

Schroder Fixed Income Fund

ARSN 089 952 849

**Condensed interim financial report
for the half-year ended 31 December 2024**

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of Schroder Fixed Income Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover Schroder Fixed Income Fund as a registered managed investment scheme.

The Responsible Entity of Schroder Fixed Income Fund is Schroder Investment Management Australia Limited.
The Responsible Entity's registered office is Level 20, 123 Pitt Street, Sydney NSW 2000.

Directors' report

The Directors of Schroder Investment Management Australia Limited ("Schroders"), the Responsible Entity of Schroder Fixed Income Fund (the "Fund"), present their report together with the financial report of the Fund, for the half-year ended 31 December 2024.

Directors

The following persons held office as Directors of Schroders during the half-year or since the end of the half-year and up to the date of this report:

S Doyle

R Mellor-Bessant

N Goldsmith

N Morcos

R Macken

This report is made in accordance with resolution of the Directors.

Review and results of operations

There were no significant changes to the Fund's investment strategy. The investment policy of the Fund continues to be in accordance with the provisions of the Fund Constitution and the Product Disclosure Statement ("PDS").

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2024	31 December 2023
Operating profit (\$'000)	<u>52,374</u>	<u>68,518</u>
<i>Distributions - Client Class</i>		
Distribution paid and payable (\$'000)	<u>338</u>	<u>417</u>
<i>Distributions - Professional Class</i>		
Distribution paid and payable (\$'000)	<u>4,992</u>	<u>4,397</u>
<i>Distributions - Wholesale Class</i>		
Distribution paid and payable (\$'000)	<u>28,073</u>	<u>27,903</u>

There were no distributions for Institutional class for the half-year ended 31 December 2024 (2023: Nil).

Significant changes in state of affairs

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect asset values and thus the performance of the Fund. Management is continuing to monitor this development and evaluate its impact on the Fund.

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the period under review.

Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods; or
- (ii) the results of those operations in future financial periods; or
- (iii) the state of affairs of the Fund in future financial periods.

Directors' report (continued)


Rounding of amounts to the nearest thousand dollars


Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Directors.

Director 
N Goldsmith

Director 
N Morcos

Sydney
13 March 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Schorder Investment Management Australia Limited, the
Responsible Entity of Schroder Fixed Income Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Schroder Fixed Income Fund for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

K Hopkins

Karen Hopkins

Partner

Sydney

13 March 2025

Schroder Fixed Income Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2024

Condensed statement of comprehensive income

		Half-year ended	
		31 December	31 December
		2024	2023
	Note	\$'000	\$'000
Investment income			
Interest income from financial assets at fair value through profit or loss		13,776	13,702
Dividend income		336	338
Net gains on financial instruments at fair value through profit or loss		41,432	57,919
Other operating income		–	28
Total net investment income		55,544	71,987
Expenses			
Responsible Entity's fees		3,167	3,469
Custody fees		3	–
Total operating expenses		3,170	3,469
Operating profit		52,374	68,518
Finance costs attributable to unitholders			
Distributions to unitholders	8	(33,403)	(32,717)
Increase in net assets attributable to unitholders	7	(18,971)	(35,801)
Total comprehensive income for the half-year		–	–

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Schroder Fixed Income Fund
Condensed statement of financial position
As at 31 December 2024

Condensed statement of financial position

		As at	
		31 December	30 June
		2024	2024
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		11,445	24,057
Margin accounts		25,823	15,160
Receivables		2,215	1,889
Accrued income		5,905	6,265
Due from brokers - receivable for securities sold		26,225	44,600
Financial assets at fair value through profit or loss	4	<u>1,530,721</u>	<u>1,607,479</u>
Total assets		<u>1,602,334</u>	<u>1,699,450</u>
Liabilities			
Margin accounts		3,488	201
Distribution payable	8	14,777	14,235
Payables		1,577	4,872
Due to brokers - payable for securities purchased		–	12,000
Financial liabilities at fair value through profit or loss	5	<u>20,248</u>	<u>4,772</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>40,090</u>	<u>36,080</u>
Net assets attributable to unitholders - Liability	7	<u>1,562,244</u>	<u>1,663,370</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

