

Schroder Managed Balanced Fund

Interim Report and Accounts
August 2012



Schroders

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Schroder

Managed Balanced 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 give a balanced exposure to UK and overseas equities and fixed income securities through a range of underlying authorised unit trusts, recognised schemes and collective investment schemes.

The proportionate percentage to be invested in each underlying scheme will be decided by the investment adviser in light of current economic and other circumstances and may include a proportion in cash. Efficient portfolio management techniques will be utilised when considered appropriate.

Financial highlights

Dealing price	23.8.12	23.2.12	% change
I Income units	402.90p	402.80p	0.02
I Accumulation units	636.80p	626.90p	1.58
A Accumulation units	121.60p	120.30p	1.08
H Income units	55.88p	55.80p	0.14
H Accumulation units	60.48p	59.61p	1.46

Fund information

Launch date	17 July 1998
Launch price	281.24p per I Income unit
	346.22p per I Accumulation unit
Launch date	13 November 2006
Launch price	100.00p per A Accumulation unit
Launch date	2 January 2007
Launch price	50.00p per H Income unit
	50.00p per H Accumulation unit

	Interim	Final
Accounting dates	23 August	23 February
Revenue allocation date		23 April

Fund Information (continued)

Ongoing charges figure

	For the period to 23.8.12	For the year to 23.2.12
I Income units	0.62% ¹	0.62%
I Accumulation units	0.62% ¹	0.62%
A Accumulation units	1.76% ¹	1.77%
H Income units	0.92% ¹	0.92%
H Accumulation units	0.92% ¹	0.92%

To be consistent 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.

Total purchases and sales

	For the period to 23.8.12 £000's	For the year to 23.2.12 £000's
Total purchases	87,491	90,698
Total sales	54,058	106,224

Review of Investment Activities

From 23 February 2012 to 23 August 2012 the price of I Accumulation units on a dealing price to dealing price basis rose 1.58%. In comparison, the Investment Management Association Mixed Investment 40-85% Shares Sector Average generated a negative total return of 0.01%¹. Longer term performance (over three, five and ten years) for the fund remains ahead of the sector average.

¹ Source: Lipper Investment Management.

Global financial markets were driven by deteriorating global economic data and news flow surrounding the eurozone crisis. While risk assets such as equities rallied in July and August on optimism that central banks will inject further liquidity to support growth, equity markets as a whole finished the period lower. The main exception was the US. The weakest regions were emerging markets, Japan and Asia.

Positive contributors to fund performance include: a bias within equities to the US and UK versus Europe ex UK, Asia and emerging markets, and a preference for investment grade credit over higher yielding corporate bonds and government debt. The portfolio's underlying equity and fixed income funds added value in aggregate, with the majority either outperforming or finishing in line with their benchmark indices.

The largest regional equity exposures continue to be the UK and US. However, exposure to Europe was increased over the past three months as the risk/reward ratio of holding higher quality European equities versus those in the US has improved given valuations and investor positioning. We remain underweight in Asia and emerging markets as we believe the market is underestimating the slowdown in these regions. We also maintain a bias towards managers with exposure to higher quality companies, increasing this exposure with the introduction of Schroder International Selection Fund QEP Global Quality.

The fund's fixed income allocation is positioned at the defensive end of the spectrum, with a bias towards high quality investment grade bonds, and a lower than normal exposure to high yield debt.

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:
Johanna Kyrklund

Joined Schroders in March 2007
Johanna Kyrklund is Head of Multi Asset Investments and is responsible for investments on behalf of all UK, European and US multi asset clients. She is a member of Global Asset Allocation Committee and fund manager of the Schroder Diversified Growth funds

Prior to joining Schroders, Johanna worked at Insight Investment as the fund manager of the Absolute Insight Tactical Asset Allocation Fund, a global macro absolute return fund. From 1997 to 2005 Johanna worked at Deutsche Asset Management, where she specialised in asset allocation. At Deutsche she was Head of Asset Allocation in the UK and fund manager of the Deutsche Tactical Asset Allocation Fund

