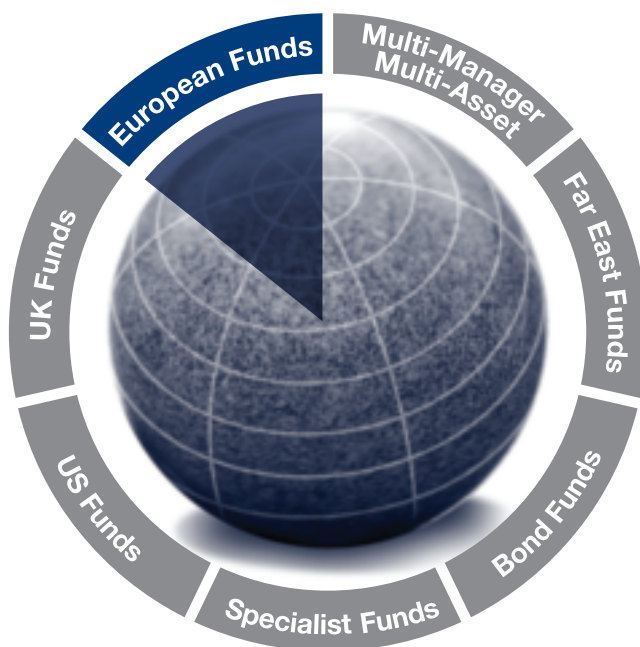


Schroder European Smaller Companies Fund

Interim Short Report

1 December 2012 to 31 May 2013



Schroders

Schroder European Smaller Companies Fund

Review of Investment Activities

From 30 November 2012 to 31 May 2013, the price of A Accumulation units on a selling price to selling price basis rose 23.35%. In comparison, the HSBC Smaller Europe ex UK Index and the FTSE World Europe ex UK Index generated total returns of 25.23%¹ and 18.77%¹ respectively in sterling terms.

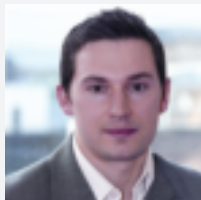
1 Source: Thomson Reuters Datastream.

European equities gained in early 2013, with a last minute agreement on the US fiscal cliff boosting optimism. In February and March, markets were destabilised by an inconclusive outcome to the Italian elections as well as uncertainty over bailout terms for Cyprus. However, better US macroeconomic data strengthened confidence. The European Central Bank cut interest rates to 0.5%.

The fund delivered gains for the period, outperforming the FTSE World Europe ex UK Index although lagging the HSBC Smaller Europe ex UK Index. Financials and basic materials made a positive contribution to fund performance while oil & gas and consumer services were the main weights. The fund's lack of exposure to certain underperforming banks – Bankia and National Bank of Greece – proved advantageous. Cash management firm Loomis was among the contributors. Professional networking platform XING was a detractor, however underlying fundamentals remain positive.

During the period we increased exposure to technology, which remains our largest overweight, and also increased our position in industrials. We reduced exposure to the financials, oil & gas, utilities and consumer services sectors. Cash holdings increased temporarily as valuations have become more stretched; summer volatility should provide better deployment opportunities. We lifted exposure to Norway and trimmed exposure to Belgium, for stock specific reasons. We initiated new positions in dairy and nutrition business Glanbia, as it is well managed and well positioned, and in premium retailer Hugo Boss for its strong brand identity and growth opportunities. We sold our holding in vehicle glass repair firm D'Ieteren.

Small caps continue to be under appreciated due to lack of liquidity, providing opportunities to invest in companies with unique or compelling business models.



Fund Manager:
Luke Biermann

Fund Information

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

	For the period to 31.5.13	For the year to 30.11.12
Ongoing charges figure		
A Income units	1.69% ¹	1.72%
A Accumulation units	1.69% ¹	1.72%
Z Income units	0.94% ¹	0.97%
Z Accumulation units	0.94% ¹	0.97%

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 30.11.12 pence per unit	Net Asset Value % change
Fund performance			
A Income units	398.61	322.09	23.76
A Accumulation units	423.43	342.16	23.75
Z Income units	69.31	56.36	22.98
Z Accumulation units	70.01	56.36	24.22

	3 months	6 months	5 years
Schroder European Smaller Companies Fund	4.00%	23.35%	39.14%
HSBC Smaller Europe ex UK Index	3.67%	25.23%	21.20%
FTSE World Europe ex UK Index	5.03%	18.77%	15.28%

Fund Source: A Accumulation units on a selling price to selling price basis to 31.5.13.

Index Source: Thomson Reuters Datastream, total return in sterling terms 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	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 31 May	405.60	334.60	430.90	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 31 May	70.52	57.99	71.23	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 31 May	Nil	Nil

	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	Nil	Nil

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 30.11.12
Spread of investments		
Austria	3.95	5.63
Belgium	4.54	5.84
Cayman Islands	0.93	1.28
Cyprus	1.70	1.36
Denmark	2.57	3.49
Finland	0.66	0.00
France	6.96	11.10
Germany	33.15	30.98
Ireland	8.97	6.29
Italy	9.64	9.59
Luxembourg	0.63	1.21
Netherlands	3.91	4.59
Norway	3.88	3.01
Sweden	4.41	3.63
Switzerland	9.13	9.12
Net other assets	4.97	2.88

	% of net assets as at 31.5.13		% of net assets as at 30.11.12
Major holdings			
Tom Tailor Holding	2.95	XING	2.88
Loomis B	2.95	Freenet	2.77
XING	2.71	Tom Tailor Holding	2.67
Kinopolis Group	2.53	Loomis B	2.35
Freenet	2.49	Delta Lloyd	2.29
Smurfit Kappa Group	2.39	Kinopolis Group	2.17
Sorin	2.20	Rosenbauer International	2.02
DCC	2.09	Helvetia Holding	2.02
Delticom	1.99	Forbo Holdings	1.92
Tipp24	1.94	Delticom	1.89



Investment Objective & Policy

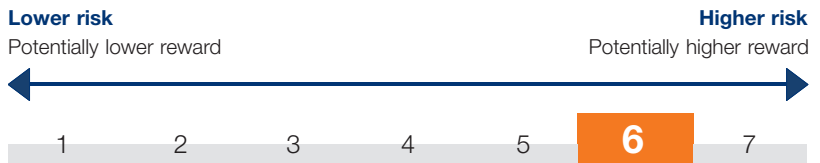
The fund's investment objective is to achieve capital appreciation through investment in smaller European companies.

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 period 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 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, 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.



