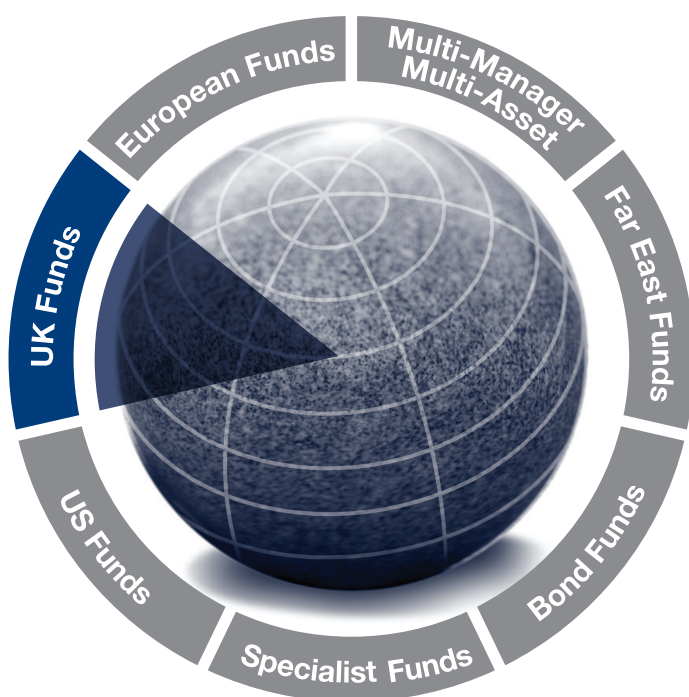


Schroder Recovery Fund

Interim Report and Accounts
January 2013



Schroders

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Schroder

Recovery Fund

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1 Collectively these comprise the Authorised Fund Manager's report.

Fund Information

Investment objective and policy

The fund's investment objective is to achieve capital growth for investors through investment in companies that have suffered a severe setback.

The fund invests primarily in UK quoted shares. The investments are selected from those companies that have suffered a severe setback in terms of profits or share prices, but where the management and the prospects are believed to be good.

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

Financial highlights

Selling price	15.1.13	13.7.12	% change
A Income units	7,999.00p	6,325.00p	26.47
A Accumulation units	12,930.00p	10,020.00p	29.04
Z Income units	62.66p	49.73p	26.00
Z Accumulation units	64.42p	49.74p	29.51

Fund information

Launch date	5 May 1970	
Launch price	Equivalent to 100p per A Income unit	
	Equivalent to 100p per A Accumulation unit	
Launch date	2 August 2011	
Launch price	50.00p per Z Income unit	
	50.00p per Z Accumulation unit	
	Interim	Final
Accounting dates	15 January	15 July
Revenue allocation date		15 September

Ongoing charges figure

	For the period to 15.1.13	For the year to 15.7.12
A Income units	1.51% ¹	1.52%
A Accumulation units	1.51% ¹	1.52%
Z Income units	0.92% ¹	0.91% ¹
Z Accumulation units	0.92% ¹	0.92% ¹

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

Fund Information (continued)

Total purchases
and sales

	For the period to 15.1.13 £000's	For the year to 15.7.12 £000's
Total purchases	27,270	47,442
Total sales	26,156	34,630

Review of Investment Activities

From 13 July 2012 to 15 January 2013 the price of A Accumulation units on a selling price to selling price basis rose 29.04%. In comparison, the FTSE All Share Index generated a total return of 10.92%¹.

¹ Source: Thomson Reuters Datastream.

The combination of generally robust company earnings and central bank actions, which showed they were prepared to help flagging global growth, drove UK equities higher over the period under review. Our overall bias towards economically sensitive companies was beneficial in this environment. Publisher Trinity Mirror, retailers Dixons Retail and Home Retail Group and banks Royal Bank of Scotland Group and Lloyds Banking Group recovered strongly.

We believe that reduced potential upside constitutes increased risk, and as a result we trimmed a number of positions following strong performance. We took profits on housebuilder Taylor Wimpey and financials Legal & General Group and Lloyds Banking Group, thereby reducing the size of our holdings commensurate with more limited levels of upside. We established a holding in ICAP, the interdealer broking company. It is significantly undervalued, has market leading positions in a number of technologies and we believe it is well placed to benefit from a considerable share price recovery.

