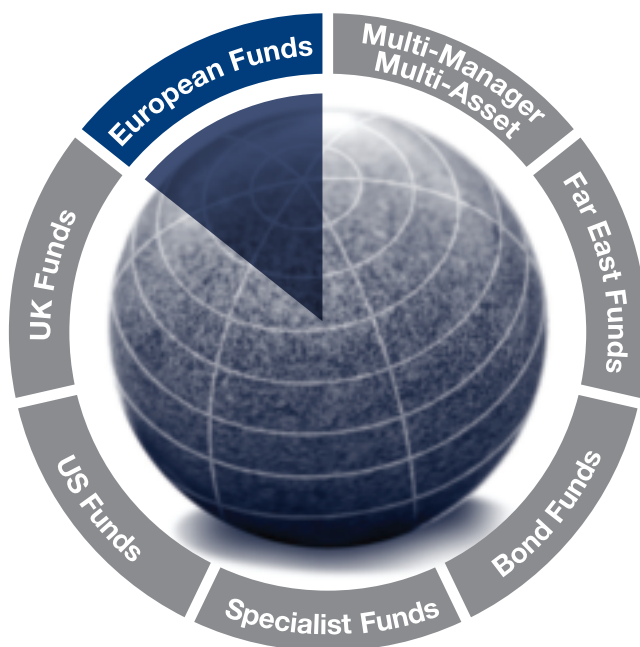


Schroder

European Smaller Companies Fund

Final Short Report

1 December 2012 to 30 November 2013



Schroders

Schroder European Smaller Companies Fund

Review of Investment Activities

From 30 November 2012 to 29 November 2013 the price of A Accumulation units on a selling price to selling price basis rose 42.28%. In comparison, the Euromoney (HSBC) Smaller Europe ex UK Index and the FTSE World Europe ex UK Index generated total returns of 41.64%¹ and 26.87%¹ respectively in sterling terms.

1 Source: Thomson Reuters Datastream.

European equities rallied as economic indicators improved and sovereign debt worries receded. A banking crisis in Cyprus and inconclusive elections in Italy were causes for concern early in the year. However, equities were supported by accommodative monetary policy as the European Central Bank cut interest rates twice during 2013. The eurozone emerged from recession in the second quarter of 2013.

The fund delivered strong gains, outperforming the wider market. By sector, the top contributor to relative returns was financials, amid positive stock selection. The industrials sector aided performance with equipment manufacturer LPKF Laser & Electronics among the leading contributors. The technology sector was another contributor; our holdings in online networking platform XING, web content provider Freenet and software firm UNIT4 all performed strongly.

Technology continues to shape the world we live in and have meaningful economic impacts. As such, this continues to be our largest overweight position. Financials remain high on political agendas and have tail risks that are hard to quantify or predict; as such, we remain underweight. For the world economy to pick up, consumption must improve. Thus, we moved to an overweight position in consumer goods through new holdings in companies that are well positioned to benefit. These include nutrition business Glanbia, apparel retailer Hugo Boss, online retailer Yoox, and betting firm Paddy Power. All have excellent business models and specific performance drivers beyond the macro theme. We exited holdings in Fugro and Cairo Communications.

The outlook for the global economy remains uncertain and there are high market expectations for 2014. With this in mind, we continue to hold a relatively high level of cash which allows us the flexibility to be opportunistic in periods of market turbulence.



Fund Manager:
Luke Biermann

Fund Information

	Interim	Final
Accounting dates	31 May	30 November
Revenue allocation date		31 January
Ongoing charges figure	For the year to 30.11.13	For the year to 30.11.12
A Income units	1.69%	1.72%
A Accumulation units	1.69%	1.72%
Z Income units	0.94%	0.97%
Z Accumulation units	0.94%	0.97%

Performance Record

	Net Asset Value as at 30.11.13 pence per unit	Net Asset Value as at 30.11.12 pence per unit	Net Asset Value % change
Fund performance			
A Income units	456.83	322.09	41.83
A Accumulation units	486.77	342.16	42.26
Z Income units	79.18	56.36	40.49
Z Accumulation units	80.79	56.36	43.35
	3 months	1 year	5 years
Schroder European Smaller Companies Fund	9.43%	42.28%	134.36%
Euromoney (HSBC) Smaller Europe ex UK Index	10.58%	41.64%	136.92%
FTSE World Europe ex UK Index	8.24%	26.87%	85.22%

Fund Source: A Accumulation units on a selling price to selling price basis to 29.11.13.

Indices Source: Thomson Reuters Datastream, total returns in sterling terms to 29.11.13.

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	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	346.70	274.10	368.30	290.10
2013 to 30 November	463.20	334.60	492.00	355.50

	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	50.09	45.16	50.09	45.16
2012	58.19	47.49	58.80	47.49
2013 to 30 November	80.82	57.99	81.65	58.60

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	2.6545	2.7374
2009	1.4958	1.5633
2010	0.8198	0.8567
2011	1.3346	1.3585
2012	1.1468	1.1796
2013 to 30 November	1.4331	1.4943

	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 30 November	0.7943	0.8462

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 30.11.13	% of net assets as at 30.11.12
Spread of investments		
Austria	2.89	5.63
Belgium	3.56	5.84
Cayman Islands	1.00	1.28
Cyprus	0.74	1.36
Denmark	3.38	3.49
Finland	2.05	0.00
France	7.61	11.10
Germany	27.88	30.98
Ireland	9.69	6.29
Italy	11.39	9.59
Luxembourg	1.32	1.21
Netherlands	5.35	4.59
Norway	2.57	3.01
Sweden	5.54	3.63
Switzerland	9.75	9.12
Net other assets	5.28	2.88

	% of net assets as at 30.11.13		% of net assets as at 30.11.12
Major holdings			
Tom Tailor Holding	2.72	XING	2.88
XING	2.55	Freenet	2.77
UNIT4	2.42	Tom Tailor Holding	2.67
Kinepolis Group	2.26	Loomis B	2.35
Sorin	2.20	Delta Lloyd	2.29
Medica	2.17	Kinepolis Group	2.17
Sartorius	2.15	Rosenbauer International	2.02
DCC	2.06	Helvetia Holding	2.02
Inficon Holding	2.03	Forbo Holdings	1.92
Freenet	2.03	Delticom	1.89

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



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. 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.

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 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 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**.

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.



