

Schroder Real Return Fund

ARSN 132 446 103

Interim report

for the half-year ended 31 December 2022

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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 2022 and any public announcements made in respect of Schroder Real Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover Schroder Real Return Fund as a registered managed investment scheme.

The Responsible Entity of Schroder Real Return 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 Real Return Fund (the "Fund"), present their report together with the financial report of the Fund, for the half-year ended 31 December 2022.

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:

M W Conlon (resigned on 28 February 2023)

S Doyle

R Mellor-Bessant

M Trinh (resigned on 28 February 2023)

S Hallinan

J Soon (appointed on 28 February 2023, resigned on 9 March 2023)

N Goldsmith (appointed on 28 February 2023)

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.

Results

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

	Half-year ended	
	31 December 2022	31 December 2021
Operating profit (\$'000)	<u>67,963</u>	<u>95,978</u>
<i>Distributions - Institutional Class</i>		
Distributions paid and payable (\$'000)	<u>-</u>	<u>-</u>
<i>Distributions - Client Class</i>		
Distributions paid and payable (\$'000)	<u>162</u>	<u>251</u>
<i>Distributions - Professional Class</i>		
Distributions paid and payable (\$'000)	<u>22,426</u>	<u>20,576</u>
<i>Distributions - Wholesale Class</i>		
Distributions paid and payable (\$'000)	<u>27,042</u>	<u>22,160</u>

Directors' report (continued)

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 2022 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.

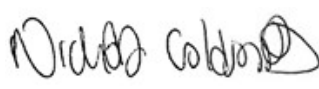
Rounding of amounts to the nearest thousand dollars

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 

S Hallinan

Sydney
14 March 2023



Auditor's Independence Declaration

As lead auditor for the review of Schroder Real Return Fund for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'BSS Tompsett'.

BSS Tompsett
Partner
PricewaterhouseCoopers

Sydney
14 March 2023

Schroder Real Return Fund
Statement of comprehensive income
For the half-year ended 31 December 2022

Statement of comprehensive income

		Half-year ended	
		31 December	31 December
		2022	2021
	Note	\$'000	\$'000
Investment income			
Interest income from financial assets at fair value through profit or loss		8,641	1,830
Dividend income		5,663	7,557
Distribution income		392	2,048
Net gains on financial instruments at fair value through profit or loss		62,047	95,664
Other operating income		<u>95</u>	<u>107</u>
Total net investment income		<u>76,838</u>	<u>107,206</u>
Expenses			
Responsible Entity's fees		8,729	10,686
Custody fees		-	34
Transaction costs		115	148
Other operating expenses		<u>31</u>	<u>360</u>
Total operating expenses		<u>8,875</u>	<u>11,228</u>
Operating profit		<u>67,963</u>	<u>95,978</u>
Finance costs attributable to unitholders			
Distributions to unitholders	8	(49,630)	(42,987)
Increase in net assets attributable to unitholders	7	<u>(18,333)</u>	<u>(52,991)</u>
Total comprehensive income for the half-year		<u><u>-</u></u>	<u><u>-</u></u>

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

Balance sheet

		As at	
		31 December 2022	30 June 2022
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		40,211	45,536
Margin accounts		77,661	166,140
Receivables		1,135	1,500
Accrued income		3,571	1,903
Due from broker - receivable for securities sold		98	44,402
Financial assets at fair value through profit or loss	4	<u>3,125,425</u>	<u>3,476,813</u>
Total assets		<u>3,248,101</u>	<u>3,736,294</u>
Liabilities			
Margin accounts		40,713	694
Distribution payable	8	31,994	23,597
Payables		2,236	4,177
Due to brokers - payable for securities purchased		105	18,466
Financial liabilities at fair value through profit or loss	5	<u>8,857</u>	<u>122,301</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>83,905</u>	<u>169,235</u>
Net assets attributable to unitholders - liability	7	<u>3,164,196</u>	<u>3,567,059</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Half-year ended	
	31 December 2022	31 December 2021
	\$'000	\$'000
<i>Total equity at the beginning of the half-year</i>	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income	-	-
	<u>-</u>	<u>-</u>
<i>Total comprehensive income</i>	-	-
Transactions with owners in their capacity as owners	-	-
	<u>-</u>	<u>-</u>
<i>Total equity at the end of the half-year</i>	<u><u>-</u></u>	<u><u>-</u></u>