Despite a sharp appreciation in the fund, the exceptional opportunities created by the 'credit crunch' mean it remains at a meaningful discount to the equity market. We are very happy with our investments in companies focused on the UK consumer as they remain out of favour. This explains our bias toward retailers, banks and insurers. Pharmaceuticals, telecommunication companies and US technology shares also trade on depressed valuations. This range of sectors allows us to build an attractive, diversified portfolio of opportunity without being a hostage to economic fortunes.

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.



Co-Fund Manager:
Kevin Murphy

Specialist Value UK equities fund manager with twelve years investment experience

Previously a sector analyst for Pan European Construction and Building Materials

Investment career commenced in 2000 at Schroders

Chartered Financial Analyst

Degree in Economics, Manchester University

Co-Fund Manager:
Nick Kirrage

Specialist Value UK equities fund manager with eleven years investment experience

Previously a sector analyst responsible for a number of UK sectors including Transport and Metals & Mining

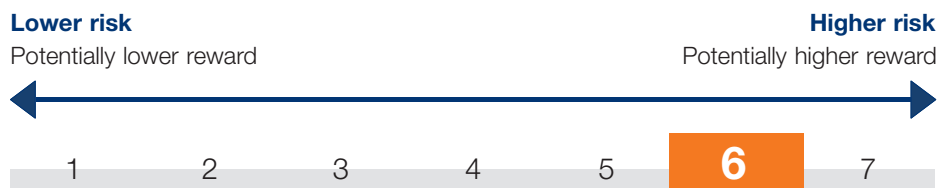
Investment career commenced in 2001 at Schroders

Chartered Financial Analyst

Degree in Aeronautical Engineering, Bristol University

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 uses 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.

Net Asset Value and Comparative Tables

Unit price range

Year to 31 December	A Income units		A Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2008	6,238.00	3,534.00	8,964.00	5,272.00
2009	6,715.00	3,328.00	10,340.00	4,964.00
2010	7,332.00	5,598.00	11,260.00	8,606.00
2011	7,794.00	5,348.00	12,140.00	8,470.00
2012	7,967.00	5,807.00	12,880.00	9,197.00
2013 to 15 January	8,106.00	7,657.00	13,110.00	12,390.00

Year to 31 December	Z Income units		Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	52.40	41.89	52.40	41.90
2012	60.42	45.52	62.11	45.54
2013 to 15 January	63.50	59.97	65.27	61.65

Net revenue

Year to 31 December	A Income units pence per unit	A Accumulation units pence per unit
2008	174.1478	250.2293
2009	145.3776	216.8860
2010	78.6501	122.7432
2011	113.0134	176.1499
2012	130.4179	206.4827
2013 to 15 January	Nil	Nil

Year to 31 December	Z Income units pence per unit	Z Accumulation units pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012	1.3473	1.3473
2013 to 15 January	Nil	Nil

Net Asset Value and Comparative Tables (continued)

Net asset value

As at 15 July	Net asset value £000's	Net asset value per unit p	Number of units in issue
2010			
A Income units	170,552	5,979.50	2,852,280
A Accumulation units	72,619	9,311.14	779,916
2011			
A Income units	162,774	6,567.04	2,478,645
A Accumulation units	85,902	10,402.47	825,788
2012			
A Income units	151,644	6,203.59	2,444,463
A Accumulation units	85,657	10,031.91	853,842
Z Income units	6,354	48.46	13,112,413
Z Accumulation units	4,320	49.81	8,674,363
2013 at 15 January			
A Income units	190,292	7,987.00	2,382,521
A Accumulation units	118,857	12,920.88	919,886
Z Income units	12,605	62.66	20,115,674
Z Accumulation units	6,128	64.33	9,525,670

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.

