

# **Schroder Specialist Private Equity Fund**

ARSN 131 418 025

**Interim report**

**for the half-year ended 31 December 2022**

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## 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 Specialist Private Equity Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover Schroder Specialist Private Equity Fund as a registered managed investment scheme.

The Responsible Entity of Schroder Specialist Private Equity 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 Specialist Private Equity 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:

	<b>Half-year ended</b>	
	<b>31 December 2022</b>	31 December 2021
Operating profit (\$'000)	<u>6,732</u>	<u>2,314</u>
<i>Distributions</i>		
Distributions paid and payable (\$'000)	<u>-</u>	<u>-</u>

### 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.

## Directors' report (continued)

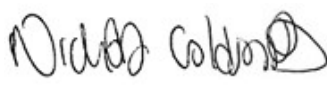
### Rounding of amounts to the nearest thousand dollars

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   
\_\_\_\_\_  
S Hallinan

Sydney  
14 March 2023



## Auditor's Independence Declaration

As lead auditor for the review of Schroder Specialist Private Equity 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 that reads 'BSS Tompsett'.

BSS Tompsett  
Partner  
PricewaterhouseCoopers

Sydney  
14 March 2023

## Statement of comprehensive income

	Half-year ended	
	31 December 2022	31 December 2021
Note	\$'000	\$'000
<b>Investment income</b>		
Interest income	21	-
Net gains on financial instruments at fair value through profit or loss	<u>7,540</u>	<u>2,472</u>
<b>Total net investment income</b>	<u>7,561</u>	<u>2,472</u>
<b>Expenses</b>		
Responsible Entity's fees	828	158
Other operating expenses	<u>1</u>	<u>-</u>
<b>Total operating expenses</b>	<u>829</u>	<u>158</u>
<b>Operating profit</b>	<u>6,732</u>	<u>2,314</u>
<b>Profit for the half-year</b>	<u>6,732</u>	<u>2,314</u>
Other comprehensive income	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>	<u>6,732</u>	<u>2,314</u>

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

**Balance sheet**

		<b>As at</b>	
		<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
Cash and cash equivalents		3,603	4,935
Receivables		57	20
Financial assets at fair value through profit or loss	4	<u>125,472</u>	<u>104,842</u>
<b>Total assets</b>		<u><b>129,132</b></u>	<u><b>109,797</b></u>
<b>Liabilities</b>			
Payables		<u>273</u>	<u>960</u>
<b>Total liabilities</b>		<u><b>273</b></u>	<u><b>960</b></u>
<b>Net assets attributable to unitholders - Equity</b>		<u><b>128,859</b></u>	<u><b>108,837</b></u>

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

**Statement of changes in equity**

	Note	Half-year ended	
		31 December 2022 \$'000	31 December 2021 \$'000
<b>Total equity at the beginning of the half-year</b>		<b>108,837</b>	11,576
<b>Comprehensive income for the half-year</b>			
Profit for the half-year	6	<b>6,732</b>	2,314
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<b>6,732</b>	2,314
<b>Transactions with unitholders</b>			
Applications	6	<b>16,309</b>	52,975
Redemptions	6	<u>(3,019)</u>	<u>(18)</u>
<b>Total transactions with unitholders</b>		<u><b>13,290</b></u>	<u>52,957</u>
<b>Total equity at the end of the half-year</b>	6	<u><b>128,859</b></u>	<u>66,847</u>

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



**Statement of cash flows**

	<b>Half-year ended</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><i>Cash flows from operating activities</i></b>		
Proceeds from sale of financial instruments at fair value through profit or loss	3,270	-
Purchase of financial instruments at fair value through profit or loss	(16,360)	(45,938)
Interest received	21	-
Responsible Entity's fees paid	(784)	(86)
Payment of other expenses	(38)	(4)
<b><i>Net cash outflow from operating activities</i></b>	<b><u>(13,891)</u></b>	<b><u>(46,028)</u></b>
<b><i>Cash flows from financing activities</i></b>		
Proceeds from applications by unitholders	16,309	47,059
Payments for redemptions by unitholders	(3,750)	-
<b><i>Net cash inflow from financing activities</i></b>	<b><u>12,559</u></b>	<b><u>47,059</u></b>
<b><i>Net (decrease)/increase in cash and cash equivalents</i></b>	<b>(1,332)</b>	<b>1,031</b>
Cash and cash equivalents at the beginning of the half-year	<u>4,935</u>	<u>6</u>
<b><i>Cash and cash equivalents at the end of the half-year</i></b>	<b><u><u>3,603</u></u></b>	<b><u><u>1,037</u></u></b>

*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 can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unitholders.