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

Statement of cash flows

	Half-year ended	
	31 December 2022	31 December 2021
Note	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments at fair value through profit or loss	1,647,795	3,518,862
Purchase of financial instruments at fair value through profit or loss	(1,192,023)	(3,234,539)
Transaction costs of financial instruments at fair value through profit or loss	(115)	(148)
Dividends received	6,578	8,344
Distributions received	387	1,875
Interest received	5,970	3,692
Other income received	256	1
Responsible Entity's fees paid	(8,840)	(10,564)
Payment of other expenses	(34)	(959)
<i>Net cash inflow from operating activities</i>	<u>459,974</u>	<u>286,564</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	85,135	387,866
Payments for redemptions by unitholders	(525,519)	(630,307)
Distributions paid from operating activities	(23,596)	(28,963)
<i>Net cash outflow from financing activities</i>	<u>(463,980)</u>	<u>(271,404)</u>
<i>Net (decrease)/increase in cash and cash equivalents</i>	(4,006)	15,160
Cash and cash equivalents at the beginning of the half-year	45,536	45,690
Effects of foreign currency exchange rate changes on cash and cash equivalents	(1,319)	981
<i>Cash and cash equivalents at the end of the half-year</i>	<u>40,211</u>	<u>61,831</u>
Non-cash financing activities	<u>17,637</u>	<u>17,723</u>

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

1 Basis of preparation of interim report

This general purpose financial report for the half-year ended 31 December 2022 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This 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 2022 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 currency.

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 significant 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 2022 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 unit holders

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.

(c) Comparatives

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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).

3 Fair value measurement (continued)

(a) Fair value hierarchy

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 2022 and 30 June 2022.

31 December 2022	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	-	34,795	-	34,795
Share price index futures	2,968	-	-	2,968
Fixed interest futures	10,282	-	-	10,282
Exchange traded options	-	6,040	-	6,040
Swaps	-	160	-	160
Equity securities	319,970	-	-	319,970
Interest bearing securities	-	272,870	79,284	352,154
Unlisted unit trusts	-	2,046,598	124,026	2,170,624
Listed unit trusts	77,338	-	-	77,338
Money market securities	-	151,094	-	151,094
Total	<u>410,558</u>	<u>2,511,557</u>	<u>203,310</u>	<u>3,125,425</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Derivatives				
Forward currency contracts	-	4,999	-	4,999
Share price index futures	2,459	-	-	2,459
Exchange traded options	-	10	-	10
Swaps	-	1,389	-	1,389
Total	<u>2,459</u>	<u>6,398</u>	<u>-</u>	<u>8,857</u>

3 Fair value measurement (continued)

(a) Fair value hierarchy (continued)

Recognised fair value measurements (continued)

30 June 2022	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	-	68,060	-	68,060
Share price index futures	6,942	-	-	6,942
Fixed interest futures	537	-	-	537
Exchange traded options	2,662	-	-	2,662
Currency options	-	1	-	1
Swaps	-	8,267	-	8,267
Equity securities	437,983	-	34	438,017
Interest bearing securities	-	302,271	71,424	373,695
Unlisted unit trusts	-	2,334,029	142,022	2,476,051
Listed unit trusts	23,955	-	-	23,955
Money market securities	-	78,626	-	78,626
Total	<u>472,079</u>	<u>2,791,254</u>	<u>213,480</u>	<u>3,476,813</u>

Financial liabilities

Financial liabilities at fair value through profit or loss:

Derivatives				
Forward currency contracts	-	45,885	-	45,885
Share price index futures	3,234	-	-	3,234
Fixed interest futures	-	-	-	-
Currency options	-	60,662	-	60,662
Swaps	-	12,520	-	12,520
Total	<u>3,234</u>	<u>119,067</u>	<u>-</u>	<u>122,301</u>

Investments in unlisted 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.

The level 3 investment of \$124,026,000 (30 June 2022: \$142,022,000) 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 \$124,026.

The level 3 investment of \$79,284,000 (30 June 2022: \$71,424,000) relates to other commercial loans. The significant unobservable inputs used in the fair value measurement of these investments are the discount rates which range between 3.6% and 9.4%. An increase/(decrease) in the discount rates would result in a lower/(higher) fair value measurement.

(i) *Transfers between levels*

There were no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2022. During the year ended 30 June 2022, one Australian exchange traded equity security in value of \$39,114 transferred from Level 1 to Level 3.