Johanna has a BA (Hons) in Philosophy, Politics & Economics, Oxford and has been a CFA Charterholder since 2001



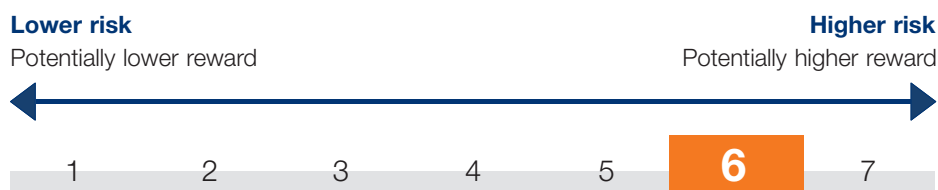
Co-Fund Manager:
Jane Turner

Investment career commenced upon joining Schroders in 2003

Co-Fund Manager of the Schroder Managed Balanced Fund and Schroder Multi-Manager Funds
CFA Charterholder since 2006
BA (Hons) in Business Studies

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 authorised as a non-UCITS retail scheme. The investment and borrowing powers of these types of scheme are wider than those for UCITS funds whilst still aiming to provide a prudent spread of risk.

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.

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	I Income units		I Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2007	396.40	353.50	574.80	511.10
2008	382.60	248.70	554.80	366.00
2009	370.40	243.00	556.40	364.20
2010	404.20	351.30	618.60	536.80
2011	412.00	353.50	637.80	550.20
2012 to 23 August	404.90	375.30	639.90	589.70

Year to 31 December	A Accumulation units		H Income units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2007	114.60	102.40	54.91	48.96
2008	110.50	72.39	52.88	34.51
2009	108.80	71.81	51.48	33.74
2010	120.00	104.70	55.98	48.71
2011	123.10	106.00	57.04	49.00
2012 to 23 August	122.20	113.30	56.16	52.08

Year to 31 December	H Accumulation units	
	Highest dealing p	Lowest dealing p
2007	55.17	49.03
2008	53.22	35.09
2009	53.23	34.89
2010	58.99	51.34
2011	60.72	52.35
2012 to 23 August	60.78	56.09

Net Asset Value and Comparative Tables (continued)

Net revenue

Year to 31 December	I Income units pence per unit	I Accumulation units pence per unit
2007	2.3243	3.3440
2008	5.1532	7.6392
2009	5.2831	7.8076
2010	6.8056	11.3216
2011	6.8161	10.3812
2012 to 23 August	6.1406	9.5580

Year to 31 December	A Accumulation units pence per unit	H Income units pence per unit
2007	0.1424	0.1258
2008	0.5600	0.5027
2009	0.6086	0.6291
2010	1.2082	0.9799
2011	0.9181	0.7639
2012 to 23 August	0.7826	0.7231

Year to 31 December	H Accumulation units pence per unit
2007	0.1412
2008	0.7070
2009	0.6325
2010	0.9388
2011	0.8241
2012 to 23 August	0.7696

Net Asset Value and Comparative Tables (continued)

Net asset value

As at 23 February	Net asset value £000's	Net asset value per unit p	Number of units in issue
2010			
I Income units	12,993	359.69	3,612,220
I Accumulation units	410,296	550.51	74,530,780
A Accumulation units	3,160	107.44	2,941,049
H Income units	397	49.95	794,014
H Accumulation units	38,896	52.59	73,958,731
2011			
I Income units	11,946	397.17	3,007,890
I Accumulation units	451,288	618.18	73,002,014
A Accumulation units	7,527	119.72	6,287,364
H Income units	1,179	55.16	2,137,224
H Accumulation units	75,765	58.92	128,594,615
2012			
I Income units	11,577	396.80	2,917,543
I Accumulation units	432,762	627.17	69,002,761
A Accumulation units	8,258	120.36	6,861,207
H Income units	1,357	55.11	2,462,112
H Accumulation units	135,816	59.64	227,731,103
2012 at 23 August			
I Income units	11,717	402.49	2,911,258
I Accumulation units	444,712	636.16	69,905,181
A Accumulation units	8,954	121.52	7,368,063
H Income units	1,411	55.83	2,527,019
H Accumulation units	163,306	60.42	270,274,817

