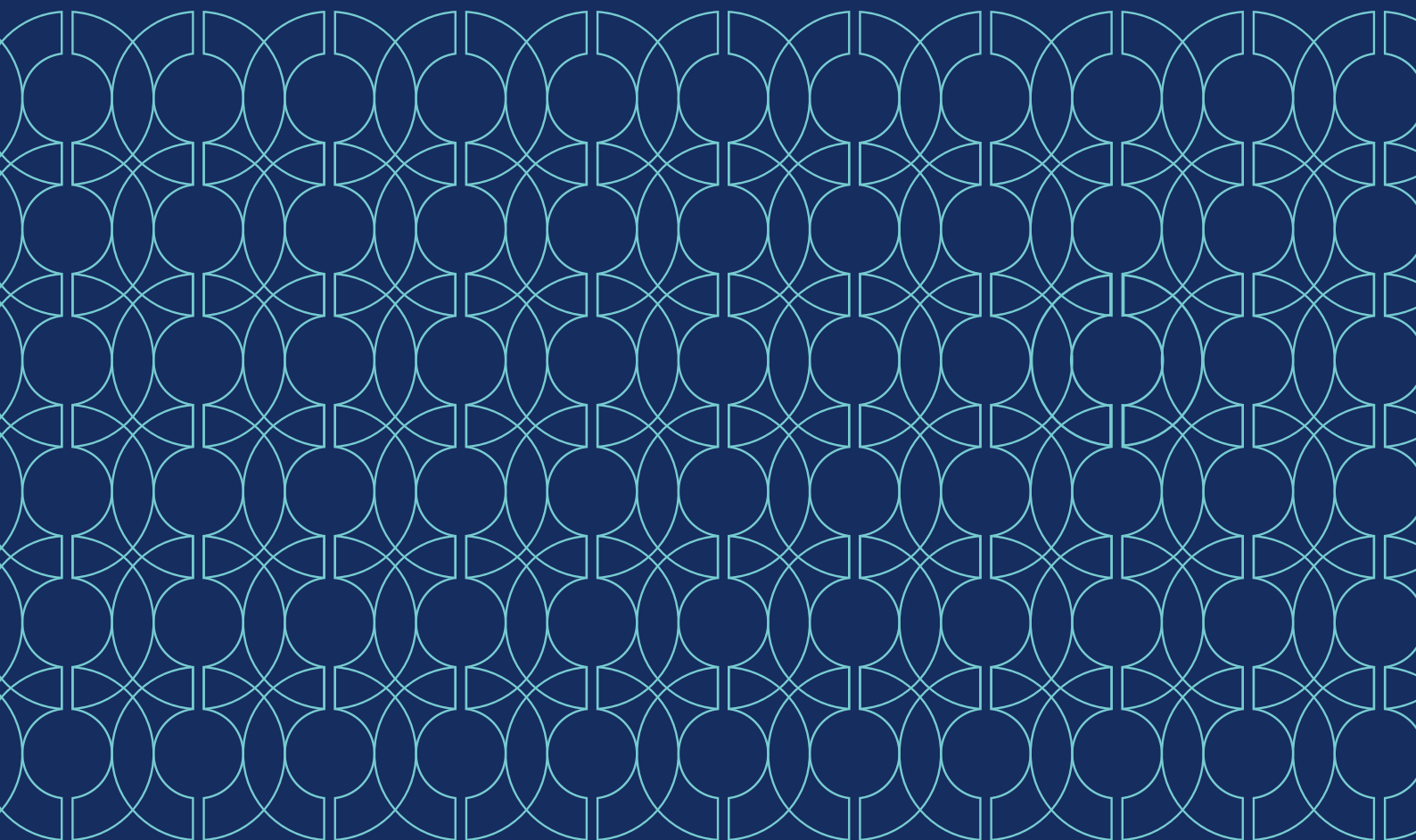


Schroders

**Schroder Institutional Developing
Markets Fund**

Annual Report and Accounts

30 September 2021



Institutional Developing Markets Fund

30 September 2021

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Fund Information

Investment objective and policy

Schroder Institutional Developing Markets Fund (the "Fund") aims to achieve long-term capital appreciation through investment in equity, equity-related and debt securities benefiting from the economic growth of emerging markets. For the purposes of the Fund, "emerging markets" are defined as those countries not in the Morgan Stanley Capital International ("MSCI") World Index.

Financial highlights*

Buying price	30.9.2021	30.9.2020	% change
A Units	US\$46.007	US\$38.756	18.71%
B Units	US\$46.013	US\$38.712	18.86%
Distribution per A unit	US\$0.7650	US\$0.4884	
Distribution per B unit	US\$0.0000	US\$0.0000	

* Investments valued at mid-market price.

Fund information

Launch date	14 March 2001	
Launch price	US\$10.50 per A & per B unit	
	Interim	Annual
Accounting dates	31 March (Unaudited)	30 September (Audited)
		Annual
Distribution payment date	18 November 2021	

Ongoing charges (excluding transaction costs)

	For the year ended 30.9.2021	For the year ended 30.9.2020
A Units	0.23%	0.21%
B Units	1.47%	1.45%

Total purchases and sales

	For the year ended 30.9.2021 \$'000s	For the year ended 30.9.2020 \$'000s
Total purchases	81,029	68,494
Total sales	80,556	79,784

Manager's Report

Fund performance

In the twelve months to 30 September 2021 the Fund's net asset value per unit (based on Bid prices) increased from US\$38.574 to US\$45.791 (A share class) and increased from US\$38.531 to US\$45.798 (B share class). The Fund returned 20.2% (based on A Shares) after adjusting for distributions, compared to a return of 18.2% for the Morgan Stanley Capital International (MSCI) Emerging Markets ('EM') Index.

Based on the above total return data, the portfolio finished in positive territory and outperformed the benchmark (+202bps). Country allocation (+164bps) and stock selection (+63bps) were both positive, underpinning excess returns, leaving a residual of -25bps.

The underweight position to China and zero-weight position to Malaysia, which both underperformed, with the overweight positions to Russia, Korea and Hungary, all of which outperformed, contributed positively to relative returns. This was somewhat offset by the underweight position to India, which outperformed, and zero-weight position to Saudi Arabia, which outperformed.

Stock selection was positive in South Africa (overweight FirstRand; underweight Naspers), Korea (overweight Samsung SDI and Hana Financial Group), Mexico (overweight Ternium S.A. and Grupo Financiero Banorte) and Poland (overweight KGHM Polska Miedz; underweight Allegro). It was negative in Brazil (underweight Petrobras; overweight Lojas Renner), China (overweight Alibaba and Ping An Insurance Group) and Turkey (overweight Garanti BBVA and BIM Birlisik Magazalar).

Overview

Emerging markets recorded a strong return over the twelve month period as progress in the transition out of the COVID-19 pandemic continued, underpinned by the discovery and subsequent distribution of vaccines. The MSCI Emerging Markets Index returned 18.2%, but underperformed the MSCI World which was up 28.8%.

The emerging European markets of the Czech Republic, Hungary and Russia generated the strongest gains, led higher by banking and energy sector names. The strong recovery in oil and gas prices was particularly beneficial for Russia, as well as other net exporters such as the UAE, Saudi Arabia, Colombia and Kuwait, all of which outperformed. India recorded a strong gain despite a severe second wave of COVID-19 cases. Mexico was the best performing index market as the macroeconomic outlook improved. The strong rebound in US economic growth, Mexico's key trade partner, was beneficial, and supported robust flows of remittances from Mexicans living in the US. The rebound in materials prices was supportive of net exporters such as South Africa, while South Korea and Taiwan both finished ahead of the index, aided by strong performance from IT stocks.