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

	Equity securities \$'000	Unlisted unit trusts \$'000	Interest bearing securities \$'000
31 December 2022			
Opening balance	34	142,022	71,424
Purchases	-	-	17,950
Sales	(50)	(21,700)	(10,090)
Gains recognised in the Statement of comprehensive income	16	3,704	-
Transfers into Level 3	-	-	-
Closing balance 31 December 2022	-	124,026	79,284
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 half-year	353	(174)	-
30 June 2022			
Opening balance	-	115,688	39,987
Purchases	-	37,700	31,566
Sales	-	(21,684)	(104)
Gains/(losses) recognised in the Statement of comprehensive income	(5)	10,318	(25)
Transfers into Level 3	39	-	-
Closing balance 30 June 2022	34	142,022	71,424
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	(5)	7,219	-

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss		
Derivatives	54,245	86,469
Equity securities	319,970	438,017
Fixed interest securities	352,154	373,695
Unlisted unit trusts	2,170,624	2,476,051
Listed unit trusts	77,338	23,955
Money market securities	151,094	78,626
Total financial assets at fair value through profit or loss	3,125,425	3,476,813

4 Financial assets at fair value through profit or loss (continued)

	As at	
	31 December 2022	30 June 2022
	Fair value \$'000	Fair value \$'000
Comprising:		
Derivatives		
Forward currency contracts	34,795	68,060
Australian share price index futures	2,455	6,125
International share price index futures	513	817
Australian fixed interest futures	4,487	399
International fixed interest futures	5,795	138
International exchange traded options	6,040	2,662
International currency options	-	1
Inflation swaps	-	2,762
International credit index swaps	160	5,505
Total derivatives	<u>54,245</u>	<u>86,469</u>
Equity securities		
Australian equity securities listed on a prescribed stock exchange	89,107	200,060
International equity securities listed on a prescribed stock exchange	<u>230,863</u>	<u>237,957</u>
Total equity securities	<u>319,970</u>	<u>438,017</u>
Fixed / Floating interest securities		
Australian other public sector bonds	201,253	239,716
Australian corporate bonds	90,339	71,424
Australian commercial mortgages	4,556	5,983
International floating rate notes	9,502	9,830
Australian other fixed interest securities	<u>46,504</u>	<u>46,742</u>
Total fixed / floating interest securities	<u>352,154</u>	<u>373,695</u>
Unlisted unit trusts		
Australian unlisted equity trusts	671,817	753,267
International unlisted equity trusts	87,469	87,579
Australian unlisted fixed interest trusts	942,772	1,190,851
International unlisted fixed interest trusts	<u>468,566</u>	<u>444,354</u>
Total unlisted unit trusts	<u>2,170,624</u>	<u>2,476,051</u>
Listed unit trusts		
International listed trusts	67,273	-
Australian listed property trusts	6,446	15,409
Australian listed trusts	2,337	6,219
International listed property trusts	<u>1,282</u>	<u>2,327</u>
Total listed unit trusts	<u>77,338</u>	<u>23,955</u>
Money market securities		
Australian money market securities	<u>151,094</u>	<u>78,626</u>
Total money market securities	<u>151,094</u>	<u>78,626</u>
Total financial assets at fair value through profit or loss	<u>3,125,425</u>	<u>3,476,813</u>

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss		
Derivatives	<u>8,857</u>	<u>122,301</u>
Total financial liabilities at fair value through profit or loss	<u><u>8,857</u></u>	<u><u>122,301</u></u>

Comprising:

Derivatives

Forward currency contracts	4,999	45,885
International share price index futures	2,459	3,234
International exchange traded options	10	-
International currency options	-	60,662
Inflation swaps	-	8,235
International interest rate swaps	1,304	4,285
International credit index swaps	85	-
Total derivatives	<u>8,857</u>	<u>122,301</u>
Total financial liabilities at fair value through profit or loss	<u><u>8,857</u></u>	<u><u>122,301</u></u>

6 Financial assets and financial liabilities at amortised cost

The following financial assets and financial liabilities disclosed in the balance sheet are measured at amortised cost: cash and cash equivalents; receivables; due from brokers - receivable for securities sold; accrued income; 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:

Institutional Class	As at			
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No.'000	No.'000	\$'000	\$'000
Opening balance	982,848	1,851,191	1,133,118	2,240,687
Applications	1,584	114,010	1,852	139,376
Redemptions	(145,880)	(185,291)	(169,146)	(227,400)
Increase in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>23,064</u>	<u>47,106</u>
Closing balance	<u><u>838,552</u></u>	<u><u>1,779,910</u></u>	<u><u>988,888</u></u>	<u><u>2,199,769</u></u>

