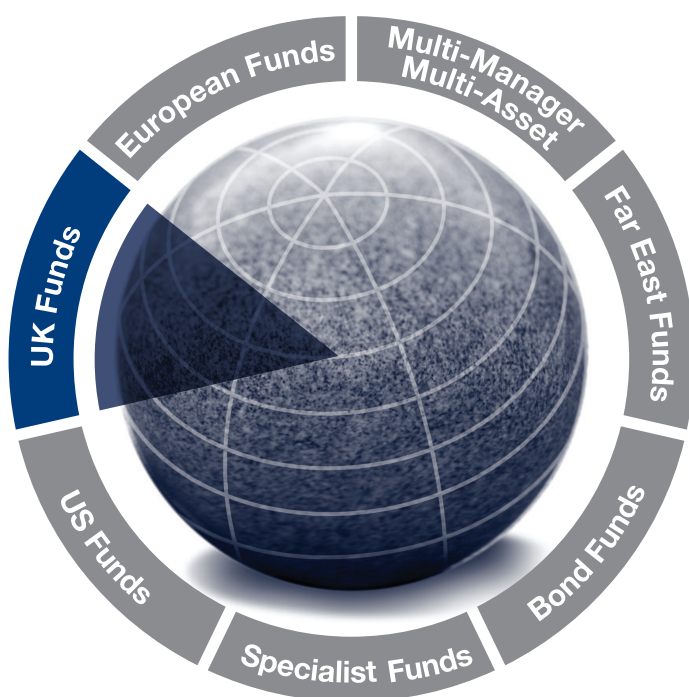


Schroder

UK Smaller Companies Fund

Interim Report and Accounts

November 2013



Schroders

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Schroder

UK Smaller Companies 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 aim to achieve capital growth by investing in UK smaller companies. The policy is to invest in smaller companies in the UK which are expected to exhibit superior growth over the long term.

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

Financial highlights

Selling price	29.11.13	31.5.13	% change
A Income units	1,888.00p	1,595.00p	18.37
A Accumulation units	2,508.00p	2,105.00p	19.14
Z Income units	84.29p	71.87p	17.28
Z Accumulation units	85.96p	71.86p	19.62

Fund information

Launch date	31 May 1987
Launch price	187.80p per A Income unit
	198.90p per A Accumulation unit
Launch date	8 November 2011
Launch price	50.00p per Z Income unit
	50.00p per Z Accumulation unit

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

Ongoing charges figure

	For the period to 30.11.13	For the year to 31.5.13
A Income units	1.66% ¹	1.66%
A Accumulation units	1.66% ¹	1.66%
Z Income units	0.91% ¹	0.91%
Z Accumulation units	0.91% ¹	0.91%

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

Total purchases and sales

	For the period to 30.11.13 £000's	For the year to 31.5.13 £000's
Total purchases	62,467	30,256
Total sales	23,625	48,593

Review of Investment Activities

From 31 May 2013 to 29 November 2013, the price of A Accumulation units on a selling price to selling price basis rose 19.14%. In comparison, the FTSE Small Cap ex Investment Trusts Index and the FTSE All Share Index generated total returns of 17.37%¹ and 3.88%¹ respectively.

¹ Source: Thomson Reuters Datastream.

The fund delivered a strong absolute performance in the period under review and outperformed the benchmark. Stock selection in the technology sector had a significant positive effect on returns, with Gresham Computing performing well amid a series of contract wins for the group's flagship product. Xaar was the largest individual contributor to returns as the market began to recognise the growth potential for its digital print heads as the industrial printing industry shifts from analogue to digital. Other strong performers included Photo-Me International and Cohort, the defence engineer.

We took profits on holdings that performed strongly, and were able to take advantage of short term price weakness to reinvest in companies with significant upside potential. After very strong performance in recent years we sold our position in RPC Group, the UK based rigid plastic manufacturer, as regular restructuring charges had depressed the cash return on capital. We participated in the CentralNic Group initial public offering, which owns, supplies and operates internet domain names.

Smaller companies continue to outperform the wider UK equity market, and they have been helped by a modest increase in mergers and acquisitions activity. A result of the stellar performance of smaller companies in recent years is that it is now harder to find undervalued investment ideas, but although valuations have risen upwards they do not yet look expensive in absolute terms or relative to other assets. Moreover, company fundamentals remain strong. We retain our focus on companies that generate attractive returns on capital, have good long term prospects and opportunities to improve profitability.