By contrast, Pakistan was the weakest index market. During the period MSCI announced that Pakistan will be reclassified to frontier markets status later this year. Egypt recorded a negative return owing to weakness from Commercial International Bank. China finished in negative territory and underperformed. After the strong post lockdown market and macroeconomic recovery in 2020, regulatory actions in China were the initial cause of market weakness. These were compounded by the re-imposition of some COVID-19 restrictions and supply chain disruption in August, worries about possible systemic financial system risks stemming from the potential collapse of Evergrande, and power shortages.

Outlook

Global liquidity growth continues to fall and the United States of America Federal Reserve (the "Fed") is expected to begin tapering at the end of this year. Persistent bottlenecks and energy price rises mean inflation is proving stickier than expected. Combined with fiscal drag we could be moving into a stagflationary environment in the near term.

From a Chinese policy standpoint, the lagged effects of previous tightening are now taking effect; the credit impulse turned negative in Q4 of last year and typically impacts economic activity with a nine month lag. There has also been broad based regulatory action. Tighter liquidity and regulation has fed through to a slowdown in activity in the real estate sector, which is a material share of GDP and will drag on near term economic growth. More recently, energy shortages have added to economic pressure in China. Meanwhile, valuations and margins in the US look relatively elevated. Should there be a material decline, this is likely to impact other markets including EM, even if EM valuations are less expensive. Positioning within EM equities is also relatively extended after strong net inflows in the past twelve months, while levels of retail participation are high.

Manager's Report (continued)

Outlook (continued)

We do not anticipate that the Fed will pivot its policy approach in the near term. However, in China, the prospect of policy easing over the coming months is increasing given current economic conditions and a likely desire for benign economic conditions ahead of the 20th Party Congress in October 2022. We may also see an easing in regulatory news flow and action. Vaccine penetration across EM has improved markedly, which should support normalisation and reduce the likelihood of further COVID-19-driven restrictions or economic impediments, positively impacting growth and addressing supply chain bottlenecks. Aggregate EM valuations are full compared to history, but relatively cheap versus developed markets. The Fed taper and a further rise in yields and the US dollar will be a headwind but EM is more resilient to a Fed taper compared to history, with better external accounts, while EM currencies are generally cheap and real yields relatively attractive.

We are cautious in the near term but continue to watch for signs of Chinese stimulus or an easing in the regulatory or administrative burden. From a portfolio perspective, our style factor exposure, in terms of Growth versus Value, continues to be relatively neutral, but with an overweight to Quality. We remain cautious with regards to the outlook for China, but to a slightly lesser degree than last month given that we may be reaching an inflection point for policy support. Our cash levels are slightly above normal.

Schroder Investment Management (Guernsey) Limited
18 November 2021

Investment Adviser's Review

Investment policy and asset allocation

The allocation of the Fund's assets and the benchmark index at the end of September 2021 is shown below:

Region	Country	Schroder Institutional Developing Markets Fund %	MSCI EM Index %
Asia	China	28.2	34.0
	India	7.8	12.2
	Indonesia	0.9	1.4
	Korea	14.0	12.6
	Malaysia	0.3	1.3
	Philippines	–	0.6
	Taiwan	14.7	14.7
	Thailand	0.8	1.6
		66.7	78.4
Europe/Middle East/Africa (EMEA)	Czech Republic	0.4	0.1
	Egypt	0.3	0.1
	Greece	0.7	0.2
	Hungary	1.5	0.3
	Kuwait	–	0.6
	Poland	0.8	0.8
	Qatar	–	0.7
	Russia	7.1	3.9
	Saudi Arabia	–	3.3
	South Africa	4.8	3.2
	Turkey	0.5	0.3
	United Arab Emirates	0.6	0.8
		16.7	14.3
Latin America	Argentina	0.6	0.2
	Brazil	6.7	4.4
	Chile	0.4	0.4
	Colombia	–	0.2
	Mexico	2.0	1.9
	Peru	–	0.2
		9.7	7.3
		93.1	100.0
Funds	Luxembourg	1.1	–
Cash and other net current assets		5.8	–
Total		100.0	100.0

Investment Adviser's Review (continued)

Current strategy

As at the beginning of October, in emerging Asia, we are overweight Korea (Attractive valuations. Earnings near trough. Relative higher exposure to global growth) and Taiwan (Long term structural growth opportunity but short term growth concerns. IMF policy anchor). We are neutral Indonesia (Reasonable valuations. Slowing growth. Ongoing escalation in trade conflict. Potential for further stimulus). We are underweight China (Expensive valuations. Slowing growth. Negative EPS revisions), India (Expensive valuations. External financing risk. Room for monetary easing. Policy concerns), Malaysia (Expensive valuations. Long term fiscal concerns. Signs of government policy improving), Pakistan (Unattractive valuations. Fiscal and monetary easing), Philippines (Strong current account position. Reasonable valuations. Tech and trade concerns) and Thailand (Muted earnings growth. Current account position supportive. Credit cycle yet to turn).

In emerging Latin America, we are overweight Argentina (Valuations have lifted, need earnings delivery. Positive policy outlook. Economy expected to recover) and Brazil (Attractive stock opportunity). We are neutral Mexico (Political and economic uncertainty) and Chile (Full valuations. Government policy to support growth. Attractive stock opportunity). We are underweight Colombia (Economy recovering but current account widening. Earnings at trough). We are overweight Peru (Reasonable valuations. Policy concerns. Trade conflict concerns).

In emerging EMEA, we are overweight Czech Republic (Attractive stock opportunity. Improving macro environment. IMF deal support), Egypt (Macro recovery. Cheap bank valuations), Greece (Supportive macro. Reasonable valuations. Governance concerns), Hungary (Attractive stock opportunity), Russia (Cheap valuations. Ongoing sanctions risk), South Africa (Cheap valuations, but ongoing policy concerns and weak growth outlook. Room for monetary easing) and Turkey (Cheap valuations. Pegged currency drives internal devaluation / deflation). We are neutral Poland (Strong economy. Reasonable valuations / dividend support. CHF litigation risk to banking sector) and United Arab Emirates (Reasonable valuations. Limited stock opportunities). We are underweight Kuwait (Diplomatic crisis driving weak economic environment. Unattractive valuations but government support), Qatar (Expensive valuations. Slow growth. Heightened geopolitical risk) and Saudi Arabia (Long term reform opportunity. Fiscal and growth challenges).

Market review

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Schroder Investment Management Limited
18 November 2021

Comparative Tables

For the year ended 30 September	A Units			B Units		
	2021 per unit	2020 per unit	2019 per unit	2021 per unit	2020 per unit	2019 per unit
Change in net assets per unit	US\$	US\$	US\$	US\$	US\$	US\$
Opening net asset value per unit	38.66	34.66	35.25	38.62	34.65	35.28
Return before operating charges	7.84	4.77	0.19	8.19	4.89	0.18
Operating charges	(0.11)	(0.09)	(0.06)	(0.90)	(0.63)	(0.51)
Return/(loss) after operating charges*	7.73	4.68	0.13	7.29	4.26	(0.33)
Distributions	(0.49)	(0.68)	(0.72)	–	(0.29)	(0.30)
Closing net asset value per unit	45.90	38.66	34.66	45.91	38.62	34.65
Performance						
Return/(loss) after charges**	19.99%	13.50%	0.37%	18.88%	12.29%	(0.94%)
Other information						
Closing net asset value (US\$'000)	225,528	174,480	164,583	12,766	16,273	20,245
Closing number of units	4,914,789	4,511,894	4,746,855	278,165	421,273	584,018
Operating charges	0.23%	0.21%	0.17%	1.47%	1.45%	1.43%
Prices						
Highest unit price	52.35	39.75	36.07	52.71	39.72	36.27
Lowest unit price	38.05	26.31	30.68	38.49	26.45	31.04

Past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

* There are no direct transaction costs related to the purchase and sale of investments.