7 Net assets attributable to unitholders (continued)

Client Class	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No. '000	No. '000	\$'000	\$'000
Opening balance	12,284	17,207	13,252	20,261
Applications	61	-	67	-
Redemptions	(2,538)	(3,249)	(2,751)	(3,864)
Units issued upon reinvestment of distributions	-	-	-	-
Increase in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>47</u>	<u>61</u>
Closing balance	<u>9,807</u>	<u>13,958</u>	<u>10,615</u>	<u>16,458</u>
Professional Class	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No. '000	No. '000	\$'000	\$'000
Opening balance	1,009,494	1,273,496	1,125,411	1,545,513
Applications	10,549	41,309	11,889	50,935
Redemptions	(144,332)	(206,421)	(163,539)	(252,794)
Units issued upon reinvestment of distributions	13,598	12,890	15,130	15,706
Units issued upon the reinvestment of fee rebates	-	510	-	628
(Decrease)/Increase in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(382)</u>	<u>5,122</u>
Closing balance	<u>889,309</u>	<u>1,121,784</u>	<u>988,509</u>	<u>1,365,110</u>
Wholesale Class	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	No. '000	No. '000	\$'000	\$'000
Opening balance	1,204,392	1,178,287	1,295,277	1,383,005
Applications	65,441	181,670	71,051	216,039
Redemptions	(173,844)	(123,457)	(188,255)	(146,293)
Units issued upon reinvestment of distributions	2,339	1,714	2,507	2,017
(Decrease)/Increase in net assets attributable to unitholders	<u>-</u>	<u>-</u>	<u>(4,396)</u>	<u>702</u>
Closing balance	<u>1,098,328</u>	<u>1,238,214</u>	<u>1,176,184</u>	<u>1,455,470</u>

As stipulated within the Fund's 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 Institutional Class, Client Class, Professional Class and Wholesale Class.

8 Distributions to unitholders

The distributions during the half-year were as follows:

	Half-year ended			
	31 December 2022		31 December 2021	
Institutional Class	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 December*	-	-	-	-
Distributions payable				
- 31 December*	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>		<u>-</u>	
	<u>-</u>		<u>-</u>	
	<u>-</u>		<u>-</u>	
Client Class	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 December*	-	-	-	-
Distributions payable				
- 31 December*	<u>162</u>	<u>1.65</u>	<u>251</u>	<u>1.80</u>
	<u>162</u>		<u>251</u>	
	<u>162</u>		<u>251</u>	
Professional Class	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 December*	<u>15,129</u>	<u>2.56</u>	15,711	1.86
Distributions payable				
- 31 December*	<u>7,297</u>	<u>2.56</u>	<u>4,865</u>	<u>1.86</u>
	<u>22,426</u>		<u>20,576</u>	
	<u>22,426</u>		<u>20,576</u>	
Wholesale Class	\$'000	CPU	\$'000	CPU
Distributions paid				
- 31 December*	<u>2,507</u>	<u>2.47</u>	2,017	1.79
Distributions payable				
- 31 December*	<u>24,535</u>	<u>2.47</u>	<u>20,143</u>	<u>1.79</u>
	<u>27,042</u>		<u>22,160</u>	
	<u>27,042</u>		<u>22,160</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 Balance sheet as at 31 December 2022 or on the results and cash flows of the Fund for the half-year ended on that date.

10 Contingent assets, liabilities and commitments

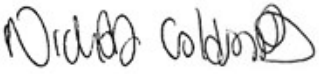
There are no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

Directors' declaration

In the opinion of the Directors of Schroders:

- (a) the financial statements and notes set out on pages 4 to 15 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 2022 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 
S Hallinan

Sydney
14 March 2023



Independent auditor's review report to the unitholders of Schroder Real Return Fund

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Schroder Real Return Fund (the Registered Scheme) which comprises the balance sheet as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Schroder Real Return Fund does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Registered Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

Responsibilities of the directors of the Responsible Entity for the half-year financial report

The directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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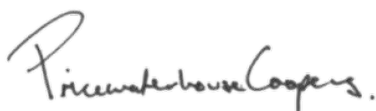
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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Registered Scheme's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year 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.


PricewaterhouseCoopers



BSS Tompsett
Partner

Sydney
14 March 2023