

Schroder UK Alpha Plus Fund

Fund Managers: Bill Casey | Fund update: Q1 2025

Performance overview

UK equities benefited amid a reversal in the US stock market exceptionalism trade in favour of ex-US markets, such as Europe, the UK and China. We believe this is due to the disruption and uncertainty the new administration has unleashed on the US economy through its fiscal spending cuts and tariffs, while talk of large German fiscal expansion was an important positive performance driver over the quarter.

Drivers of fund performance

Clothing and homewares retailer **Next** had a strong trading update, showing strong full price growth in the UK and internationally. This led them to increase their profit outlook for the current year. Insurer **Prudential** also had a strong results update and reiterated its mid term guidance for double digit growth across its business. Norwegian bank **DNB** was a top contributor following a capital markets day and strong trading update. More hawkish comments from the Norges Bank on rates also helped the bank perform.

On the negative side, precision and measurement calibration equipment manufacturer **Renishaw** detracted as it reported a softer-than-expected profit outlook, despite the recovery in its core customer markets tool builder machine. A number of stocks with a higher US end market exposure sold off over the period, including corrugated box maker and integrated packaging supplier **Smurfit Westrock** which has high US end market exposure following its purchase of Westrock in 2024. Meanwhile, worries around the impact of fiscal spending cuts on its US end-markets weighed on sports betting and gaming operator **Flutter Entertainment**.

Portfolio activity

We added a new position **Weir Group**, a mining equipment supplier with a high quality aftermarket business. We exited luxury apparel manufacturer

Risk considerations

Concentration risk: The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down.

Burberry following a strong bounce in the shares since the summer and also exited healthcare business **Smith & Nephew**.

Outlook/positioning

We see a world where increasing rigidities and barriers to competition benefit leading businesses. This is a favourable environment for investors like us, who follow a quality at a reasonable price, or "QARP" style – buying businesses that can compound earnings at an accelerating rate at attractive valuation multiples.

Past performance does not predict future returns. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Calendar year performance (%)

Year	Fund	Target	Comparator
2024	-0.1	9.5	8.0
2023	8.2	7.9	7.4
2022	-11.0	0.3	-9.2
2021	11.6	18.3	17.1
2020	-0.1	-9.8	-6.2
2019	18.2	19.2	22.4
2018	-10.5	-9.5	-11.2
2017	9.4	13.1	14.1
2016	12.7	16.8	11.0
2015	3.0	1.0	4.8

Source: Schroders, net of fees, bid to bid, with net income reinvested. GBP Z Acc as at 31 December 2024. The fund's performance should be assessed against its target benchmark, being to exceed the FTSE All Share (Gross Total Return) Index, and compared against the Investment Association UK All Companies sector average return. The investment manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark.

Counterparty risk: The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.

Currency risk: The fund may lose value as a result of movements in foreign exchange rates.

Derivatives risk: Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.

Higher volatility risk: The price of this fund may be volatile as it may take higher risks in search of higher rewards.

IBOR risk: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Important information

Important Information: Marketing material for professional clients only. Subscriptions for fund units can only be made on the basis of its latest Key Investor Information Document and Prospectus, together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies are available in English and can be obtained, free of charge, from Schroder Unit Trusts Limited. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Reliance should not be placed on any views or information in the material when taking individual investment and/or strategic decisions. 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 investments to fall as well as rise. The views and opinions contained herein are those of the individuals to whom they are attributed and may not necessarily represent views expressed or reflected in other Schroders communications, strategies or funds. Information herein is believed to be reliable but Schroders does not warrant its completeness or accuracy. Insofar as liability under relevant laws cannot be excluded, no Schroders entity accepts any liability for any error or omission in this material or for any resulting loss or damage (whether direct, indirect, consequential or otherwise). This document may contain "forward-looking" information, such as forecasts or projections. Please note that any such information is not a guarantee of any future performance and there is no assurance that any forecast or projection will be realised. FTSE International Limited ("FTSE") © FTSE (2022). "FTSE®" is a trade

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