	Half-year ended	
	31 December 2024 \$'000	31 December 2023 \$'000
Note		
<i>Total equity at the beginning of the half-year</i>	—	—
Profit/(loss) for the half-year	—	—
Other comprehensive income	—	—
<i>Total comprehensive income</i>	—	—
Transaction with owners in their capacity as owners	—	—
<i>Total equity at the end of the half-year</i>	—	—

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Schroder Fixed Income Fund
Condensed statement of cash flows
For the half-year ended 31 December 2024

Condensed statement of cash flows

	Half-year ended	
	31 December	31 December
	2024	2023
Note	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments at fair value through profit or loss	3,967,453	1,215,624
Purchase of financial instruments at fair value through profit or loss	(3,835,639)	(1,138,863)
Dividends received	336	337
Interest received	14,150	14,078
Other income received	5	41
Responsible Entity's fees paid	(3,189)	(3,471)
Payment of other expenses	(3)	—
<i>Net cash inflow from operating activities</i>	<u>143,113</u>	<u>87,746</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	188,645	217,532
Payments for redemptions by unitholders	(315,792)	(280,688)
Distributions paid from operating activities	(29,419)	(28,717)
<i>Net cash outflow from financing activities</i>	<u>(156,566)</u>	<u>(91,873)</u>
<i>Net decrease in cash and cash equivalents</i>	(13,453)	(4,127)
Cash and cash equivalents at the beginning of the half-year	24,057	7,059
Effects of foreign currency exchange rate changes on cash and cash equivalents	841	(416)
<i>Cash and cash equivalents at the end of the half-year</i>	<u><u>11,445</u></u>	<u><u>2,516</u></u>
Non-cash financing activities	<u><u>3,441</u></u>	<u><u>3,086</u></u>

The above condensed statement of cash flow should be read in conjunction with the accompanying notes.

1 Basis of preparation of interim report

These condensed interim financial statements cover Schroder Fixed Income Fund (the "Fund") as a registered managed investment scheme. The Fund was constituted on 1 July 2000. These condensed interim financial statements are general purpose financial reports for the half-year ended 31 December 2024 prepared in accordance with accounting standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of the Fund is Schroders. The Responsible Entity's registered office is Level 20, 123 Pitt Street, Sydney NSW 2000. The financial statements are presented in the Australian dollars.

Except for the impact of new and amended accounting standards adopted by the Fund, the accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

2 Summary of material accounting policies

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the presence of multiple classes of units on issue by the Fund means it does not meet the criteria in AASB 132 *Financial Instruments: Presentation* for classification as equity.

The units can be put back to the Fund at any time for cash based on the redemption price. The units are carried at the redemption amount at balance sheet date if the holder exercises the right to put back to the Fund.

3 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss ("FVPL") (see note 4 and 5)

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Recognised fair value measurements

The tables below set out the Fund's financial assets and financial liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2024 and 30 June 2024.

3 Fair value measurement (continued)

31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	314	–	314
Fixed interest futures	1,763	–	–	1,763
Swaps	–	886	–	886
Interest bearing securities	–	665,073	–	665,073
Unlisted unit trusts	–	801,437	61,248	862,685
Total	1,763	1,467,710	61,248	1,530,721
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	14,373	–	14,373
Fixed interest futures	3,567	–	–	3,567
Swaps	–	2,308	–	2,308
Total	3,567	16,681	–	20,248
30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	1,414	–	1,414
Fixed interest futures	740	–	–	740
Money market futures	787	–	–	787
Options	–	851	–	851
Swaps	–	736	–	736
Interest bearing securities	–	791,657	–	791,657
Unlisted unit trusts	–	752,766	58,528	811,294
Total	1,527	1,547,424	58,528	1,607,479
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	54	–	54
Fixed interest futures	485	–	–	485
Money market futures	690	–	–	690
Options	–	456	–	456
Swaps	–	3,087	–	3,087
Total	1,175	3,597	–	4,772

The level 3 investment of \$61,248,000 (30 June 2024: \$58,528,000) relates to units in Schroder Real Estate Debt Fund which primarily invests in commercial real estate loans secured by mortgages over real property. The significant unobservable input used in the fair value measurement of this investment is the unit price. An increase/(decrease) in the unit price by 0.10% would increase/(decrease) the fair value by \$61,248.

