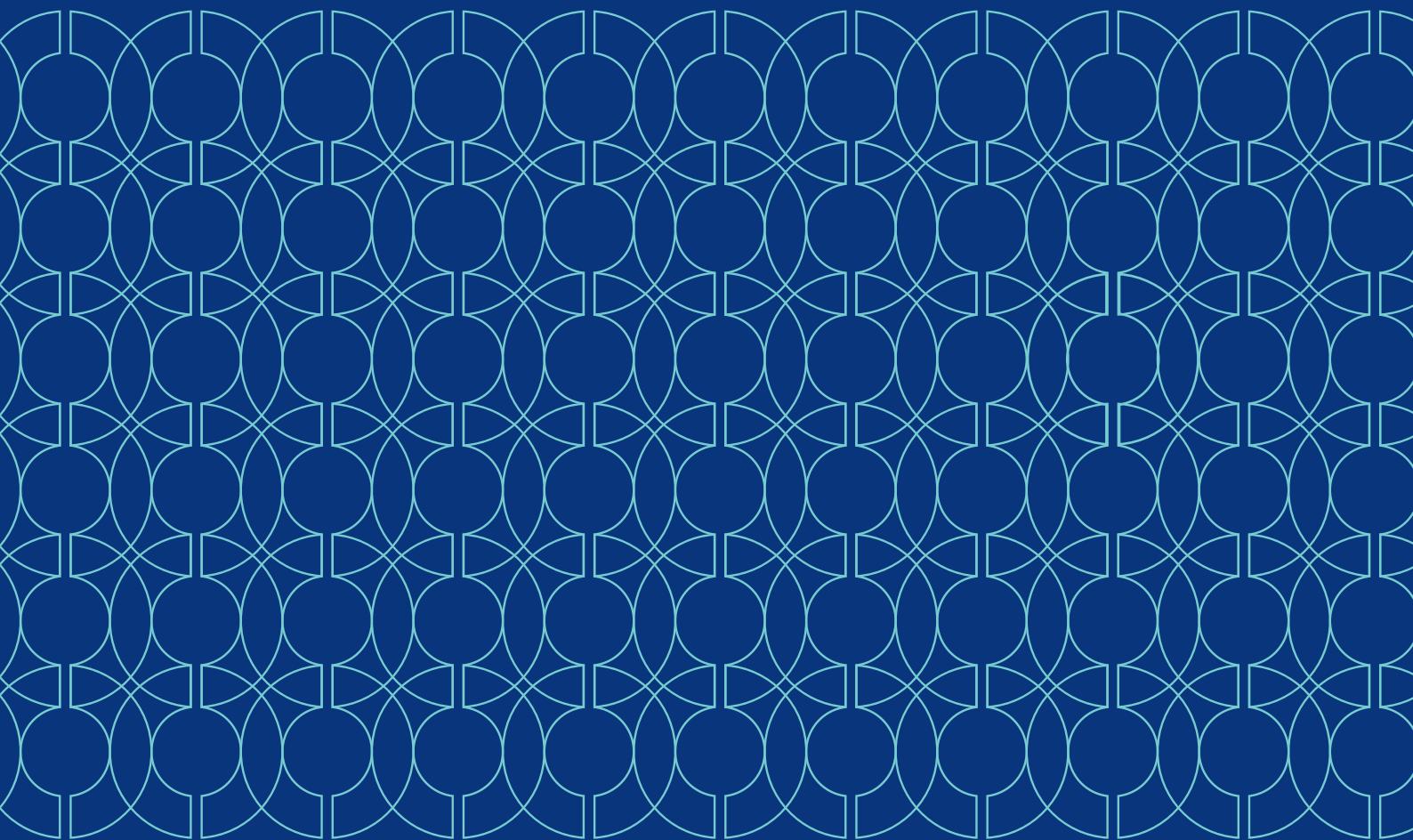


Schroders

The Charity Equity Fund

Final Report and Accounts

March 2020



The Charity Equity Fund

March 2020

Contents

Fund Information¹	3
Review of Investment Activities¹	4
Statement of the Manager's Responsibilities	5
Report of the Trustee	6
Independent auditors' report to the Unitholders of Charity Equity Fund	7
Statement of Total Return	9
Statement of Change in Net Assets Attributable to Unitholders	9
Balance Sheet	10
Notes to the Accounts	11
Remuneration	15
General Information¹	16

¹ Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Charity Equity Fund (the 'fund') aimed to provide participating charities with a total return (income and capital growth) in excess of the FTSE All Share Index over five year rolling periods. In order to achieve this objective, the Fund may have invested in securities anywhere in the world, although investment would have been predominantly in good quality UK equities.