The units are carried at the redemption amount at balance sheet date if the holder exercises the right to put the unit back to the Fund. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

### **(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 at fair value through profit or loss (FVPL) (see note 4)

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.

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Unlisted unit trusts	-	-	<u>125,472</u>	<u>125,472</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>125,472</u>	<u>125,472</u>

30 June 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
Unlisted unit trusts	-	-	104,842	104,842
<b>Total</b>	<u>-</u>	<u>-</u>	<u>104,842</u>	<u>104,842</u>

The level 3 investment of \$125,472,000 (30 June 2022: \$104,842,000) relates to Schroders Capital Semi-Liquid Global Private Equity (formerly Schroder GAIA II Global Private Equity) ("Underlying Fund") which directly and indirectly holds a range of private equity investments worldwide. The significant unobservable input used in the fair value measurement is the unit price. An increase/(decrease) in the unit price by 10% would increase/(decrease) the fair value by \$12,547,200.

#### (i) *Transfers between levels*

There were no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2022.

The investment in the Underling Fund of \$104,842,000 was transferred from level 2 to level 3 during the year ended 30 June 2022. The assets of the Underlying Fund as at 30 June 2022 are predominantly not actively traded in a public market. Accordingly its unit price is considered to be unobservable.

#### **Fair value measurements using significant unobservable inputs (level 3)**

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

<b>31 December 2022</b>	<b>Unlisted unit trust \$'000</b>
Opening balance	104,842
Purchases	16,360
Sales	(3,270)
Transfers into Level 3	-
Gain recognised in the Statement of Comprehensive Income	<u>7,540</u>
<b>Closing balance 31 December 2022</b>	<u>125,472</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 half-year	<u>6,530</u>

### 3 Fair value measurement (continued)

	Unlisted unit trust \$'000
30 June 2022	
Opening balance	-
Purchases	-
Sales	-
Transfers into Level 3	104,842
Gain recognised in the Statement of Comprehensive Income	<u>-</u>
Closing balance 30 June 2022	<u><u>104,842</u></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>-</u>

### 4 Financial assets at fair value through profit or loss

	As at	
	31 December 2022	30 June 2022
	Fair value \$'000	Fair value \$'000
<b>Financial assets at fair value through profit or loss</b>		
Unlisted unit trusts	<u>125,472</u>	<u>104,842</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><u>125,472</u></u>	<u><u>104,842</u></u>
<b>Comprising:</b>		
<b>Unlisted unit trusts</b>		
International unlisted equity unit trusts	<u>125,472</u>	<u>104,842</u>
Total unlisted unit trusts	<u>125,472</u>	<u>104,842</u>
<b>Total financial assets at fair value through profit or loss</b>	<u><u>125,472</u></u>	<u><u>104,842</u></u>

### 5 Financial assets and financial liabilities at amortised cost

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

## 6 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions in Note 2 (b).

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

	<b>As at</b>			
	<b>31 December 2022</b>	31 December 2021	<b>31 December 2022</b>	31 December 2021
	<b>No.'000</b>	No.'000	<b>\$'000</b>	\$'000
Opening balance	<b>71,819</b>	8,801	<b>108,837</b>	11,576
Applications	<b>10,382</b>	37,934	<b>16,309</b>	52,975
Redemptions	<b>(1,888)</b>	(13)	<b>(3,019)</b>	(18)
Profit for the period	<u>-</u>	<u>-</u>	<u><b>6,732</b></u>	<u>2,314</u>
Closing balance	<u><b>80,313</b></u>	<u>46,722</u>	<u><b>128,859</b></u>	<u>66,847</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 no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## 7 Distributions to unitholders

There were no distributions declared for the half-year ended 31 December 2022 (31 December 2021: Nil).

## 8 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.

## 9 Contingent assets, liabilities and commitments

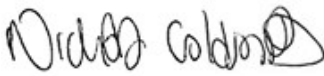
There are no outstanding contingent assets, liabilities or commitments as at 31 December 2022 and 30 June 2022.

## Directors' declaration

In the opinion of the Directors of Schroders:

- (a) the financial statements and notes set out on pages 4 to 11 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 Specialist Private Equity Fund***

## **Report on the half-year financial report**

### ***Conclusion***

We have reviewed the half-year financial report of Schroder Specialist Private Equity 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 Specialist Private Equity 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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### ***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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'BSS Tompsett'.

BSS Tompsett  
Partner

Sydney  
14 March 2023