** Return/(loss) after charges is based on prices of units calculated to ten significant figures.

Report of the Depositary to the Unitholders of Schroder Institutional Developing Markets Fund

Northern Trust (Guernsey) Limited has been appointed as Depositary to Schroder Institutional Developing Markets Fund (the "Unit Trust") in accordance with the requirements of Article 36 and Articles 21(7), (8) and (9) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "AIFM Directive").

We have enquired into the conduct of Schroder Unit Trusts Limited (the "AIFM") for the year ended 30 September 2021, in our capacity as Depositary to the Unit Trust.

This report including the review provided below has been prepared for and solely for the Unitholders. We do not, in giving this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Our obligations as Depositary are stipulated in the relevant provisions of the AIFM Directive and the relevant sections of Commission Delegated Regulation (EU) No 231/2013 (collectively the "AIFMD legislation") and The Authorised Collective Investment Schemes (Class B) Rules 2013.

Amongst these obligations is the requirement to enquire into the conduct of the AIFM and the Unit Trust in each annual accounting period.

Our report shall state whether, in our view, the Unit Trust has been managed in that period in accordance with the constitutional documents, the scheme particulars, The Authorised Collective Investment Schemes (Class B) Rules 2013, and the AIFMD legislation. It is the overall responsibility of the AIFM and the Unit Trust to comply with these provisions. If the AIFM, the Unit Trust or their delegates have not so complied, we as the Depositary will state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Review

The Depositary conducts such reviews as it, in its reasonable discretion, considers necessary in order to comply with its obligations and to ensure that, in all material respects, the Unit Trust has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation, the scheme particulars and the appropriate regulations and (ii) otherwise in accordance with the constitutional documentation, the scheme particulars and the appropriate regulations. Such reviews vary based on the type of Fund, the assets in which a Fund invests and the processes used, or experts required, in order to value such assets.

Review

In our view, the Unit Trust has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Unit Trust by the constitutional documents; the Scheme Particulars; The Authorised Collective Investment Schemes (Class B) Rules 2013 and by the AIFMD legislation; and
- (ii) otherwise in accordance with the provisions of the principal documents; the Scheme Particulars; The Authorised Collective Investment Schemes (Class B) Rules 2013 and the AIFMD legislation.

**For and on behalf of
Northern Trust (Guernsey) Limited
18 November 2021**

Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Schroder Institutional Developing Markets Fund (the "Fund") as at 30 September 2021, and of its financial performance for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and have been properly prepared in accordance with the provisions of the Trust Deed.

For the purpose of clarification, all references to 'financial statements' will also be deemed to be 'accounts' and vice-versa.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at 30 September 2021;
- the statement of total return for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended; and
- the notes to the accounts, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund (continued)

Audit scope

- We conducted our audit in the Channel Islands.
- The Fund is managed by Schroder Investment Management (Guernsey) Limited (the "Manager").
- The Fund's units are listed on The International Stock Exchange and the Fund is established in Guernsey.
- We have audited the financial statements of the Fund using its accounting records, prepared by Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") to whom the Manager has delegated the provision of certain administrative functions.
- We have tailored the scope of our audit taking into account the types of investments held by the Fund, the involvement of parties referred to above, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

- Valuation of investment assets.

Materiality

- Overall materiality: US\$2.38 million (2020: US\$1.90 million) based on 1% of Net assets attributable to unitholders.
- Performance materiality: US\$1.78 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of investment assets</p> <p><i>Refer to the Portfolio Statement, Note 1 Accounting policies and Note 12 Financial instruments and risk profile.</i></p> <p>The Fund's investment assets make up 94% of the Net assets attributable to unitholders (2020: 99%).</p> <p>The investment assets are held at fair value through profit or loss and are all Level 1 listed investments. The investments are held by an independent custodian and subject to financial risk management controls that mitigate the risk of material misstatement.</p> <p>Whilst the valuation of these investments is not considered complex, nor does it involve significant judgements and estimates to be made by the Manager, the fair value of investment assets is material to the Fund. A material misstatement due to fraud or error would be material to the financial statements as a whole.</p> <p>As a result, whilst we have not concluded it to be a significant audit risk, we consider the valuation of investment assets to be an area of focus in our audit and accordingly a key audit matter.</p>	<p>Our audit procedures over these investment assets were as follows:</p> <ul style="list-style-type: none"> • We understood and evaluated the valuation methodology applied by the Manager in accordance with the relevant accounting policy; • We obtained and reviewed the 'System and Organization Controls (SOC 1™) Report' ("Controls Report") for the Administrator to place reliance on the controls over the valuation process; • We obtained the Controls Report dated 8 November 2021, ensured it covered the whole accounting period and that there were no significant findings, exceptions or adverse changes to the control environment, control objectives, or the Complementary User Entity Controls that would impact our audit approach; • We re-priced 100% of the investment assets, as at the balance sheet date, using independently obtained pricing information and re-calculated the carrying value of each of the listed investments by multiplying the price per share by the holding, taking account of any relevant foreign exchange rates; • For non-USD investments, we agreed the foreign currency exchange rate used at the year end to independent third party sources; and • We agreed the holdings of each of the quoted investments to an independently obtained custodian confirmation from the third party custodian, JPMorgan Bank (Ireland) plc, as at 30 September 2021. <p>We have no matters that require communication to those charged with governance in respect of the procedures set out above.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall Fund materiality</i>	US\$2.38 million (2020: US\$1.90 million)
<i>How we determined it</i>	1% of Net assets attributable to unitholders
<i>Rationale for the materiality benchmark</i>	We believe that 'Net Assets attributable to unitholders' is the most appropriate benchmark because this is the key metric of interest to unitholders. It is also a generally accepted measure used for companies in this industry.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US\$1.78 million for the Fund financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Manager that we would report to them misstatements identified during our audit above US\$0.12 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The Manager is responsible for the other information. The other information comprises all the information included in the Annual Report and Accounts (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, the requirements of Guernsey law and for such internal control as the Manager determines 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 intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund (continued)

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Unitholders of Schroder Institutional Developing Markets Fund (continued)

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with paragraph 6.02 (1) of the Authorised Collective Investment Scheme (Class B) Rules 2013 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.

Ian Ross
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
22 November 2021

Notes:

- a. The maintenance and integrity of the website, on which the Annual Report and Accounts are presented, is the responsibility of the Schroder Investment Management (Guernsey) Limited; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Portfolio Statement

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
Asia			
China 28.20%			
(30.9.20 – 40.66%)			
AIA Group	398,800	4,605	1.93
Alibaba Group	163,180	2,981	1.25
Alibaba Group ADR	53,378	7,902	3.32
Baidu	9,670	1,486	0.62
Baidu Class A	24,112	459	0.19
Centre Testing Intl	267,500	1,049	0.44
China Mengniu Dairy	495,000	3,179	1.33
China Pacific Insurance Group	428,000	1,270	0.53
ENN Energy	77,500	1,278	0.54
Great Wall Motors Company	667,000	2,459	1.04
Hang Lung Properties	341,000	778	0.33
Huazhu Group	26,117	1,197	0.50
Innovent Biologics	89,000	863	0.37
JD.com	84,084	4,913	2.06
Li Ning	210,500	2,435	1.02
LONGi Green Energy Technology	92,200	1,177	0.49
Midea Group	318,598	3,431	1.44
PICC Property and Casualty Company	1,776,000	1,718	0.72
Ping An Insurance Group	175,000	1,196	0.50
Prudential	32,320	634	0.27
Shenzhou International Group	98,900	2,100	0.88
Tencent Holdings	222,300	13,176	5.53
Weichai Power Corporation	524,000	1,391	0.58
WuXi Biologics	160,500	2,606	1.09
Yum China	41,000	2,382	1.00
Zhejiang Supor Cookware	73,800	534	0.23
		67,199	28.20