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 23.8.12	Market Value £000's	% of net assets
Asia Pacific ex Japan Equity Funds 5.72%			
(23.2.12 – 7.14%)			
Schroder Asian Alpha Plus Fund A Accumulation Units ¹	47,289,659	36,018	5.72
		36,018	5.72
Emerging Markets Equity Funds 0.79%			
(23.2.12 – 2.22%)			
Schroder Global Emerging Markets Fund A Income Units ¹	3,993,169	5,007	0.79
		5,007	0.79
European Equity Funds 10.55%			
(23.2.12 – 9.35%)			
Schroder European Alpha Plus Fund A Income Units ¹	63,383,207	66,489	10.55
		66,489	10.55
Global Equity Funds 5.23%			
(23.2.12 – 0.00%)			
Schroder International Selection Fund QEP Global Quality I Accumulation USD ¹	493,801	32,933	5.23
		32,933	5.23
Global Energy Equity Funds 0.00%			
(23.2.12 – 1.00%)			
Japanese Equity Funds 2.88%			
(23.2.12 – 3.87%)			
Schroder Tokyo Fund A Accumulation Units ¹	10,109,637	18,117	2.88
		18,117	2.88
UK Equity Funds 29.43%			
(23.2.12 – 30.21%)			
Schroder Income Fund A Income Units ¹	6,792,380	53,734	8.53
Schroder UK Alpha Plus Fund A Income Units ¹	51,314,894	58,371	9.26
Schroder UK Equity Fund A Income Units ¹	12,374,003	73,353	11.64
		185,458	29.43

Portfolio Statement (continued)

	Holding at 23.8.12	Market Value £000's	% of net assets
US Equity Funds 8.77%			
(23.2.12 – 9.09%)			
Schroder QEP US Core Fund I Accumulation Units ¹	8,134,035	55,261	8.77
		55,261	8.77
Global Fixed Interest Funds 6.05%			
(23.2.12 – 7.25%)			
Schroder International Selection Fund Global High Yield I Accumulation USD ¹	1,647,426	38,149	6.05
		38,149	6.05
UK Fixed Interest Funds 12.58%			
(23.2.12 – 11.28%)			
Schroder All Maturities Corporate Bond Fund I Accumulation Units ¹	35,151,071	71,157	11.29
Schroder Monthly High Income Fund A Income Units ¹	19,114,925	8,105	1.29
		79,262	12.58
Euro Denominated Derivatives (0.03)%			
(23.2.12 – 0.18%)			
Forward to sell €42,398,475 for £33,346,633	€(42,398,475)	(209)	(0.03)
		(209)	(0.03)
Hong Kong Dollar Denominated Derivatives (0.06)%			
(23.2.12 – (0.11)%)			
Hang Seng Index Futures August 2012	(99)	(406)	(0.06)
		(406)	(0.06)
US Dollar Denominated Derivatives 0.40%			
(23.2.12 – 0.57%)			
Forward to buy US\$658,700 for £417,210	US\$658,700	(2)	0.00
Forward to sell US\$15,770,300 for £10,094,122	US\$(15,770,300)	159	0.02
S&P 1400 Put Futures October 2012	212	474	0.08

Portfolio Statement (continued)

	Holding at 23.8.12	Market Value £000's	% of net assets
US Dollar Denominated Derivatives (continued)			
S&P 500 E-Mini Index Futures September 2012	670	1,899	0.30
		2,530	0.40
Portfolio of investments ²		518,609	82.31
Net other assets		111,491	17.69
Net assets attributable to unitholders		630,100	100.00%

Unless otherwise stated the above securities are collective investment schemes permitted under the COLL.

