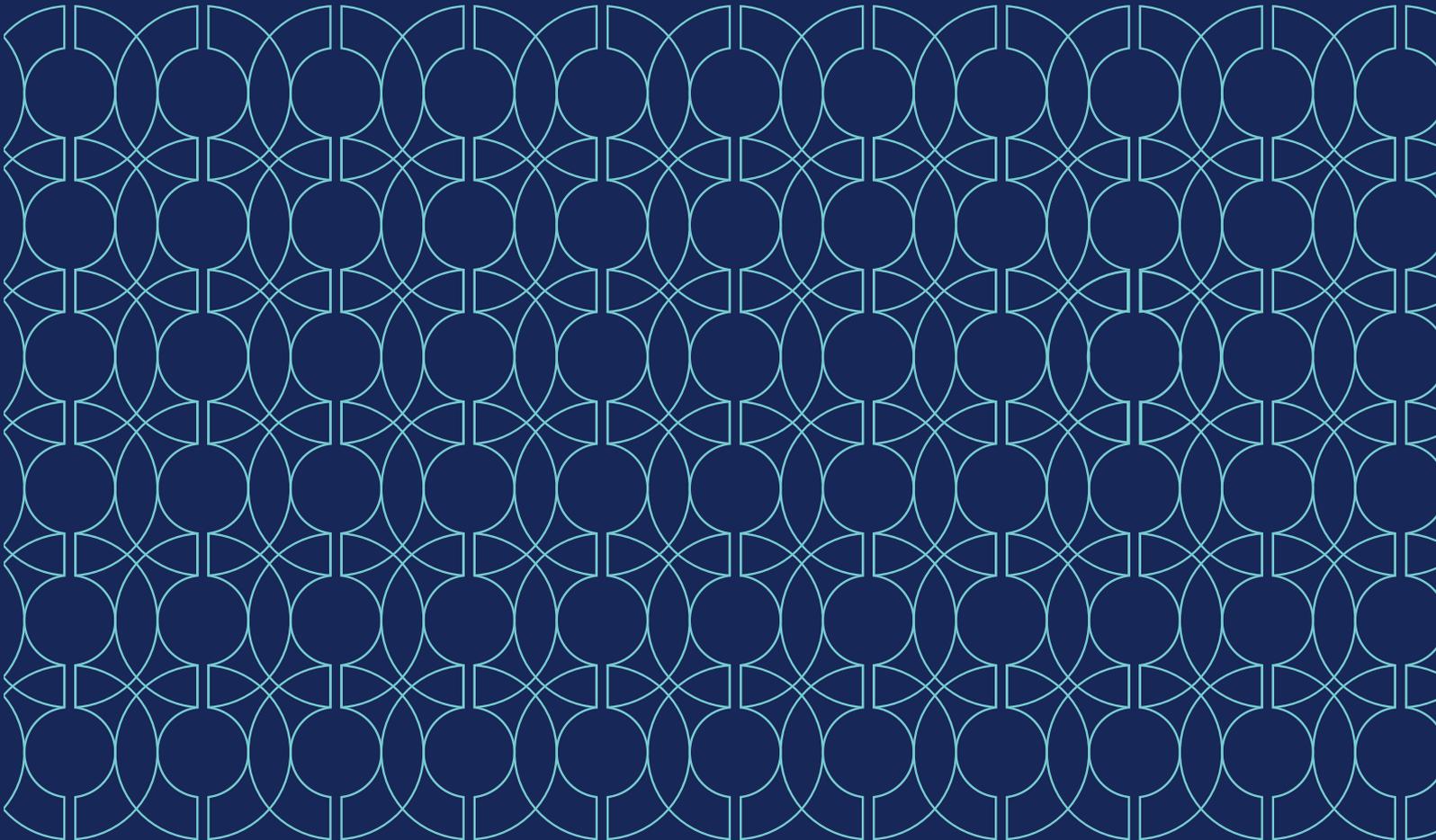


**Schroders**

**Schroder European Smaller Companies Fund**  
**Interim Report and Accounts**  
**31 May 2023**



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<sup>1</sup> Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

Schroder European Smaller Companies Fund (the 'Fund') aims to provide capital growth in excess of the Euromoney Smaller Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of small-sized European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of small-sized European companies, excluding the UK. These are companies that, at the time of purchase, are similar in size to those comprising the bottom 30% by market capitalisation of the European equity market, excluding the UK.

