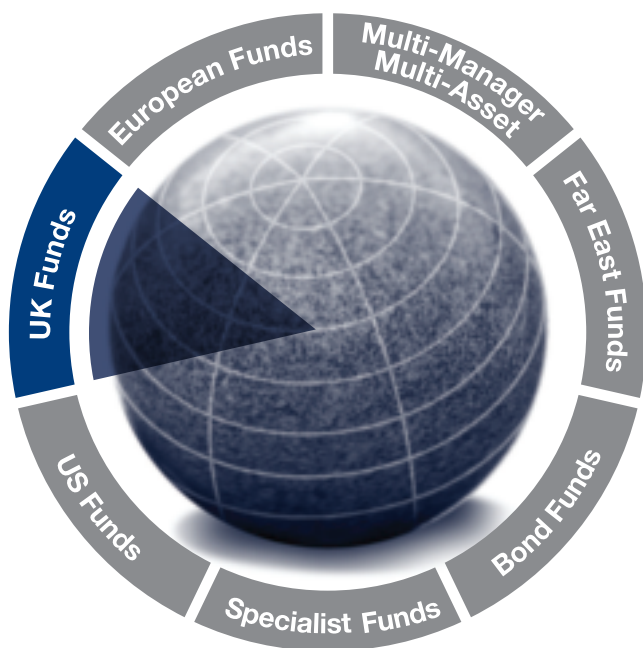


Schroder UK Equity Fund

Final Short Report

21 June 2012 to 20 June 2013



Schroders

Schroder UK Equity Fund

Review of Investment Activities

From 20 June 2012 to 20 June 2013, the price of A Accumulation units on a selling price to selling price basis rose 20.96%. In comparison, the FTSE All Share Index generated a total return of 15.86%¹.

1 Source: Thomson Reuters Datastream.

The combination of generally robust company earnings and central bank actions that showed they were prepared to help flagging global growth drove risk appetite higher over the period under review. Our overall bias towards economically sensitive companies was beneficial in this environment. Technology company CSR, house builder Taylor Wimpey and media business Daily Mail & General Trust were among the largest contributors to outperformance. Lloyds Banking Group performed well as investor sentiment towards the banking sector was lifted by positive developments in the eurozone.

We established a position in St James's Place, the financial services group. It has a unique business model, recent regulatory changes play to the company's strengths and it is highly cash generative. We also initiated a position in Tate & Lyle, the food manufacturer, which is under new management. We sold our holding in Virgin Media at a significant gain after it was bought by Liberty Global. We also sold our positions in Burberry Group and Rolls-Royce Holdings following strong gains.

After a year of sustained stockmarket gains, UK equities have fallen markedly in recent weeks. Although this is significant, we subscribe to the view that it is a welcome 'pause for breath', and it does not detract from our long term positive view on the UK equity market. The UK equity market is one of the most attractively valued globally, and with companies taking more shareholder friendly actions we believe the share prices of many stocks in the portfolio are still not reflecting their strong attributes and attractive growth prospects.

The fund's managers, Errol Francis and Ed Meier, left Schroders in June 2013. They have been replaced by Alex Breese, who joined Schroders in July 2013. Alex is a highly rated UK equity fund manager with an excellent performance track record. He joins Schroders from Neptune, where he was Head of UK Equities.



Co-Fund Managers:
Errol Francis
Ed Meier

Fund Information

	Interim	Final
Accounting dates	20 December	20 June
Revenue allocation dates	20 February	20 August
	For the year to 20.6.13	For the year to 20.6.12
Ongoing charges figure		
A Income units	1.66%	1.67%
A Accumulation units	1.66%	1.67%
I Accumulation units	0.77% ¹	–
Z Income units	0.91%	0.92% ¹
Z Accumulation units	0.91%	0.91% ¹

¹ The Ongoing charges figure is annualised based on the fees suffered during the accounting period.

Performance Record

Fund performance	Net Asset Value as at 20.6.13 pence per unit	Net Asset Value as at 20.6.12 pence per unit	Net Asset Value % change
A Income units	669.59	567.94	17.90
A Accumulation units	1,792.70	1,494.06	19.99
I Accumulation units	61.44	–	–
Z Income units	57.75	50.24	14.95
Z Accumulation units	60.81	50.31	20.87
	3 months	1 year	5 years
Schroder UK Equity Fund	(1.10)%	20.96%	37.34%
FTSE All Share Index	(2.90)%	15.86%	36.61%

Fund Source: A Accumulation units on a selling price to selling price basis to 20.6.13.

