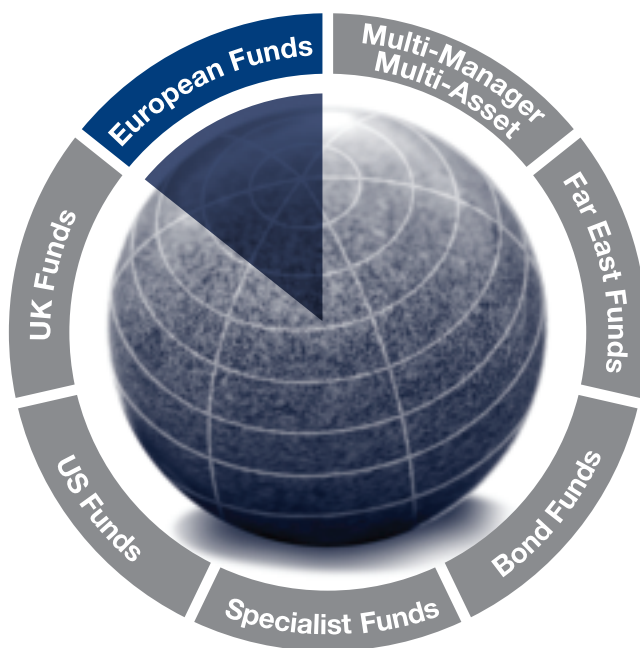


Schroder European Fund

Interim Short Report

16 January 2013 to 15 July 2013



Schroders

Schroder European Fund

Review of Investment Activities

From 15 January 2013 to 15 July 2013, the price of I Accumulation units on a dealing price to dealing price basis rose 14.35%. In comparison, the FTSE World Europe ex UK Index generated a total return of 10.59%¹ in sterling terms. From 1 July 2013 to 15 July 2013, the price of GBP Hedged A Accumulation units on a dealing price to dealing price basis rose 4.14%.

1 Source: Thomson Reuters Datastream.

The period began strongly for equities after the US reached agreement on the fiscal cliff. Eurozone worries re-emerged as Italian elections produced deadlock and Cyprus's banks required a bail out. However, accommodative monetary policy from central banks and a relaxation of the focus on austerity in Europe supported sentiment.

Both the fund and the index posted gains, with the fund outperforming the index. The financials sector was the top contributor to relative returns, driven by positive stock selection. Consumer services also contributed, helped by our relative overweight positioning as well as strong stock selection. Consumer goods was the only sector to detract from performance in the period.

Cable operator Kabel Deutschland Holding was the top contributor at a stock level. The group continued to grow market share and was also the beneficiary of takeover activity, culminating in an agreed offer from Vodafone. Amadeus IT Holdings was another contributor; the Spanish group launched a new suite of IT solutions for airports. Among financials, the fund's lack of exposure to Spanish banks BBVA and Santander was an advantage. Insurers Ageas and Sampo contributed to performance.

Among detractors, Sandvik came under pressure on concerns over reduced new equipment orders for the mining division. However, it still has good exposure to the aftermarket and remains a sizeable restructuring story. The fund missed out by not owning Swiss health care stock Novartis.

We increased our allocation to industrials which is now our biggest overweight. We remain overweight consumer services and underweight consumer goods. We have reduced exposure to financials, which is now underweight compared to neutral previously.



Fund Manager:
Martin Skanberg

Fund Information

	Interim	Final
Accounting dates	15 July	15 January
Revenue allocation date		15 March

Ongoing charges figure	For the period to 15.7.13	For the year to 15.1.13
A Income units	1.69% ¹	1.72%
A Accumulation units	1.69% ¹	1.72%
GBP Hedged A Income units	1.69% ¹	–
GBP Hedged A Accumulation units	1.69% ¹	–
GBP Hedged Z Income units	0.94% ¹	–
GBP Hedged Z Accumulation units	0.94% ¹	–
I Income units	0.79% ¹	0.82%
I Accumulation units	0.79% ¹	0.82%
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

Fund performance	Net Asset Value as at 15.7.13 pence per unit	Net Asset Value as at 15.1.13 pence per unit	Net Asset Value % change
A Income units	65.16	57.10	14.12
A Accumulation units	66.38	58.20	14.05
GBP Hedged A Income units	51.44	–	–
GBP Hedged A Accumulation units	51.44	–	–
GBP Hedged Z Income units	51.44	–	–
GBP Hedged Z Accumulation units	51.44	–	–
I Income units	893.72	780.26	14.54
I Accumulation units	1,266.80	1,106.15	14.52
Z Income units	70.37	62.18	13.17
Z Accumulation units	70.44	62.15	13.34

	Since launch	3 months	6 months	5 years
Schroder European Fund I Accumulation units	–	8.73%	14.35%	65.12%
Schroder European Fund GBP Hedged A Accumulation units	4.14%	–	–	–
FTSE World Europe ex UK Index	–	4.76%	10.59%	37.88%

Fund Source: Dealing price to dealing price basis to 15.7.13.