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:
Andrew Brough

Andrew's investment career commenced in 1987 when he joined Schroders as a UK equity fund manager, becoming Co Head of our UK Small Cap Team in 2002

He joined Price Waterhouse in 1985, where he qualified as a Chartered Accountant

Degree in Economics

Co-Fund Manager:
Rosemary Banyard

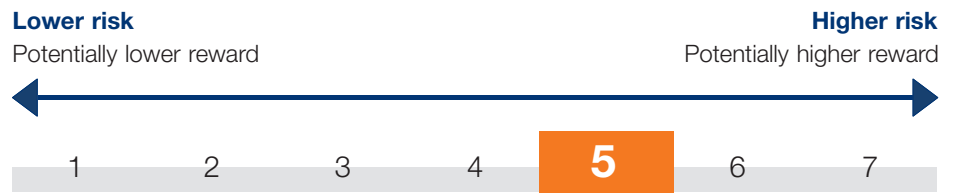
Rosemary joined Schroders in 1997 as a UK equity fund manager

Her investment career commenced in 1979 when she joined James Capel as a graduate trainee and latterly was a textiles research analyst. In 1995 she moved to John Govett where she managed the UK Small Companies Unit Trust

Degree in Classics and an MBA

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 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 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.

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	1,175.00	599.70	1,491.00	764.10
2009	1,006.00	567.30	1,300.00	722.80
2010	1,308.00	868.90	1,702.00	1,120.00
2011	1,399.00	1,043.00	1,837.00	1,364.00
2012	1,441.00	1,088.00	1,901.00	1,424.00
2013 to 30 November	1,933.00	1,367.00	2,566.00	1,802.00

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	50.91	47.38	50.91	47.38
2012	62.80	48.04	62.79	48.04
2013 to 30 November	86.26	61.37	87.98	61.37

Net revenue

Year to 31 December	A Income units pence per unit	A Accumulation units pence per unit
2008	4.8031	6.0913
2009	10.5198	13.4032
2010	7.8369	10.0665
2011	7.6543	9.5525
2012	9.7586	12.6830
2013 to 30 November	10.8059	14.2726

Year to 31 December	Z Income units pence per unit	Z Accumulation units pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012	Nil ¹	Nil ¹
2013 to 30 November	1.4218	1.4218

1 There was no distribution for Z Income units and Z Accumulation units as the total amount distributable was below the de minimis.

Net Asset Value and Comparative Tables (continued)

Net asset value

As at 31 May	Net asset value £000's	Net asset value per unit p	Number of units in issue
2011			
A Income units	44,758	1,248.22	3,585,777
A Accumulation units	233,331	1,633.37	14,285,268
2012			
A Income units	35,860	1,155.73	3,102,795
A Accumulation units	204,383	1,525.02	13,401,921
Z Income units	1	51.66	2,000
Z Accumulation units	1	51.66	2,000
2013			
A Income units	33,657	1,595.82	2,109,029
A Accumulation units	267,119	2,119.78	12,601,284
Z Income units	11,768	70.96	16,583,905
Z Accumulation units	3,274	72.38	4,523,082
2013 at 30 November			
A Income units	41,345	1,891.93	2,185,364
A Accumulation units	335,595	2,513.04	13,354,123
Z Income units	17,776	84.46	21,046,932
Z Accumulation units	21,290	86.14	24,715,636

