

Schroder

US Smaller Companies Fund

Interim Short Report

1 May 2012 to 31 October 2012



Schroders

Schroder US Smaller Companies Fund

Review of Investment Activities

From 30 April 2012 to 31 October 2012 the price of A Accumulation units on a selling price to selling price basis rose 0.08%. In comparison, from 27 April 2012 to 30 October 2012 the Russell 2000 Index and the Standard & Poor's Composite Index generated total returns of 0.17%¹ and 2.71%¹ respectively in sterling terms. Due to the fund's valuation point, the performance periods for the fund and the benchmark are at different dates, however, the information is comparable.

1 Source: Thomson Reuters Datastream.

Macroeconomic concerns drove the market for much of the period and US Smaller Companies underperformed the broader market as smaller companies tend to be more sensitive to the economic environment.

Schroder US Smaller Companies Fund lagged the index over the period. Overall, allocation to the financial services sector and stock selection within materials & processing detracted from returns. Our holding in Swift Energy, an oil and natural gas producer, hurt returns due to volatile commodities prices. As a result, we sold our position. At the stock level our strongest individual contributors were Ocwen Financial and Kenexa.

There have been no significant changes to the fund over the period. The portfolio is driven by bottom up analysis and we continue to focus on identifying good companies with attractive business models and financials that are trading at reasonable prices. We believe a slow recovery is priced into the market, and have been taking profits in companies that have performed well.



Fund Manager:
Jenny Jones

Fund Information

	Interim	Final
Accounting dates	31 October	30 April
Revenue allocation date		30 June

	For the period to 31.10.12	For the year to 30.4.12
Ongoing charges figure		
A Income units	1.67% ¹	1.66%
A Accumulation units	1.66% ¹	1.66%
Z Income units	0.92% ¹	0.92% ¹
Z Accumulation units	0.92% ¹	0.92% ¹

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

Performance Record

	Net Asset Value as at 31.10.12 pence per unit	Net Asset Value as at 30.4.12 pence per unit	Net Asset Value % change
Fund performance			
A Income units	1,221.74	1,214.18	0.62
A Accumulation units	1,221.87	1,214.29	0.62
Z Income units	49.51	49.02	1.00
Z Accumulation units	49.51	49.01	1.02

	3 months	6 months	5 years
Schroder US Smaller Companies Fund	(0.25)%	0.08%	34.16%
Russell 2000 Index	0.60%	0.17%	37.41%
Standard & Poor's Composite Index	0.01%	2.71%	32.39%

Fund Source: A Accumulation units on a selling price to selling price basis to 31.10.12.

Indices Source: Thomson Reuters Datastream, total return to 30.10.12.

Due to the fund's valuation point, the performance periods for the fund and benchmark are at different dates, however, the information is comparable.

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.

Distribution

The fund has made no distributions to date.

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				
2007	985.60	812.00	985.60	812.00
2008	1,047.00	642.20	1,047.00	642.20
2009	1,067.00	649.90	1,068.00	649.90
2010	1,316.00	956.70	1,317.00	956.80
2011	1,361.00	973.30	1,362.00	973.40
2012 to 31 October	1,329.00	1,160.00	1,329.00	1,160.00

	Z Income units		Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2007	–	–	–	–
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	–	–	–	–
2012 to 31 October	51.34	46.86	51.34	46.85

Portfolio Information

Spread of investments	% of net assets as at 31.10.12	% of net assets as at 30.4.12
Energy	4.78	5.40
Materials	5.42	7.68
Industrials	15.47	12.77
Consumer Discretionary	20.39	20.50
Consumer Staples	2.30	1.15
Health Care	12.00	10.64
Financials	13.15	14.05
Information Technology	10.02	12.43
Utilities	5.27	4.50
US Dollar Denominated Derivatives	(0.03)	0.04
Net other assets	11.23	10.84

Portfolio Information (continued)

	% of net assets as at 31.10.12		% of net assets as at 30.4.12
Major holdings			
Idacorp	1.86	NorthWestern	1.42
Waste Connections	1.61	Waste Connections	1.42
Applied Industrial Technologies	1.56	Brown & Brown	1.41
NorthWestern	1.54	Alterra Capital	1.32
Packaging Corporation of America	1.50	Cleco	1.27
Parexel International	1.42	The Cooper Companies	1.23
Domino's Pizza	1.42	AboveNet	1.19
Alterra Capital Holdings	1.39	Rent-A-Center	1.18
Innophos Holdings	1.33	Innophos Holdings	1.18
The Cooper Companies	1.27	Applied Industrials Technologies	1.17

Investment Objective & Policy

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

The fund will invest in the securities of smaller companies listed on the principal stock exchanges in North America, including Canada, together with those that are traded on the over the counter market.

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 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.

The fund stock lends. There is a risk that the borrower might become insolvent or refuse to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss.

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 US Smaller Companies Fund for the period ended 31 October 2012. 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

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 and the Key Investor Information Document 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 Services Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Services 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.



