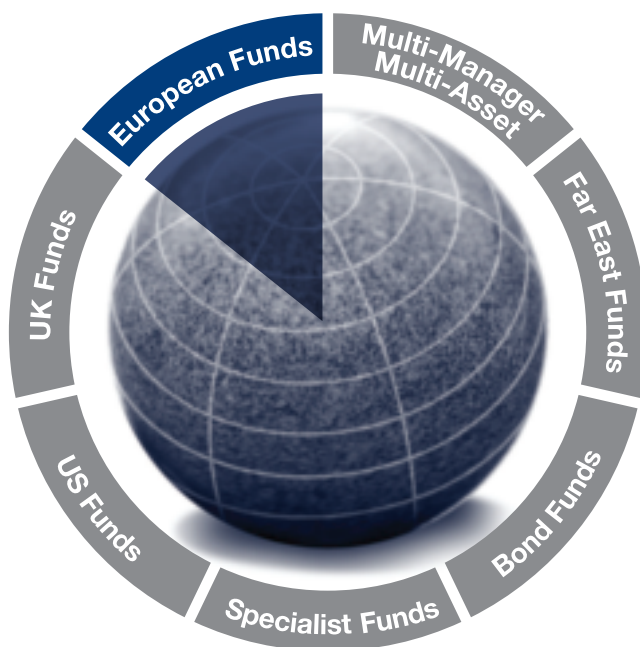


Schroder

European Smaller Companies Fund

Final Short Report

1 December 2011 to 30 November 2012



Schroders

Schroder European Smaller Companies Fund

Review of Investment Activities

From 30 November 2011 to 30 November 2012, the price of A Accumulation units on a selling price to selling price basis rose 18.97%. In comparison, the HSBC Smaller Europe ex UK Index and the FTSE World Europe ex UK Index generated total returns of 9.81%¹ and 13.80%¹ respectively in sterling terms².

1 Source: Thomson Reuters Datastream.

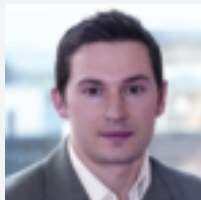
European equity markets rallied at the end of 2011 and into 2012 despite talks of a possible Greek exit from the eurozone and concerns surrounding Spanish debt levels. Vows by the European Central Bank president to do 'whatever it takes' to save the euro alongside supportive monetary policy boosted equity markets. This positive sentiment continued through 2012, buoyed by improving data points from China and the US housing sector. Tentative agreements for further loan tranches to Greece also sustained market optimism.

The fund delivered solid gains ahead of the wider market. Strong stock selection across a broad range of sectors, particularly industrials, telecommunication services, financials and materials, drove the relative gains. At a stock level, health care technology company Oridion Systems and German telecommunications and web content provider Freenet led the gains.

We increased exposure to technology and industrial stocks and reduced our position in consumer services companies. We also selectively increased exposure to financials, where we have been cautiously positioned. From the country perspective, we increased our exposure to peripheral economies via a higher weighting in Italy. We also added to our holdings in Germany and Sweden.

Small caps continue to be overlooked due to limited liquidity. As a consequence companies with unique or compelling business models are being under appreciated – providing good investment opportunities.

2 NB A difference in the time of day that the fund is priced (midday) and the index is priced (close of day) detracted from relative returns in the annual report in November 2011, as the market index rallied significantly after the fund was valued. As these effects iron out over time, the rise in the fund has now been taken into account, which has contributed to the strong out performance above.



Fund Manager:
Luke Biermann

Fund Information

	Interim	Final
Accounting dates	31 May	30 November
Revenue allocation date		31 January

	For the year to 30.11.12	For the year to 30.11.11
Ongoing charges figure		
A Income units	1.72%	1.74%
A Accumulation units	1.72%	1.74%
Z Income units	0.97%	1.00% ¹
Z Accumulation units	0.97%	1.00% ¹

To comply with the requirements of the UCITS IV Directive the Total expense ratio has been replaced with an Ongoing charges figure. The comparative figures have been restated in line with the new requirement.