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 30.11.13	Market Value £000's	% of net assets
Oil & Gas 3.15%			
(31.5.13 – 3.21%)			
Cape	1,643,293	4,519	1.09
Gulfsands Petroleum	1,689,538	963	0.23
IGas Energy	1,840,000	1,992	0.48
Lamprell	3,737,660	5,550	1.33
Petroneft Resources	1,819,124	85	0.02
		13,109	3.15
Basic Materials 4.99%			
(31.5.13 – 5.93%)			
Anglo Pacific Group	1,051,327	2,103	0.51
Carclo	1,600,000	4,468	1.07
Elementis	1,450,000	3,763	0.91
Scapa Group	10,500,000	9,607	2.31
Zotefoams	450,306	802	0.19
		20,743	4.99
Industrials 32.78%			
(31.5.13 – 37.80%)			
Alumasc Group	1,089,167	1,372	0.33
Avon Rubber	2,000,000	11,510	2.77
Cohort	2,300,000	4,945	1.19
CPP Group	2,875,291	240	0.06
Digital Barriers	2,012,551	3,321	0.80
Diploma	1,300,000	9,081	2.18
Domino Printing Sciences	992,630	6,968	1.67
E2V Technologies	4,502,193	6,945	1.67
Fisher (James) & Sons	937,084	10,655	2.56
George Scarr-Hall Investments ^{1 2}	12	317	0.08
Hill & Smith Holdings	800,000	4,280	1.03
Impellam Group	300,000	1,080	0.26
Latchways	400,000	5,300	1.27
Lavendon Group	1,000,000	1,800	0.43
Low & Bonar	2,179,793	1,526	0.37
Marshalls	2,428,588	4,232	1.02
Mears Group	1,500,000	6,664	1.60
Molins	1,825,000	3,467	0.83
Murgitroyd Group	614,042	3,193	0.77
NWF Group	1,150,000	1,621	0.39

Portfolio Statement (continued)

	Holding at 30.11.13	Market Value £000's	% of net assets
Industrials (continued)			
Ricardo	1,040,000	5,897	1.42
Severfield-Rowen	2,000,000	1,230	0.29
Smith News	722,762	1,585	0.38
Synectics	400,000	2,420	0.58
Tribal Group	3,800,000	6,621	1.59
Trifast	5,250,000	4,200	1.01
TT Electronics	2,788,391	5,479	1.32
UK Mail Group	485,504	2,913	0.70
Vitec Group	400,000	2,526	0.61
Xaar	1,500,000	14,985	3.60
		136,373	32.78
Consumer Goods 6.65%			
(31.5.13 – 6.54%)			
Games Workshop Group	550,000	4,015	0.97
Gleeson (MJ) Group	2,117,500	6,988	1.68
Photo-Me International	6,701,725	9,449	2.27
Ted Baker	360,000	7,207	1.73
Zattikka ^{1 2}	341,380	0	0.00
		27,659	6.65
Health Care 8.08%			
(31.5.13 – 9.10%)			
Advanced Medical Solutions Group	5,000,000	5,113	1.23
Caretech Holdings	1,725,000	4,105	0.99
Consort Medical	850,000	7,442	1.79
Dechra Pharmaceuticals	1,000,000	6,815	1.64
Eco Animal Health Group	1,669,209	3,222	0.77
EKF Diagnostics Holdings	3,800,000	1,235	0.30
Immunodiagnostic Systems Holdings	1,091,989	5,678	1.36
		33,610	8.08
Consumer Services 12.78%			
(31.5.13 – 10.92%)			
Air Partner	870,000	4,872	1.17
Bloomsbury Publishing	1,200,000	2,052	0.49
Conviviality Retail	4,425,000	7,080	1.70
Crawshaw Group	3,173,622	468	0.11

Portfolio Statement (continued)

	Holding at 30.11.13	Market Value £000's	% of net assets
Consumer Services (continued)			
Dart Group	5,676,868	12,986	3.12
Dods Group	19,856,251	744	0.18
Essenden	760,000	197	0.05
Essenden 0% Perpetual Bonds	760,000	175	0.04
Flybe Group	3,325,000	3,159	0.76
Future	8,386,822	1,363	0.33
Mothercare	875,000	3,327	0.80
NetPlay TV	20,785,938	4,261	1.03
Progressive Digital Media Group	1,400,000	3,010	0.72
Sportech	4,500,000	3,904	0.94
Stanley Gibbons Group	266,809	862	0.21
Wilmington Group	2,100,000	4,704	1.13
		53,164	12.78
Telecommunications 0.47%			
(31.5.13 – 1.19%)			
KCOM Group	2,000,000	1,980	0.47
		1,980	0.47
Financials 13.41%			
(31.5.13 – 10.62%)			
Arrow Global Group	3,908,180	10,415	2.50
Brewin Dolphin Holdings	1,154,070	3,176	0.76
Brightside Group	10,966,303	2,029	0.49
Charles Stanley Group	1,130,263	5,346	1.29
Helical Bar	1,137,500	3,782	0.91
Liontrust Asset Management	3,334,994	8,204	1.97
LMS Capital	1,211,948	894	0.21
Local Shopping REIT	4,400,000	1,408	0.34
Milton Group	4,545,455	2,295	0.55
Park Group	12,750,000	6,248	1.50
Raven Russia	5,937,280	4,765	1.15
Real Estate Investors	850,000	400	0.10
Secure Trust Bank	122,866	3,010	0.72
Tungsten	1,600,000	3,808	0.92
		55,780	13.41

