

Schroder

Small Cap Discovery Fund

Final Short Report

16 April 2013 to 15 April 2014



Schroders

Schroder Small Cap Discovery Fund

Review of Investment Activities

From 15 April 2013 to 15 April 2014 the price of Z Accumulation units on a dealing price to dealing price basis rose 2.87%. In comparison, our composite index which is made up of the MSCI Emerging Markets Small Cap Index plus Singapore Small Cap Index and Hong Kong Small Cap Index generated a negative total return of 6.46%¹.

1 Source: MSCI.

Asian equities, along with broader Emerging Markets, delivered negative returns over the period. Fears over 'tapering', following comments from the Federal Reserve Chairman Ben Bernanke, saw a strong sell off in Emerging Market equities early in the period. A brief rebound ensued later in the year on positive sentiment from a recovery in both US and Chinese growth, before the beginning of 2014 saw renewed worries over the impacts of a slowing economy in China.

Two of the best performing countries for the fund over the period were India and Hong Kong. Our positive stock selection in India was up on our strong stock selection in the country's consumer discretionary and industrials, while our overweight position also contributed as the market hit an all time high over the period on improving sentiment on the economy and market anticipation of a Narendra Modi victory at upcoming elections. Positive stock selection in Hong Kong was also a contributor as our exposure to select consumer discretionary names benefited performance.

We believe that 2014 will see continued modest expansion in the global economy and with significant liquidity tightening unlikely, this could be a healthy environment for Emerging Market equities.



Fund Manager:
Matthew Dobbs

Fund Information

	Interim	Final
Accounting dates	15 October	15 April
Revenue allocation date		15 June

Ongoing charges figure	For the year to 15.4.14	For the year to 15.4.13
A Income units	1.79%	1.80% ^{1 2}
A Accumulation units	1.79%	1.80% ^{1 2}
L Income units	0.97% ¹	–
L Accumulation units	0.97% ¹	–
Z Income units	1.04%	1.05% ^{1 2}
Z Accumulation units	1.04%	1.05% ^{1 2}

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

2 The expenses of the fund have been capped during the period.

Performance Record

Fund performance	Net Asset Value as at 15.4.14 pence per unit	Net Asset Value as at 15.4.13 pence per unit	Net Asset Value % change
A Income units	57.94	57.39	0.96
A Accumulation units	58.79	57.80	1.71
L Income units	53.87	–	–
L Accumulation units	53.86	–	–
Z Income units	58.02	57.47	0.96
Z Accumulation units	59.69	58.27	2.44

	3 months	1 year	Since launch
Schroder Small Cap Discovery Fund	5.24%	2.87%	20.44%
Composite Index ¹	0.94%	(6.46)%	2.29%

Fund Source: Z Accumulation units on a dealing price to dealing price basis to 15.4.14.

Index Source: MSCI, total return in sterling terms to 15.4.14.

1 Blend of MSCI Small Cap Indices (Emerging Markets, Singapore and Hong Kong) in sterling terms.

The Schroder Small Cap Discovery Fund was launched on 15.3.12.

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 dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	51.48	45.86	51.48	45.86
2013	61.63	51.66	62.02	51.66
2014 to 15 April	59.66	53.47	60.13	53.87

	L Income units		L Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	–	–	–	–
2013	53.37	50.00	53.37	50.00
2014 to 15 April	55.02	49.22	55.02	49.22

	Z Income units		Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	51.78	45.92	51.78	45.92
2013	61.74	51.96	62.56	51.96
2014 to 15 April	60.16	53.84	60.99	54.58

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	Nil	Nil
2013	0.4096	0.4096
2014 to 15 April	0.4377	0.4425

	L Income units	L Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	–	–
2013	Nil	Nil
2014 to 15 April	Nil ¹	0.2198

¹ There will not be a distribution for L income units as the total amount distributable is below the de minimis.

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	Nil	Nil
2013	0.8128	0.8128
2014 to 15 April	0.8601	0.8690

Portfolio Information

	% of net assets as at 15.4.14	% of net assets as at 15.4.13
Spread of investments		
Hong Kong	2.60	3.83
India	14.99	11.43
Indonesia	5.84	6.78
Japan	0.00	0.68
Malaysia	1.85	6.00
Philippines	2.95	3.26
Singapore	7.68	6.66
South Korea	5.70	2.85
Sri Lanka	1.39	2.22
Taiwan	10.02	7.16
Thailand	7.20	9.79
Australia	1.96	4.15
Bermuda	6.52	5.36
British Virgin Islands	1.20	0.00
Cayman Islands	11.99	9.76
Curaçao	0.56	1.37
United States	1.53	0.00
Germany	0.27	0.79
Israel	0.00	1.97
Kenya	1.82	0.00
Netherlands	1.48	3.35
Nigeria	0.67	0.00
United Kingdom	2.76	1.82
Brazil	4.11	4.95
Net other assets	4.91	5.82

Portfolio Information (continued)

	% of net assets as at 15.4.14		% of net assets as at 15.4.13
Major holdings			
Arvind	2.71	CIA Hering	2.33
Varitronix International	2.05	Sitoy Group Holdings	2.30
M.P. Evans Group	1.91	Halla Visteon Climate Control	2.29
Haitian International Holdings	1.87	Bursa Malaysia	2.25
Hemaraj Land & Development	1.86	Makalot Industrial	2.25
Bursa Malaysia	1.85	Cheng Yeh Holdings	2.18
BR Properties	1.75	Soho China	2.08
CTCI	1.74	Rallis India	2.01
Goodpack	1.73	Varitronix International	2.00
Bumrungrad Hospital	1.70	Dah Chong Hong Holdings	1.99

Investment Objective & Policy

The fund's investment objective is to achieve capital growth.

The fund will invest in smaller companies in the Asia (ex Japan) region and in selected emerging markets. It will also invest in smaller companies that may be listed and/or domiciled outside Asia/emerging markets, but which derive a significant portion of their business or growth from these regions.

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

Risk Profile

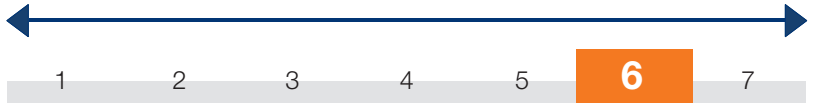
Risk and reward indicator

Lower risk

Potentially lower reward

Higher risk

Potentially higher reward



The risk category was calculated using simulated 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. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

The fund invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

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.

The fund may use derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund.

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 Small Cap Discovery Fund for the year ended 15 April 2014. 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 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**.

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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, 144 Morrison Street, Edinburgh, EH3 8EX.

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.