Investments in unlisted unit trusts and unlisted cash unit trusts are classified as level 2 as they are not traded on an active market. Whilst not traded on an active market, units in the unlisted trusts are open to daily transactions. In addition, the underlying investments of the unlisted unit trusts are predominantly classified as level 1.

3 Fair value measurement (continued)

Transfers between levels

There were no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2024 and year ended 30 June 2024.

Fair value measurements using significant unobservable inputs (level 3)

The following table present the movement in level 3 instruments by class of financial instrument.

	Unlisted unit trusts \$'000
31 December 2024	
Opening balance	58,528
Gain recognised in the condensed statement of comprehensive income	<u>2,720</u>
Closing balance 31 December 2024	<u>61,248</u>
Total unrealised gains or losses for the half-year included in the condensed statement of comprehensive income for financial assets and liabilities at the end of the half-year	<u>2,720</u>
30 June 2024	
Opening balance	53,775
Gain recognised in the statement of comprehensive income	<u>4,753</u>
Closing balance 30 June 2024	<u>58,528</u>
Total unrealised gains or losses for the year included in the statement of comprehensive income for financial assets and liabilities at the end of the year	<u>4,753</u>

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2024 Fair value \$'000	30 June 2024 Fair value \$'000
Financial assets at fair value through profit or loss		
Derivatives	2,963	4,528
Interest bearing securities	665,073	791,657
Unlisted unit trusts	862,685	811,294
Total financial assets at fair value through profit or loss	1,530,721	1,607,479
Comprising:		
Derivatives		
Forward currency contracts	314	1,414
Australian fixed interest futures	–	405
International fixed interest futures	1,763	335
Australian money market futures	–	778
International money markets futures	–	9
International fixed interest options	–	851
Inflation swaps	54	665
Interest rate swaps	737	–
Overnight index swaps	95	71
Total derivatives	2,963	4,528
Fixed / Floating interest securities		
Australian other public sector bonds	462,470	575,284
Australian corporate bonds	66,013	–
Australian commercial mortgages	100,540	80,958
International commercial mortgages	–	72,602
Australian floating rate notes	16,504	–
Australian other fixed interest securities	19,546	62,813
Total fixed / floating interest securities	665,073	791,657
Unlisted unit trusts		
Australian unlisted equity trusts	61,248	58,528
International unlisted equity trusts	140,406	151,125
Australian unlisted fixed interest trusts	519,871	601,641
International unlisted fixed interest trusts	141,160	–
Total unlisted unit trusts	862,685	811,294
Total financial assets at fair value through profit or loss	1,530,721	1,607,479

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2024	30 June 2024
	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss		
Derivatives	20,248	4,772
Total financial liabilities at fair value through profit or loss	20,248	4,772
Comprising:		
Derivatives		
Forward currency contracts	14,373	54
Australian fixed interest futures	3,367	100
International fixed interest futures	200	385
Australian money market futures	–	690
International fixed interest options	–	456
Inflation swaps	625	92
Interest rate swaps	197	545
International credit index swaps	1,110	2,190
Overnight index swaps	376	260
Total derivatives	20,248	4,772
Total financial liabilities at fair value through profit or loss	20,248	4,772

6 Financial assets and financial liabilities at amortised cost

The following financial assets and financial liabilities disclosed in the condensed statement of financial position are measured at amortised cost: cash and cash equivalents; receivables; due from brokers - receivable for securities sold; accrued income; margin accounts; distribution payable; payables; and due to brokers - payable for securities purchased.