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
India 7.83%			
(30.9.20 – 3.80%)			
Bharti Airtel Limited	196,513	1,727	0.72
Cipla	97,632	1,291	0.54
HDFC Bank	149,697	3,212	1.35
ICICI	458,329	4,567	1.92
Maruti Suzuki	14,052	1,386	0.58
Reliance Industries	55,464	1,876	0.79
Tata Consultancy Services	64,793	3,295	1.38
Tech Mahindra	70,659	1,315	0.55
		18,669	7.83
Indonesia 0.86%			
(30.9.20 – 0.00%)			
Bank BRI	3,054,118	822	0.34
Bank Mandiri	2,870,600	1,228	0.52
		2,050	0.86
Korea 13.95%			
(30.9.20 – 16.08%)			
Hana Financial Group	41,373	1,620	0.68
KB Financial Group	25,689	1,198	0.50
Kia Corporation	16,398	1,123	0.47
Korea Zinc	2,803	1,188	0.50
LG Chemical	4,234	2,775	1.16
LG Household & Health Care	1,094	1,234	0.52
LG Uplus	76,372	968	0.41
Naver	9,497	3,112	1.31
Samsung Electronics	207,538	12,989	5.45
Samsung Fire & Marine Insurance	7,009	1,388	0.58
Samsung SDI	4,866	2,951	1.24
S K Hynix	31,063	2,702	1.13
		33,248	13.95

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
Malaysia 0.34%			
(30.9.20 – 0.00%)			
CIMB Group Holdings	707,000	807	0.34
		807	0.34
Pakistan 0.02%			
(30.9.20 – 0.14%)			
Habib Bank	57,834	37	0.02
		37	0.02
Taiwan 14.74%			
(30.9.20 – 13.23%)			
Accton Technology Corporation	117,000	1,102	0.46
ASE Technology Holding	627,524	2,455	1.03
CTBC Financial Holding	1,496,000	1,230	0.52
Foxconn Technology Group	835,000	3,147	1.32
MediaTek	146,000	4,743	1.99
Sea	2,702	861	0.36
Taiwan Semiconductor Manufacturing	934,882	20,628	8.66
Uni-President Enterprises	389,000	954	0.40
		35,120	14.74
Thailand 0.80%			
(30.9.20 – 0.00%)			
Kasikornbank	485,700	1,909	0.80
		1,909	0.80
Total Asia 66.74%			
(30.9.20 – 73.91%)			
		159,039	66.74

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
Europe/Middle East/Africa			
Czech Republic 0.44%			
(30.9.20 – 0.00%)			
Avast Software s.r.o.	137,761	1,055	0.44
		1,055	0.44
Egypt 0.26%			
(30.9.20 – 0.43%)			
Commercial International Bank Egypt GDR	229,613	611	0.26
		611	0.26
Greece 0.71%			
(30.9.20 – 0.28%)			
Alpha Services and Holdings	415,496	527	0.22
Eurobank Ergasias Services and Holdings S.A.	506,672	475	0.20
Hellenic Telecommunications	36,817	689	0.29
		1,691	0.71
Hungary 1.48%			
(30.9.20 – 1.10%)			
Gedeon Richter	35,549	972	0.41
OTP Bank	43,755	2,559	1.07
		3,531	1.48
Luxembourg 1.13%			
(30.9.20 – 1.00%)			
Schroder International Selection Fund – Global Emerging Markets Smaller Companies*	12,701	2,683	1.13
		2,683	1.13

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
Poland 0.77%			
(30.9.20 – 0.38%)			
KGHM Polska Miedź S.A.	14,478	575	0.24
PKO Bank Polski	119,542	1,271	0.53
		1,846	0.77
Russia 7.12%			
(30.9.20 – 7.03%)			
Lukoil ADR	25,064	2,373	1.00
Magnit PJSC	14,922	1,246	0.53
Novatek	14,535	3,839	1.61
PJSC Rosneft Oil Company	290,701	2,459	1.03
Polyus	8,707	715	0.30
Sberbank ADR	203,005	3,814	1.60
X5 Retail Group GDR	17,684	574	0.24
Yandex	24,356	1,940	0.81
		16,960	7.12
South Africa 4.84%			
(30.9.20 – 4.85%)			
Aspen Pharmacare	64,488	1,161	0.49
Avi	108,445	617	0.26
Bid Corporation	20,663	442	0.19
FirstRand	1,011,627	4,338	1.82
Foschini Group	78,931	716	0.30
Impala Platinum Holdings	120,729	1,378	0.58
IRPC	140,263	1,149	0.48
Nedbank Group	49,794	579	0.24
Shoprite Holdings	97,204	1,153	0.48
		11,533	4.84
Turkey 0.46%			
(30.9.20 – 0.63%)			
BIM Birlesik Magazalar	96,779	696	0.29
Koc Holding A.S	154,798	394	0.17
		1,090	0.46

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
United Arab Emirates 0.64%			
(30.9.20 – 0.50%)			
Emaar Properties	1,391,584	1,527	0.64
		1,527	0.64
Total Europe/Middle East/Africa 17.85%			
(30.9.20 – 16.50%)			
		42,527	17.85
Latin America			
Argentina 0.57%			
(30.9.20 – 0.40%)			
Mercadolibre	810	1,359	0.57
		1,359	0.57
Brazil 6.67%			
(30.9.20 – 6.79%)			
B3 SA – Brasil Bolsa Balcao	572,130	1,338	0.56
Dexco Corporation	145,953	455	0.19
Gerdau	200,809	998	0.42
Hapvida Participacoes e Investimentos	253,426	631	0.26
Itau Unibanco Holding ADR	819,727	4,320	1.81
Klabin	117,083	520	0.22
Lojas Renner	221,992	1,401	0.59
Magazine Luiza	390,621	1,028	0.43
PagSeguro Digital	21,892	1,132	0.48
Raia Drogasil	278,625	1,194	0.50
Vale ADR	88,928	1,240	0.52
WEG	153,942	1,118	0.47
YDUQS	118,682	517	0.22
		15,892	6.67
Chile 0.35%			
(30.9.20 – 0.49%)			
Banco Santander Chile ADR	42,550	841	0.35
		841	0.35

Portfolio Statement (continued)

	Holding at 30.9.21	Market Value US\$000's	% of total net assets
Colombia 0.00%			
(30.9.20 – 0.13%)			
		–	–
Mexico 2.01%			
(30.9.20 – 0.57%)			
Cemex	368,936	268	0.12
Cemex ADR	64,479	462	0.19
Fomento Economico Mexicano	15,722	1,363	0.57
Grupo Financiero Banorte	354,595	2,283	0.96
Ternium S.A.	9,644	408	0.17
		4,784	2.01
Peru 0.00%			
(30.9.20 – 0.42%)			
		–	–
Total Latin America 9.60%			
(30.9.20 – 8.50%)			
		22,876	9.60
Portfolio of investments		224,442	94.19
Net other assets		13,852	5.81
Net assets attributable to unitholders		238,294	100.00

Unless otherwise stated, the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

* Related Party.

Significant Portfolio Movements*

Purchases

Total cost of purchases for the year	US\$81,028,592
For the year ended 30 September 2021	Cost US\$000's
Alibaba Group ADR	2,547
Baidu	2,545
Great Wall Motors Company	2,488
JD.com	2,470
Kasikornbank	2,071
Grupo Financiero Banorte	1,959
PJSC Rosneft Oil Company	1,921
NCSOFT Corporation	1,766
MediaTek	1,668
Garanti BBVA	1,641
PICC Property and Casualty Company	1,615
Magazine Luiza	1,552
LG Household & Health Care	1,551
IRPC	1,508
KB Financial Group	1,458
Itau Unibanco Holding ADR	1,456
Taiwan Semiconductor Manufacturing Company	1,453
ICICI	1,432
Huazhu Group	1,428
Maruti Suzuki	1,367

* Significant portfolio movements disclose the twenty largest purchases during the year.

