

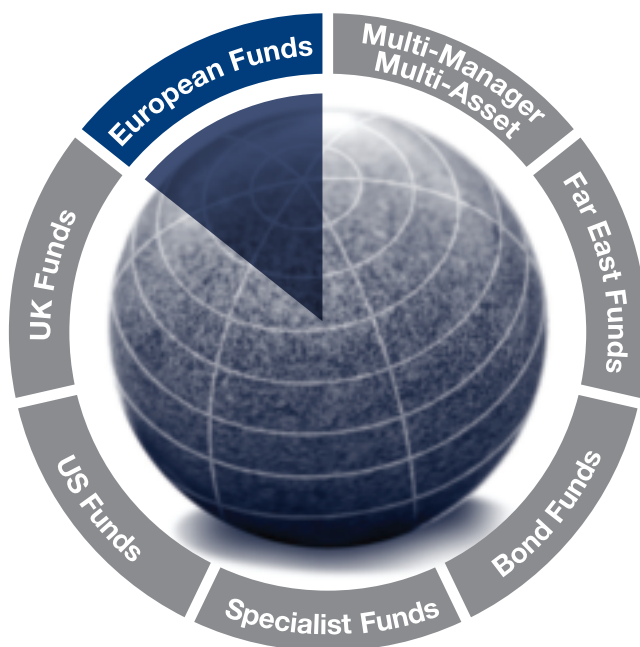
**Schroder**

# European Alpha Plus Fund

---

## Final Short Report

16 March 2013 to 15 March 2014



**Schroders**

# Schroder European Alpha Plus Fund

## Review of Investment Activities

**From 15 March 2013 to 14 March 2014 the price of A Accumulation units on a selling price to selling price basis rose 1.87%. In comparison, the FTSE World Europe ex UK Index generated a total return of 8.70%<sup>1</sup> in sterling terms.**

**From launch on 1 July 2013 to 14 March 2014, the price of GBP Hedged A Accumulation units on a selling price to selling price basis rose 7.04%. In comparison, A Accumulation units on a selling price to selling price rose 4.74% and the FTSE World Europe ex UK Index generated a total return of 11.50%<sup>1</sup> in sterling terms.**

**1 Source: Thomson Reuters Datastream.**

During the period, European equity markets made gains as the eurozone's economic recovery gained traction. The eurozone emerged from recession in the second quarter of 2013. The European Central Bank cut interest rates to 0.5% in May 2013 and again to 0.25% in November 2013 to support economic activity.

The fund lagged the index over the period. The consumer goods and financials sectors were the main detractors from relative returns. The fund's lack of exposure to auto stocks was detrimental as this cheaply valued area of the market rebounded. Among financials, relative returns were impacted by not owning Spanish and Italian banks, which gained as the outlook for peripheral Europe improved. However, the position in French bank BNP Paribas was one of the leading positive contributors. The fund's zero exposure to the underperforming oil & gas sector proved advantageous. At stock level, the main detractor was Swiss crop protection and seeds producer Syngenta which faced a weaker agricultural cycle and some one off issues. We sold our position in January due to concerns over cash flow generation and the group's seed strategy. The leading contributor was Spanish technology firm Amadeus IT Holding which continues to execute well and is expanding into hotel and rail booking services.

We continue to avoid the capital intensive utilities sector and the oil & gas sector. The financials sector is our largest underweight position. We maintain overweight allocations to the basic materials, industrials and health care sectors. We continue to concentrate the portfolio on our highest conviction stocks, backing our best ideas with bigger stakes.