Significant events

On 8 June 2018, The Charity Equity Fund was merged into SUTL Cazenove Charity Equity Value Fund. The last dealing of units in The Charity Equity Fund was on 8 June 2018.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive, as implemented in the UK by the Alternative Investment Fund Managers Regulations 2013, establishes an EU wide harmonised framework for monitoring and supervising risks posed by Alternative Investment Fund Managers and the alternative investment Funds they manage.

The Fund is an Alternative Investment Fund and Schroder Unit Trusts Limited (the Manager) was authorised by the Financial Conduct Authority to act as an Alternative Investment Fund Manager on 2 July 2014.

The Alternative Investment Fund Managers Directive requires certain information to be disclosed to unitholders. It is intended that any such information will in future be provided in the report and accounts, unless such information is required to be disclosed without delay, in which case it will be made via the Schroders website at:

www.schroders.com/en/uk/private-investor/fund-centre/changes-to-funds/

Participation

Charities in England and Wales (and every 'appropriate body' in Scotland and Northern Ireland) may have participated in the fund unless specifically precluded by their deeds or other governing instrument. The minimum initial investment was £1,000 and, for subsequent purchases £500. Applications for subscriptions into the S Income units was accepted at the Manager's discretion. There was no maximum limit on the amount which may have been invested. The fund could have issued both Income and Accumulation units. Income unitholders received regular quarterly distributions, while accumulation unitholders benefitted from their investment of their revenue into the fund.

Supervisory Board

The duties and responsibilities of the Supervisory Board were set out in the Scheme rules. These included the determination of the criteria and methods for evaluating the performance of the fund, making and revising a written statement of the investment objectives of the fund and an obligation to inform the Charity Commissioners promptly should the Supervisory Board have not been satisfied at any time as to the compliance with the Scheme Particulars by the Trustee or the Manager.

Review of Investment Activities

Following the Fund merger on 8 June 2018 there has been no dealing activity in the period under review.

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 13 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 analyst and a product manager also support the team.

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.

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 expense 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 31 March 2020 were signed on 14 July 2020 on behalf of the Manager by:

P. Chislett
Directors

P. Truscott

Report of the Trustee

Report of the Trustee to the unitholders of The Charity Equity Fund (the 'fund') under Clause 9(h) of the Scheme

As Trustee of the above fund we hereby report that, for the year ended 31 March 2020 and having made such enquiries as we think appropriate, we have discharged our responsibilities for those aspects of the administration and management of the fund and its property which are specified in Clause 9 of the Scheme and, in respect of the supervision and oversight of the Manager's compliance with the Scheme of the Charity Commissioners and the Scheme Particulars, and that the Manager has not exceeded the powers conferred on it and is maintaining adequate and proper records, that we have maintained custody and control of the property of the fund and that all revenue which is due to the fund has been collected.

J.P. Morgan Europe Limited

Trustee

Bournemouth

27 April 2020

Independent auditors' report to the Unitholders of Charity Equity Fund

Report on the audit of the financial statements

Opinion

In our opinion, Charity Equity Fund's financial statements:

- give a true and fair view of the financial position of the Fund as at 31 March 2020 and of the net expense 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 Scheme of the Charity Commissioners, the Scheme Particulars, 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.

We have audited the financial statements, included within the Final Report and accounts (the "Annual Report"), which comprise: the balance sheet as at 31 March 2020; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Fund 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the Manager's reasons why the financial statements have been prepared on a basis other than 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.

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 5, 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 Fund's 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 intend to wind up or terminate the Fund, or have no realistic alternative but to do so.

Independent auditors' report to the Unitholders of Charity Equity Fund (continued)

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 Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act (Part 4 of The Charities (Accounts and Reports) Regulations 2008) 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 and returns.