Significant Portfolio Movements* (continued)

Sales

Total proceeds of sales for the year	US\$80,556,070
For the year ended 30 September 2021	Proceeds US\$000's
Samsung Electronics	5,123
Naspers	3,796
Delta Electronics	3,652
Hyundai Mobis Co	3,143
Tencent Music Entertainment Group	2,326
CNOOC	2,263
China Resources Beer	2,202
Alibaba Group Holdings	2,188
Ping An Insurance Group	1,998
LG Electronics	1,867
China Mobile	1,702
Huayu Automotive Systems	1,684
Oppein Home Group	1,576
Sberbank ADR	1,565
Gazprom	1,480
Shenzhou International Group Holdings	1,468
Equatorial Energia	1,431
New Oriental Education & Technology Group	1,276
KGHM Polska Miedź S.A.	1,269
NCSOFT Corporation	1,188

* Significant portfolio movements disclose the twenty largest sales during the year.

Statement of Total Return

For the year ended 30 September 2021

	Notes	30.9.21 US\$000's	30.9.20 US\$000's
Income			
Net capital gains	2	35,065	19,926
Revenue	1&3	5,011	3,744
Expenses	4	(748)	(663)
Finance costs: Interest payable	6	(3)	(1)
Net revenue for the year before taxation		4,260	3,080
Taxation	5	(1,205)	(529)
Net revenue after taxation	1&6	3,055	2,551
Total return before distributions		38,120	22,477
Finance costs: Distribution and equalisation	6	(1,815)	(3,659)
Change in net assets attributable to unitholders from investment activities		36,305	18,818

The results above are from continuing operations. There were no gains or losses other than those dealt with in the Statement of Total Return.

Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 30 September 2021

	30.9.21 US\$000's	30.9.20 US\$000's
Opening net assets attributable to unitholders	190,753	184,828
Amounts receivable on issue of:		
A Units	18,013	-
B Units	-	157
	18,013	157
Less: Amounts payable on cancellation of:		
A Units	-	(7,907)
B Units	(6,777)	(5,143)
	(6,777)	(13,050)
	11,236	(12,893)
Change in net assets attributable to unitholders from investment activities	36,305	18,818
Closing net assets attributable to unitholders from investment activities	238,294	190,753

Balance Sheet

As at 30 September 2021

	Notes	30.9.21 US\$000's	30.9.20 US\$000's
Assets			
Investment assets	1	224,442	188,677
Debtors	7	15,739	1,236
Cash and bank balances		4,241	1,862
Total other assets		19,980	3,098
Total assets		244,422	191,775
Liabilities			
Creditors	8	(6,128)	(1,022)
Total other liabilities		(6,128)	(1,022)
Total liabilities		(6,128)	(1,022)
Net assets attributable to unitholders			
	13	238,294	190,753

The Financial Statements on pages 25 to 37 were approved at a Board Meeting of Schroder Investment Management (Guernsey) Limited on 18 November 2021 and signed on its behalf by:

Giles Neville

Jamie Sebire

Directors of the Manager

Notes to the Accounts

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis under the historical cost basis, as modified by the revaluation of investments and in accordance with the SORP for UK Authorised Funds issued by the Investment Association ("IA"), previously the Investment Management Association ("IMA") 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 United Kingdom and Republic of Ireland" ("FRS 102"), the provisions of the Trust Deed dated 17 January 2001, The Authorised Collective Investment Schemes (Class B) Rules, 2013 and the Principal Documents.

Going Concern

The Manager believes that, having considered the Fund's investment objective (see Fund Information on page 3), financial instruments and risk profile (see note 12 on the Financial Statements) and in view of the Fund's holdings in cash and cash equivalents, the liquidity of investments and the income deriving from those investments, the Fund has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the financial statements.

Revenue

Dividend income from equity investments is recognised when the right to receive the dividend is irrevocable and is included gross of any withholding tax. Other income is accounted for on an accruals basis.

Realised and unrealised gains or losses on investments

Realised and unrealised gains or losses on disposals of investments are treated as movements on capital and classified as net capital gains or losses in the Statement of Total Return.

Taxation

The amounts disclosed as taxation in the Statement of Total Return of the Schroder Institutional Developing Markets Fund (the "Fund") relate to withholding tax suffered at source on income and capital gains tax on the sale of Indian and Brazilian investments. The Fund is exempt from Guernsey income taxation under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

Foreign exchange

Functional currency is the currency of the primary economic environment in which the entity operates. This is the currency in which an entity primarily generates and uses cash. The functional and presentational currency of the Fund is US dollars.

Monetary assets and liabilities in all other currencies different from the functional currency, are translated based on the exchange rates in effect at the date of the Accounts. Income and expenses in all other currencies different from the functional currency are translated based on the exchange rates in effect at the date of the transaction. Foreign currency translation gains and losses are credited or charged to the Statement of Total Return.

Distributions and equalisation

Distributions may only be made from accumulated income and expenditure of a revenue nature, which consists of net revenue for the year less withholding tax and excluding the effects of taxation on capital gains.

The Directors of the Manager determined that equalisation should be applied within the Fund. Equalisation is a calculation intended to ensure that an investor buying or selling units part way through a distribution period pays or receives a price for the units that reflects revenue accrued in the Fund up to that date and prevents dilution of Fund values. Equalisation is treated as a finance cost of the Fund. Each unit holder will receive a statement with each distribution containing details of the appropriate amount representing the income purchased by each holder.

Investment assets

The Fund's quoted investments are designated as "fair value through profit or loss". Purchases and sales of investments are recognised on the trade date (the date on which the fund commits to purchase or sell the investment). They are initially recorded at fair

Notes to the Accounts (continued)

value being the consideration payable excluding any transaction costs. Gains and losses on subsequent revaluation are taken directly to the Statement of Total Return.

Quoted investments and warrants are valued for accounting purposes at bid prices ruling at 24:00 hours on the balance sheet date. The difference between cost and valuation is shown as unrealised gain or loss on investments and recognised in the Statement of Total Return.

Quoted investments are valued for valuation purposes at mid-market prices. A reconciliation between reported net asset value and net asset value for accounting purposes is presented in Note 13.

Cash and bank balances

Cash and bank balances comprise cash at bank and short-term deposits. These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

Other financial instruments

For other financial instruments, including all debtors, creditors and payables, the carrying amounts as shown in the Balance Sheet approximate fair value due to the short-term nature of these financial instruments.

Cash Flow Statement

The Fund has not prepared a cash flow statement as it is an open-ended investment fund that meets the requirements for exemption under FRS 102 paragraph 7.1A.

2 Net capital gains

The net capital gains during the year comprise:

	2021 US\$000's	2020 US\$000's
Non-derivative securities		
Realised gains on investments sold during the year	29,539	16,904
Realised losses on investments sold during the year	(8,680)	(16,333)
Unrealised gains for the year	40,431	39,268
Unrealised losses for the year	(25,981)	(19,672)
Transaction costs	(222)	(207)
Currency losses	(22)	(34)
Net capital gains	35,065	19,926

3 Revenue

	2021 US\$000's	2020 US\$000's
Dividend income	5,011	3,725
Bank interest	–	19
Total revenue	5,011	3,744

Notes to the Accounts (continued)

4 Expenses

	2021 US\$000's	2020 US\$000's
Payable to the Manager, associates of the Manager and/or agents of either of them:		
Annual management charge	219	230
	219	230
Payable to the Depositary and Trustee, associates of the Trustee and/or agents of either of them:		
Depositary and Trustee fee	34	32
	34	32
Other expenses:		
Administration fee	266	240
Custodian fee	101	108
General expenses	39	16
Audit fee	31	28
Tax advisory fee	58	9
	495	401
Total expenses	748	663

a) Annual management charge:

The Manager is entitled to a management charge, payable out of the assets of the Fund, at the rate of up to 2% per annum of the value of the Fund on a mid market basis. The fee is accrued daily and paid monthly in arrears. In respect of "A" units, no annual management charge is currently imposed by the Manager. In respect of "B" units, the amount currently charged is at the rate of 1.25% per annum. The fee is accrued daily and paid monthly in arrears.