1 A related party to the fund.

2 Including derivative liabilities.

Summary of Portfolio Transactions

Largest purchases

For the six months ended 23 August 2012	Cost £000's
Schroder International Selection Fund QEP Global Quality I Accumulation USD ¹	30,607
Schroder UK Equity Fund A Income Units ¹	12,482
Schroder European Alpha Plus Fund A Income Units ¹	11,531
Schroder All Maturities Corporate Bond Fund I Accumulation Units ¹	8,393
Schroder UK Alpha Plus Fund A Income Units ¹	7,130
Schroder International Selection Fund Global High Yield I Accumulation USD ¹	7,074
Schroder International Selection Fund Global Energy I Accumulation USD ¹	5,868
Schroder Income Fund A Income Units ¹	2,426
Schroder QEP US Core Fund I Accumulation Units ¹	1,752
Schroder Tokyo Fund A Accumulation Units ¹	134

Largest sales

For the six months ended 23 August 2012	Proceeds £000's
Schroder International Selection Fund Global High Yield I Accumulation USD ¹	13,125
Schroder International Selection Fund Global Energy I Accumulation USD ¹	9,480
Schroder UK Alpha Plus Fund A Income Units ¹	9,014
Schroder Global Emerging Markets Fund A Income Units ¹	7,048
Schroder Asian Alpha Plus Fund A Accumulation Units ¹	5,388
Schroder Income Fund A Income Units ¹	4,720
Schroder Tokyo Fund A Accumulation Units ¹	3,532
Schroder QEP US Core Fund I Accumulation Units ¹	1,751

¹ A related party to the fund.

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 23 August 2012 were signed on 5 October 2012 on behalf of the Manager by:

C.E. Helmstetter
Directors

J.M. Cardew

Statement of Total Return (unaudited)

For the six months ended 23 August 2012

	23.8.12		23.8.11	
	£000's	£000's	£000's	£000's
Income				
Net capital gains/(losses)		4,150		(58,662)
Revenue	5,400		5,345	
Expenses	127		546	
Finance costs:				
Interest payable	(4)		(1)	
Net revenue before taxation	5,523		5,890	
Taxation	(507)		(774)	
Net revenue after taxation		5,016		5,116
Total return before distributions		9,166		(53,546)
Finance costs: Distributions		117		146
Change in net assets attributable to unitholders from investment activities		9,283		(53,400)

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

For the six months ended 23 August 2012

	23.8.12		23.8.11	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		589,770 ¹		547,705
Amounts receivable on creation of units	52,459		50,081	
Amounts payable on cancellation of units	(21,333)		(20,928)	
		31,126		29,153
Stamp duty reserve tax		(79)		(166)
Change in net assets attributable to unitholders from investment activities		9,283		(53,400)
Closing net assets attributable to unitholders		630,100		523,292¹

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 23 August 2012

	23.8.12		23.2.12	
	£000's	£000's	£000's	£000's
Assets				
Investment assets		519,226		485,638
Debtors	6,617		1,410	
Cash and bank balances	107,451		108,085	
Total other assets		114,068		109,495
Total assets		633,294		595,133
Liabilities				
Investment liabilities		(617)		(1,704)
Creditors	(2,577)		(3,462)	
Distribution payable on Income units	0		(197)	
Total other liabilities		(2,577)		(3,659)
Total liabilities		(3,194)		(5,363)
Net assets attributable to unitholders				
		630,100		589,770

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 23 February 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

Investment Adviser

Schroder Investment Management 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

Registrar¹

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

Administration details

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Dealing 0800 718 788
Fax 0870 043 4080

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 non-UCITS retail scheme for the purpose of the categorisation of the COLL.

Initial management charge

The issue price of I Income units and I Accumulation units reflects an initial management charge of 3.00% of the dealing price. The issue price of A Accumulation units, H Income units and H Accumulation units reflects an initial management charge of 3.25% of the dealing price. These charges are retained by the Manager.

Prospectus

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

European Union Savings Directive

Schroders is required by the European Union Savings Directive to report payments to HM Revenue & Customs that are made by the fund to investors living in other European Union member states.



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