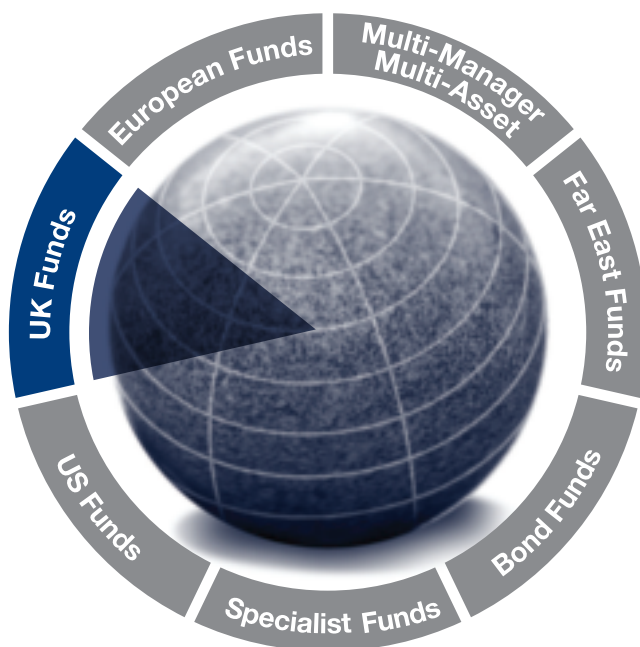


Schroder

UK Smaller Companies Fund

Final Short Report

1 June 2012 to 31 May 2013



Schroders

Schroder UK Smaller Companies 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 38.21%. In comparison, the FTSE Small Cap ex Investment Trusts Index and the FTSE All Share Index generated total returns of 46.06%¹ and 30.11%¹ respectively.

1 Source: Thomson Reuters Datastream.

The fund delivered a strong absolute performance in the period under review, although it lagged behind the benchmark. This underperformance is largely a reflection of stocks in the index that we did not choose to own in the fund performing strongly. Thomas Cook and Enterprise Inns were two such stocks. Both were much larger companies with high levels of debt that fell down into the smaller companies' index briefly and have subsequently rebounded strongly. Of the fund's holdings, pawnbroker Albemarle & Bond Holdings was the largest individual negative for returns. On the upside, the fund's holdings in Dart Group, which has successfully transformed itself from a low cost airline into a highly profitable packaged holiday business, and Xaar (printer consumables) performed well.

We took profits on our holdings that performed strongly, and were able to take advantage of short term price weakness to reinvest in companies with significant upside potential. We initiated new positions in Cape and Lamprell, which operate in the oil & gas industry. We also established a position in Mothercare, the retailer.

The economic backdrop is unlikely to change significantly over the coming months: we expect ongoing pressure on the UK consumer and government spending. However, many UK companies with specific expertise continue to benefit from growth in the developing world, while specific growth areas in the UK are very attractive. These companies are well financed, many have strong management teams and they offer robust dividend growth. Our focus remains on companies that generate attractive returns on capital, have good long term prospects and opportunities to improve profitability.



Co-Fund Managers:
Andrew Brough
Rosemary Banyard

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	1.66%	1.67%
A Accumulation units	1.66%	1.67%
Z Income units	0.91%	0.87% ¹
Z Accumulation units	0.91%	0.87% ¹

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

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	1,595.82	1,155.73	38.08
A Accumulation units	2,119.78	1,525.02	39.00
Z Income units	70.96	51.66	37.36
Z Accumulation units	72.38	51.66	40.11

	3 months	1 year	5 years
Schroders UK Smaller Companies Fund	6.53%	38.21%	65.88%
FTSE Small Cap ex Investment Trust Index	8.62%	46.06%	43.70%
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.

Indices 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	1,175.00	599.70	1,491.00	764.10
2009	1,006.00	567.30	1,300.00	722.80
2010	1,308.00	868.90	1,702.00	1,120.00
2011	1,399.00	1,043.00	1,837.00	1,364.00
2012	1,441.00	1,088.00	1,901.00	1,424.00
2013 to 31 May	1,651.00	1,367.00	2,179.00	1,802.00

	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	50.91	47.38	50.91	47.38
2012	62.80	48.04	62.79	48.04
2013 to 31 May	74.39	61.37	74.38	61.37

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	4.8031	6.0913
2009	10.5198	13.4032
2010	7.8369	10.0665
2011	7.6543	9.5525
2012	9.7586	12.6830
2013 to 31 May	10.8059	14.2726

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012	Nil ¹	Nil ¹
2013 to 31 May	1.4218	1.4218

¹ There was no distribution for Z Income units and 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
Spread of investments		
Oil & Gas	3.21	1.25
Basic Materials	5.93	7.03
Industrials	37.80	43.83
Consumer Goods	6.54	4.12
Health Care	9.10	9.54
Consumer Services	10.92	8.93
Telecommunications	1.19	1.40
Financials	10.62	12.38
Technology	11.99	10.66
Net other assets	2.70	0.86

	% of net assets as at 31.5.13		% of net assets as at 31.5.12
Major holdings			
Xaar	4.32	Oxford Instruments	3.12
Dart Group	3.77	Park Group	2.76
Fisher (James) & Sons	2.89	RPC Group	2.74
Avon Rubber	2.87	Scapa Group	2.65
Scapa Group	2.69	E2V Technologies	2.56
Pace	2.27	Diploma	2.47
Diploma	2.19	Avon Rubber	2.46
Park Group	2.18	Carclo	2.40
Dechra Pharmaceuticals	2.17	Domino Printing Sciences	2.31
Domino Printing Sciences	2.13	Dechra Pharmaceuticals	2.17



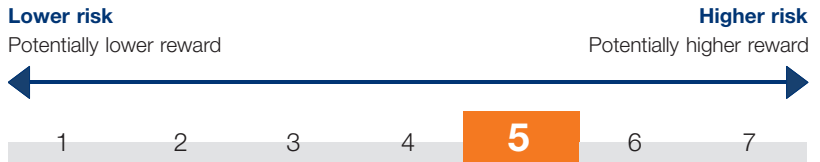
Investment Objective & Policy

The fund's investment objective is to aim to achieve capital growth by investing in UK smaller companies. The policy is to invest in smaller companies in the UK which are expected to exhibit superior growth over the long term.

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 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 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 Smaller Companies 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 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.