Other than the imposition of the annual management charge on "B" units, there is no difference in the structure of "A" and "B" units. Both types of units are available to eligible investors.

b) Depositary and Trustee fee:

The Trustee and Depositary is entitled to a fee, subject to a minimum fee of US\$2,500 per month, payable out of the assets of the Fund, at a rate of up to 0.03% per annum of the first US\$50 million, 0.015% per annum of the next US\$100 million and 0.005% per annum thereafter of the value of the Fund or such higher amount as may be agreed between the Manager and the Trustee from time to time.

c) Administration fee:

The Administrator is entitled to a fee, payable out of the assets of Schroder Institutional Developing Markets (the "Fund"), at a rate of 0.215% per annum of the first US\$50 million, 0.115% per annum of the next US\$100 million, 0.053% per annum of the next US\$100 million, 0.03% per annum of the next US\$400 million and 0.025% per annum thereafter of the value of the Fund on a mid market basis or such higher amount as may be agreed between the Manager and the Administrator from time to time and subject to the Manager giving three months' written notice to Unitholders. Effective 28 January 2016, the Administrator's fee is subject to a minimum of US\$6,000 per month, with other rates remaining unchanged.

d) Custodian fee:

The Custodian is entitled to transaction and safekeeping fees, payable out of the assets of the Fund, at various transaction rates based on a security's country of origin, as per the Custody Fee Agreement with JPMorgan Bank (Ireland) plc, dated 1 November 2006. The Custodian's fee is paid monthly in arrears.

Notes to the Accounts (continued)

5 Taxation

e) Sponsor fee:

Effective from 13 July 2016, Northern Trust International Fund Administration Services (Guernsey) Limited (the "Sponsor") has been appointed to act as Sponsor of the Fund in connection with the Listing. The Sponsor is entitled to a fee, payable out the assets of the Fund, in consideration of the listing services performed. The Sponsor's fee is paid monthly in arrears.

Analysis of the tax charge for the year:

	2021 US\$000's	2020 US\$000's
Withholding tax on dividend income	775	539
Capital gains tax provision/(reversal)	430	(10)
Total Taxation	1,205	529

6 Finance costs: distribution and equalisation

Distributions and interest payable

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	2021 US\$000's	2020 US\$000's
Final dividend distribution – relating to prior year	2,204	3,406
Add: Revenue deducted on cancellation of units	85	255
Deduct: Revenue received on creation of units	(474)	(2)
Finance costs: Distributions and equalisation	1,815	3,659
Finance costs: Interest payable and similar charges	3	1
Total finance costs	1,818	3,660
Net revenue after taxation	3,055	2,551
Movement in undistributed revenue	(1,237)	1,109
Finance costs: distribution, equalisation, interest payable and similar charges	1,818	3,660

After the year end, the Directors of the Manager of the Fund declared a distribution of US\$0.7650 (2020: US\$0.4884) per A unit and US\$0.0000 (2020: US\$0.0000) per B unit amounting to US\$3,759,814 (2020: US\$2,203,609) payable to Unitholders on record on 30 September 2021, which will be paid on 18 November 2021. Distributions for 2020 were paid on 18 November 2020.

7 Debtors

	2021 US\$000's	2020 US\$000's
Sales of investments awaiting settlement	230	834
Capital shares sold receivable	14,983	–
Accrued dividend income	523	399
Other debtors	3	3
Total debtors	15,739	1,236

Notes to the Accounts (continued)

8 Creditors

	2021 US\$000's	2020 US\$000's
Purchases of investments awaiting settlement	5,076	441
Spot contracts payable	200	-
Accrued expenses		
Manager and Agents		
Annual management charge	14	18
Custodian fee	5	9
	19	27
Depositary and Trustee and Agents		
Depositary and Trustee fee	3	3
	3	3
Other accrued expenses	830	551
Total creditors	6,128	1,022

9 Contingent liabilities

There were no contingent liabilities as at 30 September 2021 (30 September 2020: Nil).

10 Related party transactions

The Manager, Depositary and Trustee and AIFM actively co-operate to exercise control over the Fund and are therefore related parties by virtue of their controlling influence.

Amounts paid during the year or due to the Manager or the Depositary and Trustee at the year end are disclosed under Expenses (Note 4) and Creditors (Note 8) in the Notes to the Accounts.

Transactions relating to the creation and redemption of units which pass through, but are not for the benefit of, either related party are disclosed in the Statement of Changes in Net Assets Attributable to Unitholders.

11 Unit classes

The Fund currently has two unit classes: A and B. The annual management charge is based on the average value of the Fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser, the Alternative Investment Fund Manager and their overhead expenses and for each unit class is as follows:

A units 0.00%
B units 1.25%

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the net asset value and Comparative Tables on page 8. The distribution per unit class is given in the Financial Highlights on page 3. Both classes have the same rights on winding up.

In addition, the Manager is entitled to receive a preliminary charge on the sale of units to unitholders. At present, the preliminary charge is 5% of the creation price or such lesser amount as the Manager may determine. The preliminary charge is included in the issue price of units. And is not expensed separately.

Notes to the Accounts (continued)

12 Financial instruments and risk profile

In accordance with the investment objectives and policies, the Fund holds financial instruments which at any one time may comprise the following:

- securities held in accordance with the investment objectives and policies;
- cash and short-term debtors and creditors arising directly from operations;
- borrowings used to finance investment activity; and
- derivative transactions including investments in warrants and forward currency contracts.

The Fund's investment portfolio is exposed to market risk which is monitored by the Manager in pursuance of the investment objective and policy. The financial instruments held by the Fund principally comprise equities listed on stock markets in emerging countries and are thus subject to risk factors greater than those typically encountered in investing in securities of companies listed on the major securities markets.

The Fund may invest in Low Exercise Call Warrants. These instruments are issued by a broker and are an easy way to access local markets where entry is difficult and time consuming. There were no such financial instruments held at the year end (2020: Nil).

The main risks arising from the Fund's financial instruments are market price, foreign currency, liquidity, interest rate and credit risks.

The specific risks arising from the Fund's exposure to these instruments, and the Manager's policies for managing these risks, which have been applied throughout the period, are summarised below.

Market price risk

The Fund's investment portfolio - particularly its equity investments - is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objectives and policies.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed and the Principal Documents mitigates the risk of excessive exposure to any particular type of security or issuer.

Exceptional risks associated with investment in emerging markets may include:

- a) controls on foreign investment, including those related to the level of foreign ownership, which may include the risk of expropriation, nationalisation and confiscation of assets, together with possible limitations on repatriation of invested capital;
- b) greater price volatility, substantially less liquidity and significantly smaller market capitalisation of securities markets;
- c) more substantial government intervention in the economy, including restrictions on investing in companies or in industries deemed sensitive to relevant national interests;
- d) a lower level of government supervision and enforcement activity in the regulation of securities markets and the participants in those markets; and
- e) political uncertainty or diplomatic developments, social and religious instability and other considerations.

The exceptional risks associated with investment in emerging markets may increase the price risk of the Fund's investment portfolio.

Price sensitivity analysis

The following details the Fund's sensitivity to movement in market prices.

At 30 September 2021, if the market prices had been 5% higher with all other variables held constant, the increase in the net assets attributable to unitholders would have been US\$11,222,091 (2020: US\$9,433,838). An equal change in the opposite direction would have decreased the net assets attributable to unitholders by the same amount.

Actual trading results may differ from the above sensitivity analysis and those differences may be material.

Notes to the Accounts (continued)

Foreign currency risk

The Fund's investment portfolio is invested in securities denominated in currencies other than the US dollar which is the functional and reporting currency of the Fund and the Balance Sheet may be significantly affected by movements in the exchange rates of such currencies against the US dollar. The Manager has the power to manage exposure to currency movements by using forward foreign currency contracts. The Fund has not hedged the US dollar value of investments that are priced in other currencies.