**Fund Manager:**  
**Leon Howard-Spink**

# Fund Information

	Interim	Final
Accounting dates	15 September	15 March
Revenue allocation date		15 May

	For the year to 15.3.14	For the year to 15.3.13
<b>Ongoing charges figure</b>		
A Income units	1.67%	1.71%
A Accumulation units	1.67%	1.70%
GBP Hedged A Income units	1.66% <sup>1</sup>	–
GBP Hedged A Accumulation units	1.66% <sup>1</sup>	–
GBP Hedged Z Income units	0.92% <sup>1</sup>	–
GBP Hedged Z Accumulation units	0.92% <sup>1</sup>	–
L Income units	0.84% <sup>1</sup>	–
L Accumulation units	0.84% <sup>1</sup>	–
S Income units	0.54% <sup>1</sup>	–
Z Income units	0.92%	0.96%
Z Accumulation units	0.92%	0.96%

<sup>1</sup> The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

## Performance Record

<b>Fund performance</b>	Net Asset Value as at 15.3.14 pence per unit	Net Asset Value as at 15.3.13 pence per unit	Net Asset Value % change
A Income units	131.72	130.29	1.10
A Accumulation units	141.79	139.27	1.81
GBP Hedged A Income units	53.72	–	–
GBP Hedged A Accumulation units	53.72	–	–
GBP Hedged Z Income units	54.08	–	–
GBP Hedged Z Accumulation units	54.04	–	–
L Income units	51.50	–	–
L Accumulation units	51.55	–	–
S Income units	50.55	–	–
Z Income units	64.58	63.88	1.10
Z Accumulation units	66.22	64.56	2.57

## Performance Record (continued)

	3 months	1 year	5 years
<b>Schroder European Alpha Plus Fund</b>	1.36%	1.87%	87.15%
FTSE World Europe ex UK Index	3.71%	8.70%	99.96%

Fund Source: A Accumulation units on a selling price to selling price basis to 14.3.14.

Index Source: Thomson Reuters Datastream, total return in sterling terms to 14.3.14.

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.

The performance of a hedged unit class may differ from other unit classes of the fund because the return on unhedged unit classes is based on both the performance of the fund's investments and the performance of the portfolio currencies relative to sterling whereas the return on a hedged unit class is based only on the performance of the fund's investments.

Unit price range	A Income units		A Accumulation units		GBP Hedged A Income units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December						
2009	108.90	68.38	113.60	69.97	–	–
2010	118.20	89.99	124.10	94.61	–	–
2011	127.60	88.19	134.90	93.25	–	–
2012	119.90	94.13	127.70	100.30	–	–
2013	137.10	115.90	146.60	123.50	55.82	49.23
2014 to 15 March	139.20	131.00	148.80	140.00	57.12	53.52

	GBP Hedged A Accumulation units		GBP Hedged Z Income units		GBP Hedged Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December						
2009	–	–	–	–	–	–
2010	–	–	–	–	–	–
2011	–	–	–	–	–	–
2012	–	–	–	–	–	–
2013	55.82	49.23	56.11	49.23	56.07	49.23
2014 to 15 March	57.12	53.52	57.44	53.87	57.40	53.83

	L Income units		L Accumulation units		S Income units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December						
2009	–	–	–	–	–	–
2010	–	–	–	–	–	–
2011	–	–	–	–	–	–
2012	–	–	–	–	–	–
2013	53.18	49.26	53.18	49.26	–	–
2014 to 15 March	54.00	50.84	54.00	50.84	52.60	50.00

## Performance Record (continued)

Year to 31 December	Z Income units		Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2009	–	–	–	–
2010	–	–	–	–
2011	–	–	–	–
2012	57.27	46.22	57.26	46.22
2013	67.61	57.16	68.33	57.14
2014 to 15 March	68.65	64.63	69.38	65.32

Net revenue Year to 31 December	A Income units pence per unit	A Accumulation units pence per unit	L Income units pence per unit	L Accumulation units pence per unit
2009	1.3756	1.4076	–	–
2010	0.7919	0.8235	–	–
2011	0.7527	0.7891	–	–
2012	0.8237	0.8718	–	–
2013	0.4160	0.4448	–	–
2014 to 15 March	0.9228	0.9865	0.0552	0.0818

Year to 31 December	S Income units pence per unit	Z Income units pence per unit	Z Accumulation units pence per unit
2009	–	–	–
2010	–	–	–
2011	–	–	–
2012	–	Nil <sup>1</sup>	0.0814
2013	–	0.6987	0.6096
2014 to 15 March	0.0844	0.9382	0.9484

<sup>1</sup> There was no distribution for Z Income units as the total amount distributable was below the de minimis.

The GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units and GBP Hedged Z Accumulation units have made no distributions to date.

# Portfolio Information

	% of net assets as at 15.3.14	% of net assets as at 15.3.13
<b>Spread of investments</b>		
Belgium	4.57	4.16
Denmark	0.00	1.03
Finland	1.66	0.00
France	12.46	21.12
Germany	22.88	17.41
Italy	1.37	2.18
Luxembourg	0.52	0.00
Netherlands	8.56	7.89
Norway	4.28	4.12
Spain	2.79	1.63
Sweden	11.23	10.72
Switzerland	24.81	28.22
Net other assets	4.87	1.52

	% of net assets as at 15.3.14		% of net assets as at 15.3.13
<b>Major holdings</b>			
Roche Holding Genusscheine	5.43	Novartis	4.86
BNP Paribas	4.61	BNP Paribas	4.26
DNB	4.28	SAP	4.18
UBS	4.24	DNB	4.12
Bayer	3.75	Sanofi	3.85
Hexagon B	3.71	Swatch Group	3.20
Svenska Cellulosa B	3.64	UBS	3.19
Brenntag	3.40	Syngenta	3.01
Assa Abloy B	3.19	Bureau Veritas	2.97
Anheuser-Busch InBev	3.04	Brenntag	2.96

## Investment Objective & Policy

The fund's investment objective is to provide capital growth through investment in European and other companies.

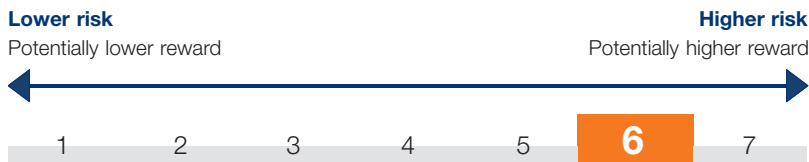
The emphasis of the fund will be investment in European companies. The fund may also invest in companies headquartered or quoted outside Europe where those companies have material or critical operations within or derive significant business from Europe. Fixed interest securities may be included in the portfolio.

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 in assets which are exposed to currencies other than sterling. For non-hedged unit classes exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

There is no guarantee that the hedging strategy applied in hedged unit classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currencies.

In addition, it should be noted that hedging transactions will be entered into whether or not the currencies of a hedged unit class are declining or increasing in value in relation to the base currency or portfolio currencies. Hedged unit classes aim to provide investors with a return correlated to the portfolio currencies performance of the fund by reducing the effect of exchange rate fluctuations between the base currency and the portfolio currencies.

As it is not possible to legally segregate unit classes' liabilities from those of other unit classes in the fund, there is a risk that, in certain limited circumstances, the hedging transactions undertaken in relation to a hedged unit class could result in liabilities which might affect the net asset value of the other unit classes in the fund.

The fund is index unconstrained and has the potential for greater volatility.

The fund invests in a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

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 European Alpha Plus Fund for the year ended 15 March 2014. The long form Report & Accounts for the fund are available on our website [www.schroders.co.uk](http://www.schroders.co.uk) or upon written request to Schroders, FREEPOST, RLTZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

## Other information

GBP hedged unit classes were launched on 1 July 2013. Hedged unit classes allow the Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portable currencies of the fund.

With effect from 1 October 2013 the minimum initial investment for Z Income units and Z Accumulation units decreased from £3 million to £1 million.

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](http://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, Atria One, 114 Morrison Street, Edinburgh EH3 8EX.

**For further literature please contact Schroder Investor Services on 0800 718 777 or at [investorservices@schroders.com](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](http://www.schroders.co.uk).**