Index Source: Thomson Reuters Datastream, total return in sterling terms to 15.7.13.

Performance Record (continued)

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.

The performance of a hedged unit class may differ from other unit classes of the fund because the return on unhedged unit classes is based on both the performance of the fund's investments and the performance of the portfolio currencies relative to sterling whereas the return on a hedged unit class is based only on the performance of the investments.

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				
2008	—	—	—	—
2009	—	—	—	—
2010	53.93	49.18	53.93	49.18
2011	60.38	42.09	60.38	42.09
2012	56.44	44.46	57.06	44.94
2013 to 15 July	66.11	56.55	67.35	57.17

	GBP Hedged A Income units		GBP Hedged A Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2008	—	—	—	—
2009	—	—	—	—
2010	—	—	—	—
2011	—	—	—	—
2012	—	—	—	—
2013 to 15 July	52.11	49.33	52.11	49.33

	GBP Hedged Z Income units		GBP Hedged Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2008	—	—	—	—
2009	—	—	—	—
2010	—	—	—	—
2011	—	—	—	—
2012	—	—	—	—
2013 to 15 July	52.12	49.33	52.12	49.33

Performance Record (continued)

Year to 31 December	I Income units		I Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2008	772.50	447.70	971.50	571.80
2009	707.50	416.40	935.10	550.20
2010	745.80	601.20	1,006.00	810.70
2011	825.50	577.40	1,130.00	790.40
2012	776.50	608.50	1,084.00	849.20
2013 to 15 July	905.80	778.10	1,284.00	1,086.00

Year to 31 December	Z Income units		Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	50.23	44.89	50.23	44.89
2012	60.31	47.26	60.30	47.26
2013 to 15 July	71.33	60.43	71.41	60.43

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	–	–
2009	–	–
2010	Nil	Nil
2011	Nil	Nil
2012	0.5185	0.5225
2013 to 15 July	0.4481	0.4567

Year to 31 December	I Income units	I Accumulation units
	pence per unit	pence per unit
2008	11.3902	14.2303
2009	17.5298	22.5037
2010	14.1514	18.8542
2011	11.0147	14.5197
2012	12.7046	17.3698
2013 to 15 July	12.4040	17.3106

GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units, GBP Hedged Z Accumulation units, Z Income units and Z Accumulation units have made no distributions to date.

Portfolio Information

Spread of investments	% of net assets as at 15.7.13	% of net assets as at 15.1.13
Belgium	3.41	5.32
Finland	1.27	1.08
France	24.45	23.78
Germany	21.71	21.38
Italy	4.62	4.99
Netherlands	12.26	8.22
Norway	1.85	1.68
Portugal	1.01	1.65
Spain	4.48	5.29
Sweden	7.76	8.50
Switzerland	16.74	16.61
Net other assets	0.44	1.50

Major holdings	% of net assets as at 15.7.13	% of net assets as at 15.1.13
Bayer	3.08	3.15
Roche Holding Genusscheine	2.89	2.82
Legrand Promesse	2.86	2.74
Credit Suisse Group	2.69	2.73
Amadeus IT Holdings	2.66	2.71
Syngenta	2.50	2.63
BNP Paribas	2.35	2.52
Publicis Groupe	2.18	2.46
Koninklijke DSM	2.18	2.28
Fresenius	2.18	2.21
Bayer		3.15
Sandvik		2.82
Repsol		2.74
BNP Paribas		2.73
Christian Dior		2.71
Credit Suisse Group		2.63
ING Groep		2.52
Amadeus IT Holdings		2.46
Legrand Promesse		2.28
Kabel Deutschland Holding		2.21

Investment Objective & Policy

The fund's investment objective is to achieve capital growth through investment in European stock markets, excluding the UK.

The core of investment will be in the larger market capitalisation stocks in the major European markets. The remainder of the portfolio will consist of investments in medium market capitalisation stocks and those drawn from the smaller European markets.

The fund may also invest in a wide range of investments including transferable securities, 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. For non-hedged unit classes exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

There is no guarantee that the hedging strategy applied in hedged unit classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currencies.

In addition, it should be noted that hedging transactions will be entered into whether or not the currencies of a hedged unit class are declining or increasing in value in relation to the base currency or portfolio currencies. Hedged unit classes aim to provide investors with a return correlated to the portfolio currencies performance of the fund by reducing the effect of exchange rate fluctuations between the base currency and the portfolio currencies.

As it is not possible to legally segregate unit classes' liabilities from those of other unit classes in the fund, there is a risk that, in certain limited circumstances, the hedging transactions undertaken in relation to a hedged unit class could result in liabilities which might affect the net asset value of the other unit classes in 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 European Fund for the period ended 15 July 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

GBP hedged unit classes were launched on 1 July 2013. Hedged unit classes allow the Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portable currencies of the fund.

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.