The Manager's treatment of currency transactions other than in US dollars is set out in Note 1 to the Accounts under "Foreign Exchange".

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued income.

Exceptional risks associated with investment in emerging markets may include:

- the Fund's inability to exchange local currencies for US dollars as a result of insufficient currency reserves being available; and
- currency devaluations of the US dollar/the underlying currency.

Currency risk profile

The currency risk profile of the Fund's net assets and liabilities at the balance sheet date was as follows:

Currency	Monetary* exposure US\$000's	Non- monetary exposure US\$000's	Total US\$000's
Brazilian Real			
2021	(56)	9,200	9,144
2020	(462)	8,491	8,029
Chinese Yuan			
2021	70	7,581	7,651
2020	397	8,657	9,054
Egyptian Pound			
2021	-	-	-
2020	-	268	268
Emirati Dirham			
2021	-	1,527	1,527
2020	-	955	955
Euro			
2021	-	1,691	1,691
2020	-	531	531
Hong Kong Dollar			
2021	(41)	42,278	42,237
2020	109	41,645	41,754
Hungarian Forint			
2021	-	3,531	3,531
2020	6	2,100	2,106
Indian Rupee			
2021	11	18,201	18,212
2020	(49)	7,249	7,200

Notes to the Accounts (continued)

Currency	Monetary* exposure US\$000's	Non- monetary exposure US\$000's	Total US\$000's
Indonesian Rupiah			
2021	(526)	2,050	1,524
2020	-	-	-
Japanese Yen			
2021	-	-	-
2020	-	640	640
Malaysian Ringgit			
2021	17	807	824
2020	-	-	-
Mexican Peso			
2021	-	2,551	2,551
2020	-	-	-
Pakistan Rupee			
2021	6	37	43
2020	-	258	258
Polish Zloty			
2021	(119)	1,846	1,727
2020	-	729	729
Pound Sterling			
2021	(418)	1,689	1,271
2020	(5)	-	(5)
South African Rand			
2021	(106)	11,534	11,428
2020	-	8,565	8,565
South Korean Won			
2021	226	33,248	33,474
2020	66	30,029	30,095
Taiwan Dollar			
2021	102	32,825	32,927
2020	64	25,242	25,306
Thai Baht			
2021	-	1,909	1,909
2020	-	-	-
Turkish Lira			
2021	-	1,090	1,090
2020	-	1,195	1,195
US Dollar			
2021	14,686	50,847	65,533
2020	1,950	52,123	54,073

* Monetary exposure includes all bank balances and trade debtors and creditors.

The above reflects the actual exposure of the underlying investments which would not necessarily match the currency of the primary investment's domicile.

Notes to the Accounts (continued)

At 30 September 2021, had all the above currencies strengthened by 5% against the US dollar, with all other variables held constant, the net assets attributable to unitholders and the change in net assets to unitholders from investment activities would have decreased by US\$8,638,000 (2020: US\$6,834,000). A 5% weakening of those currencies against the US dollar would have resulted in an equal but opposite effect.

Liquidity risk

As at 30 September 2021, the Fund has no significant financial liabilities other than short term creditors arising directly from investing activities.

The Manager takes into account the liquidity of potential investments before making a decision to invest. Using average daily traded volume for the last six months, the investments of the Fund, if sold in isolation, could be liquidated within 1 day, taking an average for all the Fund's investments, with some smaller stocks taking 2 or more days to sell.

If the Fund were selling in conjunction with other funds managed by Schroders' emerging market equity team, then the average would be approximately 6 days, but some smaller stocks could take a week or more to sell. If the Fund were selling in conjunction with all other funds managed by Schroders, then the average would be approximately 8 days, but again some smaller stocks could take much longer.

Interest rate risk

The Fund may invest in fixed and floating rate securities. The revenue of the Fund may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future.

Interest receivable on bank balances or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Exceptional risks associated with investment in emerging markets may include higher rates of inflation.

As at 30 September 2021, substantially all of the Fund's assets are non interest bearing equity investments and its direct exposure to interest rate changes is minimal.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will be unable or unwilling to meet a commitment that it has entered into with the Fund.

The Fund is exposed to credit risk in respect of investment assets, sale of investments awaiting settlement, cash and bank balances.

The carrying amount of financial assets best represents the maximum credit risk exposure of the Fund at the balance sheet date. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as the delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund is exposed to counterparty risk on parties with whom it trades and will bear the risk of settlement default. The Fund minimises the concentration of credit risk by undertaking transactions with reputable counterparties on recognised and reputable exchanges.

Substantially, all of the Fund's assets are held with JPMorgan Bank (Ireland) plc, a wholly owned subsidiary of JPMorgan Chase and Company, which has a credit rating of P-1 with Moody's. The Fund is subject to credit risk to the extent that this institution may be unable to return the cash and investment assets.

Fair value of investments

The Fund's fair value hierarchy has the following levels:

Level 1 – Valued using quoted prices in active markets for identical assets.

Level 2 – Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Notes to the Accounts (continued)

Level 3 – Valued by reference to valuation techniques that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement.

The following table analyses within the fair value hierarchy the fund's financial assets (by class) measured at fair value.

As at 30 September 2021:

	Total US\$000's	Level 1 US\$000's	Level 2 US\$000's	Level 3 US\$000's
Investment assets	224,442	224,442	–	–

As at 30 September 2020:

	Total US\$000's	Level 1 US\$000's	Level 2 US\$000's	Level 3 US\$000's
Investment assets	188,677	188,677	–	–

There were no transfers between levels during the year (2020: Nil).

13 Reconciliation of Reported Net Asset Value to Net Asset Value per Accounts

	2021 US\$000's	2020 US\$000's
Reported Net Asset Value*	238,436	190,790
Adjustment to restate mid-market prices to bid prices	(142)	(92)
Prior year over accrual of expenses adjustment	–	55
Net Assets attributable to unitholders per Financial Statements	238,294	190,753

* This represents the year end Net Asset Value for valuation purposes before deducting distributions.

The adjustment to restate mid-market prices to bid prices is an accounting adjustment only and does not apply for valuation purposes.

There were 4,914,789 (30 September 2020: 4,511,894) A units and 278,165 (30 September 2020: 421,273) B units in issue at 30 September 2021.

Notes to the Accounts (continued)

14 Portfolio transaction costs

	2021 US\$000's	2020 US\$000's
Analysis of total purchase costs:		
Purchases in year before transaction costs	81,029	68,494
Commissions	51	56
Other costs	40	26
Total purchase costs	91	82
Gross purchase total	81,120	68,576
Analysis of total sales costs:		
Gross sales in year before transaction costs	80,556	79,784
Commissions	(49)	(50)
Other costs	(82)	(75)
Total sales costs	(131)	(125)
Total sales net of transaction costs	80,425	79,659

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.14% (2020: 0.15%, based on close of business prices).

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

15 Units in issue reconciliation

	Number of units in issue as at 30.09.2020	Number of units issued	Number of units redeemed	Number of units in issue as at 30.09.2021
A Units	4,511,894	402,895	–	4,914,789
B Units	421,273	–	(143,108)	278,165

16 Subsequent events

There were no material events subsequent to year end.

Distribution Table

Final distribution for the year ended 30 September 2021

Group 1 Units purchased prior to 1 October 2020

Group 2 Units purchased on or after 1 October 2020

	Net revenue 2021 per unit US\$	Equalisation 2021 US\$	Distribution 30.09.2021 US\$	Distribution 30.09.2020 US\$
A Units				
Group 1	0.7650	–	0.7650	0.4884
Group 2	–	0.7650	0.7650	0.4884
B Units				
Group 1	0.0000	–	0.0000	0.0000
Group 2	–	0.0000	0.0000	0.0000

Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

General Information

Manager

Schroder Investment Management
(Guernsey) Limited,
Regency Court,
Glategny Esplanade,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3UF.