Portfolio Statement

	Holding at 15.1.13	Market Value £000's	% of net assets
Oil & Gas 1.06%			
(15.7.12 – 1.16%)			
BP	759,212	3,488	1.06
		3,488	1.06
Industrials 16.72%			
(15.7.12 – 17.44%)			
Bodycote	519,611	2,328	0.71
Boot (Henry)	6,000,000	9,660	2.95
CPL Resources	1,520,000	4,636	1.41
Deutsche Post	186,062	2,598	0.79
Fiberweb	5,030,769	3,534	1.08
Johnson Service Group	17,808,290	6,990	2.13
Kier Group	344,175	4,681	1.43
Marshalls	1,121,450	1,177	0.36
Rentokil Initial	9,862,180	8,935	2.72
Rexam	271,104	1,246	0.38
Robert Walters	830,000	1,643	0.50
Smith (DS)	550,607	1,139	0.35
St Ives	5,431,829	6,274	1.91
		54,841	16.72
Consumer Goods 3.17%			
(15.7.12 – 4.26%)			
Bovis Homes Group	279,614	1,764	0.54
C&C Group	954,232	3,601	1.10
Taylor Wimpey	6,718,009	5,042	1.53
		10,407	3.17
Health Care 11.26%			
(15.7.12 – 14.37%)			
AstraZeneca	525,475	15,982	4.88
GlaxoSmithKline	776,640	10,586	3.23
Lilly (Eli)	91,519	3,026	0.92
Pfizer	443,631	7,320	2.23
		36,914	11.26

Portfolio Statement (continued)

	Holding at 15.1.13	Market Value £000's	% of net assets
Consumer Services 21.97%			
(15.7.12 – 18.86%)			
Daily Mail & General Trust A Non-Voting	393,305	2,305	0.70
Darty	10,381,816	6,670	2.03
Dixons Retail	45,164,528	12,280	3.75
French Connection Group	7,643,653	2,255	0.69
Future	31,040,148	5,277	1.61
Home Retail Group	7,293,650	8,957	2.73
Inchcape	1,504,200	6,739	2.06
International Consolidated Airlines Group	960,000	1,980	0.60
Ladbrokes	3,764,643	7,574	2.31
Next	98,026	3,894	1.19
Signet Jewelers	58,075	2,138	0.65
Trinity Mirror	7,041,684	6,936	2.12
William Hill	1,463,233	5,020	1.53
		72,025	21.97
Telecommunications 3.56%			
(15.7.12 – 5.16%)			
BT Group	562,767	1,352	0.41
Vodafone Group	6,328,390	10,312	3.15
		11,664	3.56
Financials 25.01%			
(15.7.12 – 22.96%)			
Barclays	4,498,293	13,286	4.05
Barclays Bank 14% Perpetual Bond	£430,000	573	0.17
F&C Asset Management	1,621,480	1,678	0.51
ICAP	864,017	2,799	0.85
LBG Capital (No.2) 15% Notes 2019	£485,000	696	0.21
Legal & General Group	8,271,846	12,358	3.77
Lloyds Banking Group	20,898,577	11,363	3.47
Novae Group	577,777	2,415	0.74
Old Mutual	3,313,960	6,068	1.85
Raven Russia	1,280,079	839	0.26
Resolution	3,884,800	10,353	3.16
Royal Bank of Scotland Group	3,536,328	12,522	3.82
Tullett Prebon	2,629,836	7,061	2.15
		82,011	25.01

Portfolio Statement (continued)

	Holding at 15.1.13	Market Value £000's	% of net assets
Technology 9.94%			
(15.7.12 – 10.19%)			
Computacenter	1,186,094	4,852	1.48
Dell	989,894	7,764	2.37
Hewlett Packard	914,073	9,340	2.85
Seagate Technology	498,982	10,628	3.24
		32,584	9.94
Euro Denominated Derivatives (0.10)%			
(15.7.12 – 0.12%)			
Forward to sell €13,102,000 for £10,570,794	€(13,102,000)	(326)	(0.10)
		(326)	(0.10)
US Dollar Denominated Derivatives 0.04%			
(15.7.12 – (0.40)%)			
Forward to sell US\$58,604,000 for £36,629,668	US\$(58,604,000)	118	0.04
		118	0.04
Portfolio of investments ¹		303,726	92.63
Net other assets		24,156	7.37
Net assets attributable to unitholders		327,882	100.00%

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

¹ Including derivative liabilities.