Portfolio Statement (continued)

	Holding at 30.11.13	Market Value £000's	% of net assets
Technology 15.24%			
(31.5.13 – 11.99%)			
Amino Technologies	3,300,000	2,920	0.70
Bango	96,478	135	0.03
Blinkx	2,900,000	5,800	1.40
CentralNic Group	3,393,939	3,631	0.87
Craneware	780,000	3,510	0.84
Earthport	4,053,323	963	0.23
Eservglobal	3,000,000	1,140	0.27
Gresham Computing	5,440,000	6,637	1.60
InternetQ	1,071,474	3,193	0.77
Iomart Group	1,100,000	2,816	0.68
Kofax	1,282,775	5,077	1.22
Microgen	3,988,006	4,905	1.18
OMG	4,000,000	1,120	0.27
Pace	2,850,000	9,000	2.16
Phoenix IT Group	2,119,093	2,755	0.66
RM	2,700,810	3,025	0.73
SDL	800,000	2,166	0.52
Servelec Group ³	2,569,832	4,600	1.11
		63,393	15.24
Portfolio of investments		405,811	97.55
Net other assets		10,195	2.45
Net assets attributable to unitholders		416,006	100.00%

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

1 Unlisted, suspended and delisted securities within the meaning of the COLL.

2 Securities that are not approved within the meaning of the COLL.

3 Recently issued security within the meaning of the COLL.

Summary of Portfolio Transactions

Largest purchases

For the six months ended 30 November 2013	Cost £000's
Arrow Global Group	8,473
Conviviality Retail	4,614
Servelec Group	4,600
Tungsten	3,600
Helical Bar	3,433
Craneware	3,389
Liontrust Asset Management	3,157
Sportech	2,634
SDL	2,381
Flybe Group	2,346

Largest sales

For the six months ended 30 November 2013	Proceeds £000's
Xaar	4,886
RPC Group	4,079
Oxford Instruments	2,716
KCOM Group	2,270
Optimal Payments	1,302
InternetQ	1,256
Bango	1,126
YouGov	1,002
Vitec Group	948
Dart Group	845

Statement of the Manager's Responsibilities

The Financial Conduct 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 30 November 2013 were signed on 17 January 2014 on behalf of the Manager by:

C.E. Helmstetter
Directors

J.M. Cardew

Statement of Total Return (unaudited)

For the six months ended 30 November 2013

	30.11.13		30.11.12	
	£000's	£000's	£000's	£000's
Income				
Net capital gains		59,665		31,904
Revenue	3,656		3,326	
Expenses	(2,942)		(2,125)	
Net revenue before taxation	714		1,201	
Taxation	0		0	
Net revenue after taxation		714		1,201
Total return before distributions		60,379		33,105
Finance costs: Distributions		73		(22)
Change in net assets attributable to unitholders from investment activities		60,452		33,083

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

For the six months ended 30 November 2013

	30.11.13		30.11.12	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		315,818 ¹		240,245
Amounts receivable on creation of units	46,941		2,758	
Amounts payable on cancellation of units	(7,086)		(13,140)	
		39,855		(10,382)
Stamp duty reserve tax		(119)		(38)
Change in net assets attributable to unitholders from investment activities		60,452		33,083
Unclaimed distributions		0		1
Closing net assets attributable to unitholders		416,006		262,909¹

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 30 November 2013

	30.11.13		31.5.13	
	£000's	£000's	£000's	£000's
Assets				
Investment assets		405,811		307,301
Debtors	2,462		837	
Cash and bank balances	18,014		11,096	
Total other assets		20,476		11,933
Total assets		426,287		319,234
Liabilities				
Creditors	(10,281)		(2,952)	
Distribution payable on Income units	0		(464)	
Total other liabilities		(10,281)		(3,416)
Total liabilities		(10,281)		(3,416)
Net assets attributable to unitholders				
		416,006		315,818

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 31 May 2013 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 Conduct 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 Conduct Authority

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Fax 0870 043 4080

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Authorised and regulated by
the Financial Conduct Authority

Independent Auditors

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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.

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 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**.



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.



Schroders

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