7 Net assets attributable to unitholders

Movement in number of units and net assets attributable to unitholders during the half-year were as follows:

Client Class	As at			
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
Opening balance	18,614	26,350	15,585	21,937
Applications	692	981	586	819
Redemptions	(3,040)	(5,158)	(2,601)	(4,286)
Increase in net assets attributable to unitholders	–	–	195	361
Closing balance	<u>16,266</u>	<u>22,173</u>	<u>13,765</u>	<u>18,831</u>
Institutional Class				
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
Opening balance	110,748	128,051	127,483	140,044
Applications	218	1,213	256	1,358
Redemptions	(7,177)	(11,288)	(8,452)	(12,419)
Increase in net assets attributable to unitholders	–	–	3,078	5,674
Closing balance	<u>103,789</u>	<u>117,976</u>	<u>122,365</u>	<u>134,657</u>
Professional Class				
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
Opening balance	226,939	166,441	225,044	164,107
Applications	50,806	84,626	51,310	83,305
Redemptions	(59,345)	(34,358)	(59,299)	(33,956)
Units issued upon reinvestment of distributions	250	141	252	248
Increase in net assets attributable to unitholders	–	–	1,821	4,427
Closing balance	<u>218,650</u>	<u>216,850</u>	<u>219,128</u>	<u>218,131</u>
Wholesale Class				
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
Opening balance	1,298,164	1,448,524	1,295,258	1,436,597
Applications	98,802	132,824	100,347	132,043
Redemptions	(202,851)	(230,395)	(205,685)	(228,340)
Units issued upon reinvestment of distributions	3,142	1,423	3,189	2,837
Increase in net assets attributable to unitholders	–	–	13,877	25,339
Closing balance	<u>1,197,257</u>	<u>1,352,376</u>	<u>1,206,986</u>	<u>1,368,476</u>

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are four classes of unitholders in the Fund being Client Class, Institutional Class, Professional Class and Wholesale Class.

8 Distributions to unitholders

The distributions during the half-year were as follows:

Client Class	Half-year ended			
	31 December 2024		31 December 2023	
	\$'000	CPU	\$'000	CPU
Distributions paid				
- 30 September	174	1.02	214	0.88
Distributions payable				
- 31 December*	164	1.01	203	0.91
	<u>338</u>		<u>417</u>	
Professional Class				
Distributions paid				
- 30 September	2,389	1.21	2,055	1.05
- 31 December*	126	1.19	111	1.08
Distributions payable				
- 31 December*	2,477	1.19	2,231	1.08
	<u>4,992</u>		<u>4,397</u>	
Wholesale Class				
Distributions paid				
- 30 September	14,358	1.16	13,904	1.00
- 31 December*	1,579	1.15	1,443	1.04
Distributions payable				
- 31 December*	12,136	1.15	12,556	1.04
	<u>28,073</u>		<u>27,903</u>	
Total distributions				
	<u>33,403</u>		<u>32,717</u>	

*CPU shown is the rate applicable to the sum of distributions paid and payable.

9 Events occurring after the reporting period

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Fund disclosed in the condensed statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

10 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 and 30 June 2024.


Directors' declaration

In the opinion of the Directors of Schroder Investment Management Australia Limited:

- (a) the financial statements and notes set out on pages 4 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date;
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Director 
N Goldsmith

Director 
N Morcos

Sydney
13 March 2025



Independent Auditor's Review Report

To the unitholders of Schroder Fixed Income Fund

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Schroder Fixed Income Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Schroder Fixed Income Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
 - complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.
- The **Condensed Interim Financial Report** comprises:
- Condensed statement of financial position as at 31 December 2024;
 - Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half-year ended on that date;
 - Notes 1 to 10 comprising a summary of material accounting policies and other explanatory information; and
 - Directors' Declaration.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Schroder Investment Management Australia Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Karen Hopkins

Partner

Sydney

13 March 2025