Summary of Portfolio Transactions

Largest purchases

For the six months ended 15 January 2013	Cost £000's
Hewlett Packard	6,290
Dell	5,845
Tullett Prebon	3,946
ICAP	2,652
Darty	1,591
Barclays	1,540
Rentokil Initial	1,452
Boot (Henry)	1,309
AstraZeneca	881
Robert Walters	494

Largest sales

For the six months ended 15 January 2013	Proceeds £000's
Logica	9,880
Taylor Wimpey	4,187
WSP Group	3,010
Lloyds Banking Group	2,103
Lloyds TBS Bank 13% Perpetual Bonds B	1,626
Old Mutual	1,364
Legal & General Group	1,356
Smith (DS)	1,160
Lilly (Eli)	836
Deutsche Post	608

Statement of the Manager's Responsibilities

The Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the fund and of its net revenue and the net capital gains on the property of the fund for the period. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the period ended 15 January 2013 were signed on 26 February 2013 on behalf of the Manager by:

C.E. Helmstetter
Directors

J.M. Cardew

Statement of Total Return (unaudited)

For the six months ended 15 January 2013

	15.1.13	15.1.12
	£000's	£000's
Income		
Net capital gains/(losses)	69,232	(23,029)
Revenue	4,014	3,709
Expenses	(2,082)	(1,737)
Net revenue before taxation	1,932	1,972
Taxation	(55)	(30)
Net revenue after taxation	1,877	1,942
Total return before distributions	71,109	(21,087)
Finance costs: Distributions	80	26
Change in net assets attributable to unitholders from investment activities	71,189	(21,061)

Statement of Change in Net Assets Attributable to Unitholders (unaudited)

For the six months ended 15 January 2013

	15.1.13	15.1.12
	£000's	£000's
Opening net assets attributable to unitholders	247,975 ¹	248,676
Amounts receivable on creation of units	22,757	22,755
Amounts payable on cancellation of units	(14,015)	(13,997)
	8,742	8,758
Stamp duty reserve tax	(27)	(85)
Change in net assets attributable to unitholders from investment activities	71,189	(21,061)
Unclaimed distributions	3	0
Closing net assets attributable to unitholders	327,882	236,288¹

1 The Opening net assets attributable to unitholders for the current period do not equal the Closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

Balance Sheet (unaudited)

As at 15 January 2013

	15.1.13		15.7.12	
	£000's	£000's	£000's	£000's
Assets				
Investment assets		304,052		234,403
Debtors	8,242		728	
Cash and bank balances	19,567		17,922	
Total other assets		27,809		18,650
Total assets		331,861		253,053
Liabilities				
Investment liabilities		(326)		(1,005)
Creditors	(3,653)		(708)	
Distribution payable on Income units	0		(3,365)	
Total other liabilities		(3,653)		(4,073)
Total liabilities		(3,979)		(5,078)
Net assets attributable to unitholders				
		327,882		247,975

Notes to the Accounts (unaudited)

Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 July 2012 and are described in those annual accounts.

General Information

Manager

Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA
Authorised and regulated by
the Financial Services Authority

Registrar¹

International Financial Data Services Limited
IFDS House
St Nicholas Lane
Basildon
Essex SS15 5FS

Investment Adviser

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Authorised and regulated by
the Financial Services Authority

Administration details

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Fax 0870 043 4080

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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

1 The Manager has delegated the function of Registrar to International Financial Data Services Limited.

Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.

Initial management charge

There is no initial management charge on A Income units and A Accumulation units. Prior to 31 December 2012 the issue price of A Income units and A Accumulation units reflected an initial management charge of 3.25% of the creation price (this is approximately 3.15% of the buying price). This was retained by the Manager. There is no initial management charge on Z Income units and Z Accumulation units.

Prospectus

The Prospectus and the Key Investor Information Document are available on request or can be downloaded from our website **www.schroders.co.uk**.



Issued in March 2013 by Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA.

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