

# Schroder UK Alpha Plus Fund

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## Final Short Report

1 June 2012 to 31 May 2013



**Schroders**

# Schroder UK Alpha Plus Fund

## Review of Investment Activities

**From 31 May 2012 to 31 May 2013, the price of A Accumulation units on a selling price to selling price basis rose 39.15%. In comparison, the FTSE All Share Index generated a total return of 30.11%<sup>1</sup>.**

**<sup>1</sup> 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. Taylor Wimpey, Lloyds Banking Group and International Consolidated Airlines Group were among the largest contributors to outperformance. Technology group Invensys also made significant gains after it sold a business division to a rival.

We established a position in St James's Place. The financial services group 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 Aggreko, which designs and rents out specialised power generation and air conditioning equipment. We sold our holding in Virgin Media at a near threefold gain on our original investment after its agreed bid from Liberty Global. We also sold our position in Burberry Group, the luxury retailer.

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 manager, Richard Buxton, left Schroders on June 13th and will be replaced by Philip Matthews in mid October 2013. Phillip is a highly rated UK equity fund manager with an excellent performance track record. Sue Noffke, a senior UK equity fund manager with 23 years' investment experience at Schroders, is managing the fund in the interim.



**Fund Manager:**  
**Richard Buxton**

# Fund Information

	Interim	Final
Accounting dates	30 November	31 May
Revenue allocation date		31 July
	For the year to 31.5.13	For the year to 31.5.12
Ongoing charges figure		
A Income units	1.65%	1.66%
A Accumulation units	1.65%	1.66%
Z Income units	0.90%	0.91%
Z Accumulation units	0.90%	0.91%

# Performance Record

	Net Asset Value as at 31.5.13 pence per unit	Net Asset Value as at 31.5.12 pence per unit	Net Asset Value % change
Fund performance			
A Income units	144.41	104.26	38.51
A Accumulation units	162.91	116.58	39.74
Z Income units	60.59	43.69	38.68
Z Accumulation units	62.59	44.46	40.78
	3 months	1 year	5 years
Schroder UK Alpha Plus Fund	6.41%	39.15%	51.87%
FTSE All Share Index	4.96%	30.11%	35.22%

Fund Source: A Accumulation units on a selling price to selling price basis to 31.5.13.  
Index Source: Thomson Reuters Datastream, total return to 31.5.13.  
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	112.10	54.82	119.60	59.15
2009	103.00	52.51	113.40	56.66
2010	122.40	89.10	135.00	97.72
2011	126.80	95.29	140.30	105.40
2012	132.20	102.70	147.90	114.80
2013 to 31 May	150.00	128.20	167.80	143.30

	Z Income units		Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	50.46	39.93	50.54	39.99
2012	53.88	43.05	54.82	43.79
2013 to 31 May	63.33	53.96	64.43	54.91

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	1.1735	1.2516
2009	1.1142	1.2023
2010	0.5526	0.5976
2011	0.3422	0.3921
2012	1.1122	1.2247
2013 to 31 May	1.2773	1.4319

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	0.0550	Nil <sup>1</sup>
2012	0.7717	0.7718
2013 to 31 May	0.9321	0.9492

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

# Portfolio Information

	% of net assets as at 31.5.13	% of net assets as at 31.5.12
<b>Spread of investments</b>		
Oil & Gas	7.67	8.50
Basic Materials	7.28	8.51
Industrials	10.29	8.12
Consumer Goods	9.47	12.75
Health Care	6.79	8.20
Consumer Services	21.64	19.41
Telecommunications	0.00	2.87
Utilities	5.53	5.79
Financials	25.85	15.34
Technology	3.96	8.36
Sterling Denominated Derivatives	(0.05)	0.00
Net other assets	1.57	2.15

	% of net assets as at 31.5.13		% of net assets as at 31.5.12
<b>Major holdings</b>			
Lloyds Banking Group	4.87	GlaxoSmithKline	5.33
Taylor Wimpey	4.25	Tate & Lyle	4.19
GlaxoSmithKline	3.97	Misys	3.82
Invensys	3.96	Royal Dutch Shell B	3.61
St James's Place	3.80	Rolls-Royce Holdings	3.27
Drax Group	3.72	Burberry Group	3.24
Debenhams	3.40	BG Group	3.22
Barclays	3.39	Taylor Wimpey	3.12
Legal & General Group	3.38	Xstrata	3.05
Ladbrokes	3.22	Carnival	3.00



## Investment Objective & Policy

The fund's investment objective is to provide capital growth through investment in UK and other companies. In order to achieve the objective the Manager will invest in a focused portfolio of securities.

The emphasis of the fund will be investment in UK companies. The fund may also invest in companies headquartered or quoted outside the UK where those companies have material or critical operations within, or derive significant business from, the UK. 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.

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## 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 is index unconstrained and has the potential for greater volatility.

The fund invests predominantly 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 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 UK Alpha Plus Fund for the year ended 31 May 2013. 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.

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## 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](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, 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](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](http://www.schroders.co.uk).**







