

Schroder

Small Cap Discovery Fund

Interim Short Report

16 April 2013 to 15 October 2013



Schroders

Schroder Small Cap Discovery Fund

Review of Investment Activities

From 15 April 2013 to 15 October 2013 the price of A Accumulation units on a dealing price to dealing price basis fell 0.36%. In comparison, our composite index which is made up of a blend of the MSCI Emerging Markets Small Cap Index plus Singapore Small Cap Index and Hong Kong Small Cap Index generated a negative total return of 4.03%¹ in sterling terms.

1 Source: MSCI.

The period started with most Asian markets, as well as other emerging markets, continuing with gains from earlier in the year. However, this tide of optimism reversed on the back of the US Federal Reserves hints of 'tapering' which triggered sustained foreign capital outflows in developing economies, particularly in ASEAN markets. China's slower second quarter growth also raised concerns over the sustainability of its recovery.

The best performing country for the fund over the period was Korea, as our strong stock selection benefited fund performance, with our consumer discretionary holdings delivering robust gains. Another top contributor to fund performance was China, where our strong stock selection, again in consumer discretionary names such as select autos and retail outlets, resulted in outperformance.

Looking ahead, we continue to be focused on domestically oriented consumer discretionary names that are likely to benefit from the ongoing transition in Asia and other Emerging Markets of a growth model that is moving towards more domestic consumption. Our disciplined approach remains the same in that stock selection is driven from the bottom up, avoiding short term macro based calls on individual countries.



Fund Manager:
Matthew Dobbs

Fund Information

	Interim	Final
Accounting dates	15 October	15 April
Revenue allocation date		15 June

Ongoing charges figure	For the period to 15.10.13	For the period to 15.4.13
A Income units ^{1 2}	1.80%	1.80%
A Accumulation units ^{1 2}	1.80%	1.80%
L Income units ^{1 2}	0.97%	–
L Accumulation units ^{1 2}	0.97%	–
Z Income units ^{1 2}	1.05%	1.05%
Z Accumulation units ^{1 2}	1.05%	1.05%

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

2 The expenses of the fund have been capped during the period.

Performance Record

Fund performance	Net Asset Value as at 15.10.13 pence per unit	Net Asset Value as at 15.4.13 pence per unit	Net Asset Value % change
A Income units	57.06	57.39	(0.58)
A Accumulation units	57.47	57.80	(0.57)
L Income units	52.40	–	–
L Accumulation units	52.40	–	–
Z Income units	57.34	57.47	(0.23)
Z Accumulation units	58.14	58.27	(0.22)

	3 months	6 months	Since launch
Schroder Small Cap Discovery Fund	1.49%	(0.36)%	15.74%
Composite Index ¹	(0.73)%	(4.03)%	4.94%

Fund Source: A Accumulation units on a dealing price to dealing price basis to 15.10.13.

Index Source: MSCI, total return in sterling terms to 15.10.13.

1 Blend of MSCI Small Cap Indices (Emerging Markets, Singapore and Hong Kong) in sterling terms.

The Schroder Small Cap Discovery Fund was launched on 15.3.12.

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)

Unit price range	A Income units		A Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	51.48	45.86	51.48	45.86
2013 to 15 October	61.63	51.66	62.02	51.66

	L Income units		L Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	–	–	–	–
2013 to 15 October	52.77	50.00	52.77	50.00

	Z Income units		Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2012	51.78	45.92	51.78	45.92
2013 to 15 October	61.74	51.96	62.56	51.96

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	Nil	Nil
2013 to 15 October	0.4096	0.4096

	L Income units	L Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	–	–
2013 to 15 October	Nil	Nil

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2012	Nil	Nil
2013 to 15 October	0.8128	0.8128

Portfolio Information

Spread of investments	% of net assets as at 15.10.13	% of net assets as at 15.4.13
Hong Kong	3.33	3.83
India	11.05	11.43
Indonesia	4.19	6.78
Japan	0.00	0.68
Malaysia	2.65	6.00
Philippines	2.43	3.26
Singapore	12.49	6.66
South Korea	5.62	2.85
Sri Lanka	1.31	2.22
Taiwan	5.29	7.16
Thailand	8.87	9.79
Australia	3.49	4.15
Bermuda	9.25	5.36
Cayman Islands	13.27	9.76
Curaçao	0.98	1.37
Germany	0.41	0.79
Israel	0.00	1.97
Kenya	2.16	0.00
Netherlands	1.61	3.35
United Kingdom	2.02	1.82
Brazil	4.07	4.95
Net other assets	5.51	5.82

	% of net assets as at		% of net assets as at
Major holdings	15.10.13		15.4.13
Hemaraj Land & Development	2.48	CIA Hering	2.33
Arvind	2.35	Sitoy Group Holdings	2.30
Shenzhou International Group	2.13	Halla Visteon Climate Control	2.29
Varitronix International	2.00	Bursa Malaysia	2.25
Hansae	1.94	Makalot Industrial	2.25
Texwinca Holdings	1.93	Cheng Yeh Holdings	2.18
Baoxin Auto Group	1.90	Soho China	2.08
CIA Hering	1.89	Rallis India	2.01
Minth Group	1.86	Varitronix International	2.00
CHC Healthcare	1.83	Dah Chong Hong Holdings	1.99

Investment Objective & Policy

The fund's investment objective is to achieve capital growth.

The fund will invest in smaller companies in the Asia (ex Japan) region and in selected emerging markets. It will also invest in smaller companies that may be listed and/or domiciled outside Asia/emerging markets, but which derive a significant portion of their business or growth from these regions.

Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, derivatives, cash, deposits, 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 simulated 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 less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

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 may use 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.

Report & Accounts

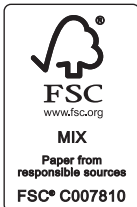
This document is a short report for the Schroder Small Cap Discovery Fund for the period ended 15 October 2013. The long form Report & Accounts for the fund are available on our website www.schroders.co.uk or upon written request to Schroders, FREEPOST, RLIZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex 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**.



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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.