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

Performance Record

	Net Asset Value as at 30.11.12 pence per unit	Net Asset Value as at 30.11.11 pence per unit	Net Asset Value % change
Fund performance			
A Income units	322.09	279.55	15.22
A Accumulation units	342.16	295.85	15.65
Z Income units	56.36	48.40	16.45
Z Accumulation units	56.36	48.40	16.45

	3 months	1 year	5 years
Schroder European Smaller Companies Fund	7.42%	18.97%	3.33%
HSBC Smaller Europe ex UK Index	7.10%	9.81%	(4.58)%
FTSE World Europe ex UK Index	7.77%	13.80%	(3.05)%

Fund Source: A Accumulation units on a selling price to selling price basis to 30.11.12.

Indices Source: Thomson Reuters Datastream, total returns in sterling terms to 30.11.12.

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)

Distribution	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2007	2.0572	2.1081
2008	2.6545	2.7374
2009	1.4958	1.5633
2010	0.8198	0.8567
2011	1.3346	1.3585
2012 to 30 November	1.1468	1.1796

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2007	–	–
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012 to 30 November	Nil ¹	Nil ¹

¹ There will not be a distribution for Z Income units and Z Accumulation units as the total amount distributable is below the de minimis.

Unit price range	A Income units		A Accumulation units	
Year to 31 December	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2007	393.50	307.20	403.20	314.80
2008	352.90	194.70	363.70	200.80
2009	332.30	184.10	347.30	192.30
2010	382.20	273.70	402.60	287.50
2011	410.90	262.10	432.80	276.00
2012 to 30 November	343.10	274.10	363.20	290.10

	Z Income units		Z Accumulation units	
Year to 31 December	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2007	–	–	–	–
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	50.09	45.16	50.09	45.16
2012 to 30 November	57.67	47.49	57.67	47.49

Portfolio Information

	% of net assets as at 30.11.12	% of net assets as at 30.11.11
Spread of investments		
Austria	5.63	5.59
Belgium	5.84	4.37
Bermuda	0.00	0.77
Cayman Islands	1.28	0.00
Cyprus	1.36	0.00
Denmark	3.49	5.69
France	11.10	13.35
Germany	30.98	23.74
Ireland	6.29	5.05
Israel	0.00	1.54
Italy	9.59	6.94
Luxembourg	1.21	1.02
Netherlands	4.59	10.30
Norway	3.01	3.82
Spain	0.00	2.03
Sweden	3.63	2.69
Switzerland	9.12	11.56
Net other assets	2.88	1.54

	% of net assets as at 30.11.12		% of net assets as at 30.11.11
Major holdings			
XING	2.88	Freenet	3.07
Freenet	2.77	Rubis	2.79
Tom Tailor Holding	2.67	Delta Lloyd	2.60
Loomis B	2.35	Kapsch TrafficCom	2.44
Delta Lloyd	2.29	Bilfinger Berger	2.42
Kinopolis Group	2.17	Imtech	2.29
Rosenbauer International	2.02	Tryg	2.21
Helvetia Holding	2.02	Bourbon	2.10
Forbo Holdings	1.92	Helvetia Holding	2.09
Delticom	1.89	Azimut Holding	2.03



Investment Objective & Policy

The fund's investment objective is to achieve capital appreciation through investment in smaller European companies.

Investments will be made principally in smaller companies in Europe, excluding the UK. The fund will also be permitted to invest in European companies listed on other principal stock exchanges.

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

Risk Profile

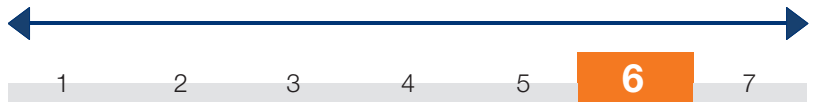
Risk and reward indicator

Lower risk

Potentially lower reward

Higher risk

Potentially higher reward



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.

Risk Profile (continued)

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

The fund entered into stock lending arrangements. There was a risk that the borrower may have become insolvent or refused to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss. Although the fund is permitted to stock lend it is not the intention to do so in the future.

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 Smaller Companies Fund for the year ended 30 November 2012. The long form Report & Accounts for the fund are available on our website www.schroders.co.uk or upon written request to Schroders, FREEPOST, RLTX-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

Other information

With effect from 1 March 2012 the initial management charge for A Income units and A Accumulation units was reduced from 5.25% of the creation price to 3.25% (these are approximately 4.99% and 3.15% of the buying price respectively). With effect from 31 December 2012 the initial management charge was removed from 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 and the Key Investor Information Document 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 Services Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Services 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.