Index Source: Thomson Reuters Datastream, total return to 20.6.13.

Please remember that 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.

Performance Record (continued)

Unit price range	A Income units		A Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	627.10	329.20	1,522.00	809.30
2009	534.10	307.70	1,348.00	764.10
2010	636.80	470.60	1,630.00	1,201.00
2011	661.80	488.90	1,696.00	1,260.00
2012	653.90	534.40	1,721.00	1,389.00
2013 to 20 June	737.50	630.20	1,953.00	1,669.00

	I Accumulation units		Z Income units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	–	–	52.35	42.22
2012	62.61	49.62	56.23	46.69
2013 to 20 June	73.59	57.00	63.82	54.38

	Z Accumulation units	
	Highest buying p	Lowest selling p
Year to 31 December		
2008	–	–
2009	–	–
2010	–	–
2011	52.35	42.22
2012	56.36	46.75
2013 to 20 June	66.23	56.44

Performance Record (continued)

Net revenue Year to 31 December	A Income units pence per unit	A Accumulation units pence per unit	I Accumulation units pence per unit
2008	10.6089	25.8663	–
2009	7.9560	19.9350	–
2010	6.1605	15.6275	–
2011	8.8256	22.6281	–
2012	11.1705	29.1524	0.5705
2013 to 20 June	7.2303	19.3588	0.7902

Year to 31 December	Z Income units pence per unit	Z Accumulation units pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012	1.9485	1.9335
2013 to 20 June	0.8532	0.8886

Portfolio Information

Spread of investments	% of net assets as at 20.6.13	% of net assets as at 20.6.12
Oil & Gas	15.45	17.53
Basic Materials	5.89	8.06
Industrials	9.43	10.53
Consumer Goods	8.66	8.38
Health Care	10.09	10.31
Consumer Services	11.94	10.32
Telecommunications	5.13	8.16
Utilities	3.04	2.71
Financials	22.73	17.03
Technology	3.41	2.82
Unit Trusts	3.80	2.95
Net other assets	0.43	1.20

Portfolio Information (continued)

	% of net assets as at 20.6.13		% of net assets as at 20.6.12
Major holdings			
GlaxoSmithKline	5.41	GlaxoSmithKline	5.87
Royal Dutch Shell B	4.17	Vodafone Group	5.35
BP	3.96	Royal Dutch Shell B	4.76
BG Group	3.84	BG Group	4.59
Schroder Recovery Fund A Accumulation Units	3.80	BP	4.15
HSBC Holdings	3.79	AstraZeneca	3.25
Unilever	3.24	Schroder Recovery Fund A Accumulation Units	2.95
AstraZeneca	3.21	HSBC Holdings	2.91
Vodafone Group	3.18	Unilever	2.87
Legal & General Group	2.91	Anglo American	2.56

Investment Objective & Policy

The fund's investment objective is to achieve capital growth through investment in UK equities. However, attention will be paid to maintaining a steady growth in income distribution.

Investment will be in a balanced portfolio of good quality companies structured to produce a higher immediate income than is obtainable from funds concentrating entirely on capital growth.

Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.



Risk Profile

Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk free investment.

Specific risks

The fund invests solely in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

The fund invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

Report & Accounts

This document is a short report for the Schroder UK Equity Fund for the year ended 20 June 2013. The long form Report & Accounts for the fund are available on our website www.schroders.co.uk or upon written request to Schroders, FREEPOST, RLTZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

Other information

With effect from 31 December 2012 the initial management charge was removed for A Income units and A Accumulation units.

The information contained in this report is designed to enable unitholders to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the fund during this and previous periods, please contact the Manager.

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website **www.schroders.co.uk**.

Please remember that 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.

For investors' security, calls to Schroder Investor Services may be recorded. **Manager:** Schroder Unit Trusts Limited, 31 Gresham Street, London, EC2V 7QA. Authorised and regulated by the Financial Conduct Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Conduct Authority. **Independent Auditors:** PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

For further literature please contact Schroder Investor Services on 0800 718 777 or at investorservices@schroders.com, or visit our website at www.schroders.co.uk.