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 July 2020

Statement of Total Return

For the year ended 31 March 2020

		2020		2019	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital gains	2		0		18,566
Revenue	3	1		3,101	
Expenses	4	(2)		(216)	
Net (expense)/revenue before taxation		(1)		2,885	
Taxation	5	42		21	
Net revenue after taxation			41		2,906
Total return before distributions			41		21,472
Distributions	6		0		(3,877)
Change in net assets attributable to unitholders from investment activities			41		17,595

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 March 2020

		2020		2019	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			0		200,413
Amounts transferred to SUTL Cazenove Charity Equity Value Fund			(41)		(210,825)
Amounts receivable on issue of units		0		1,872	
Amounts payable on cancellation of units		0		(9,064)	
			0		(7,192)
Dilution adjustment			0		9
Change in net assets attributable to unitholders from investment activities			41		17,595
Closing net assets attributable to unitholders			0		0

Balance Sheet

As at 31 March 2020

		2020	2019
	Notes	£000's	£000's
Assets			
Current assets			
Debtors	7	5	5
Cash and bank balances		69	28
Total assets		74	33
Liabilities			
Creditors			
Other creditors	8	(74)	(33)
Total liabilities		(74)	(33)
Net assets attributable to unitholders		0	0

Notes to the Accounts

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 (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Management Association (IMA (now The Investment 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.

The Charity Equity Fund merged into SUTL Cazenove Charity Equity Value Fund on 8 June 2018, following unitholder approval and has commenced winding up. Accordingly, the going concern basis of preparation is no longer appropriate, and the Report and Accounts have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of the Fund continue to be stated at their fair values which materially equate to their residual values. No adjustments were necessary in the financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision.

Revenue

Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Interest receivable from bank balances is accounted for on an accruals basis.

Special dividends

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

Expenses

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

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 Fund. See Prospectus for further details.

Valuation

All investments held by the Fund have been valued at market value. 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.

2 Net capital gains

The net capital gains during the year comprise:

	2020 £000's	2019 £000's
Non-derivative securities	0	19,318
Forward foreign currency contracts	0	(955)
Foreign currency gains	0	203
Net capital gains	0	18,566

	2020 £000's	2019 £000's
Realised gains	0	37,668
Unrealised losses	0	(19,102)
Total gains	0	18,566

Included in realised gains for the year were unrealised losses recognised in previous years.

Notes to the Accounts (continued)

3 Revenue

	2020 £000's	2019 £000's
UK dividends	0	3,026
Overseas dividends	1	69
Bank interest	0	6
Total revenue	1	3,101

4 Expenses

	2020 £000's	2019 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	0	209
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	0	5
Other expenses:		
Audit fee	2	2
Total expenses	2	216

5 Taxation

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

Quarterly distributions were paid without deduction of tax.

(a) Analysis of the tax charge for the year

	2020 £000's	2019 £000's
Overseas withholding tax	(42)	(21)
Total taxation	(42)	(21)

Notes to the Accounts (continued)

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	2019 £000's
Add: Revenue deducted on cancellation of units	0	3,896
Deduct: Revenue received on issue of units	0	(19)
Distributions	0	3,877
Net revenue after taxation	41	2,906
Annual management charge taken to capital	0	209
Movement in undistributed revenue	(41)	762
Distributions	0	3,877

7 Debtors

	2020 £000's	2019 £000's
Overseas withholding tax recoverable	5	5
Total debtors	5	5

8 Other creditors

	2020 £000's	2019 £000's
Accrued expenses	74	33
Total other creditors	74	33

9 Contingent liabilities

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

10 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.

11 Unit classes

The Fund currently has no unit classes as the Fund closed on 8 June 2018.

12 Derivative and other financial instruments

As the Fund closed on 8 June 2018, there are no investments and no exposure to risks.

Notes to the Accounts (continued)

13 Direct transaction costs

No transaction costs on the purchase or sale of investments were incurred by the Fund during the year. The total purchases for the year amounted to Nil and the total sales amounted to Nil.

The transaction costs on the purchase or sale of investments incurred by the Fund during 2019 were immaterial. The total purchases for the year amounted to Nil (2019 – £532,148) and the total sales amounted to Nil (£1,006,988) and the total in-specie sales amounted to Nil (2019 – £206,583,969.)