Administrator and Registrar

Northern Trust International Fund
Administration Services (Guernsey) Limited,
PO Box 255, Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3QL.

Depository and Trustee

Northern Trust (Guernsey) Limited,
PO Box 71, Trafalgar Court,
Les Banques,
St. Peter Port,
Guernsey,
Channel Islands, GY1 3DA.

Alternative Investment Fund Manager

Schroder Unit Trusts Limited,
1 London Wall Place,
London, EC2Y 5AU,
United Kingdom.

Investment Adviser

Schroder Investment Management Limited,
1 London Wall Place,
London, EC2Y 5AU,
United Kingdom.

Independent Auditor

PricewaterhouseCoopers CI LLP,
Royal Bank Place,
1 Glategny Esplanade,
St. Peter Port,
Channel Islands, GY1 4ND.

Custodian and Banker

JPMorgan Bank (Ireland) plc,
JPMorgan House,
International Financial Services Centre,
Dublin 1,
Ireland.

General Information (continued)

Schroder Institutional Developing Markets Fund is an open-ended Unit Trust constituted under the laws of Guernsey by deed on 17 January 2001.

The Fund has been authorised by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law 1987 as a Class B Scheme as defined in the Authorised Collective Investment Schemes (Class B) Rules, 2013.

The accounting date of the Fund is 30 September in each year. The units of the Fund are listed on The International Stock Exchange ('TISE') and were delisted from the Irish Stock exchange on 15 July 2016. Effective from 15 July 2016, the Fund changed from Secondary listing to Primary listing on the TISE. Prices of the units in the Fund are published in the Financial Times in the "FT Managed Funds Service" section under the heading, "Schroder Inv Mgmt (Guernsey) Ltd (Regulated)".

It is the intention of the Manager to conduct the affairs of the Fund so as to ensure that it will not become resident in the United Kingdom. Accordingly, and provided that the Fund does not carry on a trade in the United Kingdom through a branch or agency situated therein, the Fund will not be subject to United Kingdom Corporation Tax or Income Tax.

Under The Offshore Funds (Tax) Regulations, the Fund has received approval from the HMRC as a reporting fund with effect from 1 October 2010. For the accounting year ended 30 September 2011 and future years, details of the reportable income that a UK investor should declare as taxable income have been published in the Schroders website (www.schroders.com/en/uk/pensions/fund-centre/funds-overview/guernsey-fund-income-tables) within six months of the end of each accounting year.

Alternative Investment Fund Managers Directive (AIFMD)

The AIFMD, as implemented in the UK by the Alternative Investment Fund Managers (AIFMs) Regulations 2013, establishes an EU wide harmonised framework for monitoring and supervising risks posed by AIFMs and the alternative investment funds (AIFs) they manage.

The Fund is an AIF and Schroder Unit Trusts Limited ("SUTL") was authorised by the Financial Conduct Authority to act as an AIFM on 2 July 2014.

The AIFMD 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/

AIFMD remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2020

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 75 to 102 of the 2020 Annual Report & Accounts (available on the Group's website – <https://www.schroders.com/en/investor-relations/results-and-reports/annual-report-and-accounts-2020/>), 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 2020 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

General Information (continued)

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.

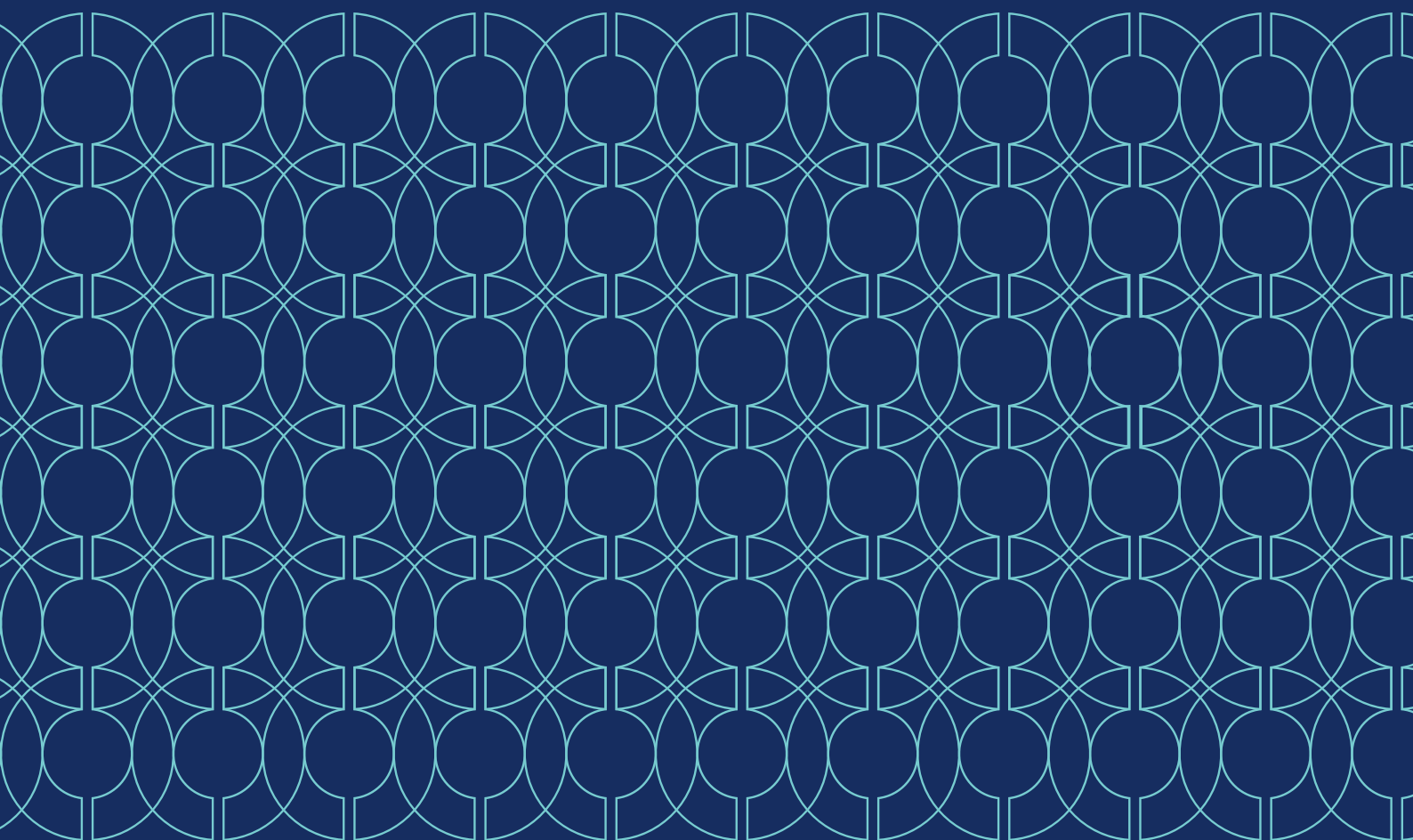
The total spend on remuneration is determined based on a profit share ratio, measuring variable remuneration charge against pre-bonus profit, and from a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders 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 2020.

- 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. In the interests of transparency, the aggregate remuneration figures that follow reflect the full remuneration for each SUTL AIF MRT. The aggregate total remuneration paid to the 139 AIF MRTs of SUTL in respect of the financial year ended 31 December 2020 is £83.45 million, of which £41.76 million was paid to senior management, £37.07 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the AIF funds that it manages and £4.62 million was paid to Control Function MRTs.

For additional qualitative information on remuneration policies and practices see www.schroders.com/rem-disclosures.

¹The fee is not disclosed due to confidentiality and data protection considerations. The amount is not material to SUTL.



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For more information or literature on this fund, please contact Investor Services on +44 (0)1481 745026 or at SchroderLtd@ntrs.com, or visit our website at www.schroders.com.
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