Remuneration

AIFMD 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 AIF Material Risk Takers ('AIF MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any AIF fund that it manages. These roles are identified in line with the requirements of the AIFM 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 AIFM Directive are met for all AIF 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 SUTL¹. 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 AIF MRTs of SUTL. Most of those AIF 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 179 AIF MRTs of SUTL in respect of the financial year ended 31 December 2019, and attributed to SUTL or the AIF funds that it manages, is £6.60 million, of which £1.96 million was paid to senior management, and £4.64 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the AIF 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

Supervisory Board ¹

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

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

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

To 21 June 2020
Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

From 22 June 2020
HSBC Bank Plc
8 Canada Square
London E14 8HQ

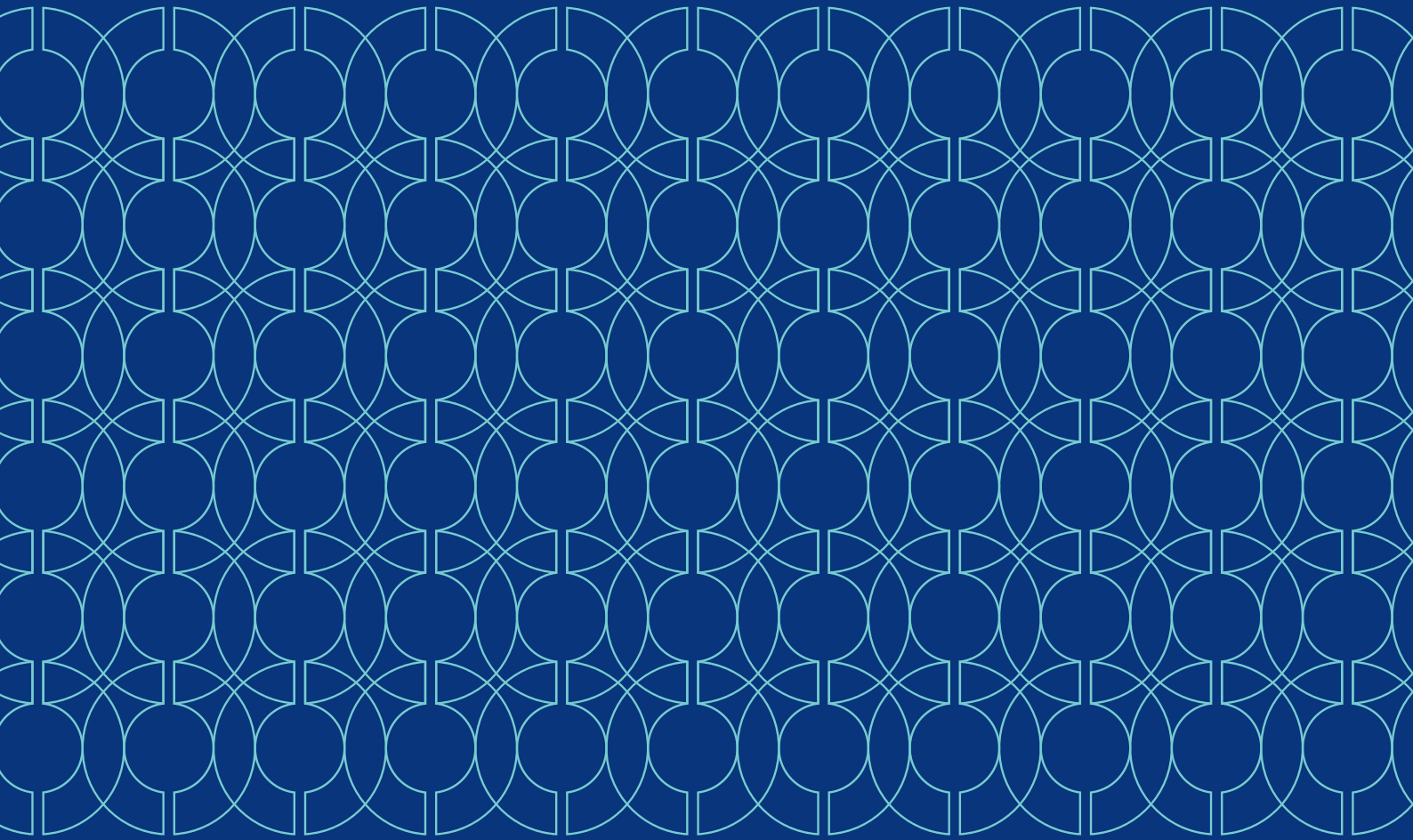
Authorised and regulated by the Financial Conduct Authority

Administration Details

Schroders Investor Services
PO BOX 1402
Sunderland
SR43 4AF

¹ As at 8 June 2018.

**The Charity Equity Fund is a registered charity.
Its registered number is 1038563.**



EST. 1804

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

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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