The Fund may also invest in European companies headquartered or quoted outside Europe which derive a significant proportion of their revenues or profits from Europe.

The small cap universe is an extensive, diverse and constantly changing area of the European market. Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries, regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The Fund may use derivatives with the aim of reducing risk and managing the Fund more efficiently (for more information please refer to section 6 of Appendix I of the Prospectus).

## Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the Euromoney Smaller Europe ex UK (Gross Total Return) index, and compared against the Investment Association European Smaller Companies sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

## Total purchases and sales

	For the period to 31.5.23 £000's	For the year to 30.11.22 £000's
Total purchases	23,648	35,157
Total sales	28,710	42,586

# Fund Performance

	Number of units in issue 31.5.23	Net asset value per unit 31.5.23	Net asset value per unit 30.11.22
A Accumulation units	4,254,649	921.43p	874.29p
A Income units	68,890	852.12p	808.53p
Z Accumulation units	48,863,946	164.24p	155.26p
Z Income units	3,188,066	149.47p	141.29p

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.

# Review of Investment Activities

**From 30 November 2022 to 31 May 2023, the price of Z Accumulation units on a dealing price basis rose by 6.36%. In the same period, the Euromoney Smaller Europe ex UK Index generated a total return of 2.86%<sup>1</sup>, in sterling terms.**

European smaller Companies gained over the six-month period. The eurozone economy proved more resilient than feared over the winter, especially given the impact of higher energy prices amid the war in Ukraine. However, rising inflation was a concern and the European Central Bank raised interest rates several times.

The portfolio outperformed the benchmark, supported by stock selection in the technology, financials and healthcare sectors. The leading individual contributor was drug packaging and medical devices firm Gerresheimer. The stock had a difficult 2022 in share price terms but its full-year results (disclosed in early 2023) were good, demonstrating accelerating top-line growth. Gerresheimer has been shifting its focus towards higher value-add packaging and devices and its investment in this area is now starting to pay off.

In the technology sector, our position in semiconductor equipment firm ASM International added value. The whole semiconductor sector received a significant boost late in the period from US chipmaker Nvidia's very positive guidance, which highlighted the long-term growth potential stemming from AI. The advanced technology offered by ASM International will be needed in producing the complex, cutting edge chips required for AI applications.

Among financials, our position in Bank of Ireland Group was a positive contributor. The rising interest rate environment has been favourable for the lender, enabling it to reprice loans.

On the negative side, software firm Cint Group was the main individual detractor, partly due to disappointing Q4 2022 results.

Among portfolio changes in the period exits included Dalata Hotel Group, Polypeptide Group and Revenio Group. New positions included Games Workshop Group and Bankinter.

The need for continued careful stock picking and active portfolio management remains clear. Our focus remains on identifying quality companies that can endure tough times and prosper in the subsequent environment.

**Fund Manager:  
Luke Biermann**



European Smaller Company Fund Manager, based in London  
Luke has more than 16 years experience on the European Smaller Companies team, having joined in 2006. For the majority of this tenure Luke has specialised on Continental Europe

CFA Charterholder

Investment Management Certificate (IMC)

First-class BSc (Hons) in Computer Science, University of Bath

<sup>1</sup> Source: Morningstar.

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# 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'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.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website [www.schroders.com](http://www.schroders.com).

# Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook 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 UK Authorised Funds issued by the Investment Management Association (now the Investment Association) in May 2014 and amended in June 2017;
- 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;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the Collective Investment Schemes sourcebook, 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 31 May 2023 were signed on 21 July 2023 on behalf of the Manager by:

**P. Truscott**  
Directors

**J. Rainbow**

# Portfolio Statement

	Holding at 31.5.23	Market Value £000's	% of net assets
<b>Equities 96.00% (97.13%)</b>			
<b>Austria 1.81% (0.66%)</b>			
DO & CO	12,886	1,266	1.01
Kontron	60,555	992	0.80
		<b>2,258</b>	<b>1.81</b>
<b>Belgium 13.56% (17.07%)</b>			
Azelis Group	178,162	3,454	2.77
Barco	198,468	4,135	3.31
D'ieteren Group	22,080	3,067	2.46
Lotus Bakeries	524	2,623	2.10
Nyxoah	46,063	278	0.22
Recticel	152,664	1,621	1.30
Warehouses De Pauw REIT	77,925	1,748	1.40
		<b>16,926</b>	<b>13.56</b>
<b>Denmark 2.68% (1.86%)</b>			
Royal Unibrew	48,875	3,341	2.68
		<b>3,341</b>	<b>2.68</b>
<b>Finland 1.67% (1.74%)</b>			
Musti Group	44,933	734	0.59
QT Group	18,856	1,354	1.08
		<b>2,088</b>	<b>1.67</b>
<b>France 5.80% (7.66%)</b>			
Kaufman & Broad	33,474	736	0.59
Nacon	303,175	581	0.46
Nexans	36,799	2,279	1.83
Trigano	33,469	3,645	2.92
		<b>7,241</b>	<b>5.80</b>
<b>Germany 16.52% (16.46%)</b>			
Cherry	72,912	275	0.22
CTS Eventim	45,586	2,460	1.97
Dermapharm Holding	50,119	2,012	1.61
Gerresheimer	45,297	3,994	3.20
HelloFresh	205,987	3,930	3.15
Medios	63,537	952	0.76
New Work	14,217	1,487	1.19
PharmaSGP Holding	58,248	1,323	1.06
Stabilus	45,801	2,192	1.76
Stemmer Imaging	57,517	1,989	1.60
		<b>20,614</b>	<b>16.52</b>
<b>Guernsey 0.57% (0.83%)</b>			
Sirius Real Estate	874,020	715	0.57
		<b>715</b>	<b>0.57</b>
<b>Ireland 3.45% (4.89%)</b>			
Bank of Ireland Group	570,049	4,310	3.45
		<b>4,310</b>	<b>3.45</b>
<b>Italy 5.20% (4.14%)</b>			
Moncler	55,640	3,017	2.42
Recordati Industria Chimica e Farmaceutica	37,234	1,301	1.04

The comparative percentage figures in brackets are as at 30 November 2022.  
Unless otherwise stated, all securities are admitted to official stock exchange listings.

# Security traded on another regulated market.

	Holding at 31.5.23	Market Value £000's	% of net assets
Reply	25,007	2,177	1.74
		<b>6,495</b>	<b>5.20</b>
<b>Luxembourg 1.16% (1.86%)</b>			
Befesa	48,427	1,453	1.16
		<b>1,453</b>	<b>1.16</b>
<b>Netherlands 7.24% (6.45%)</b>			
Alfen	12,400	712	0.57
ASM International	6,741	2,345	1.88
BE Semiconductor Industries	18,063	1,599	1.28
TKH Group CVA	109,774	4,383	3.51
		<b>9,039</b>	<b>7.24</b>
<b>Norway 2.83% (4.23%)</b>			
Aker BP	93,321	1,630	1.31
Borregaard	142,153	1,898	1.52
		<b>3,528</b>	<b>2.83</b>
<b>Spain 3.67% (1.29%)</b>			
Bankinter	479,629	2,203	1.76
Fluidra	167,387	2,379	1.91
		<b>4,582</b>	<b>3.67</b>
<b>Sweden 11.87% (13.18%)</b>			
Bufab	27,635	720	0.58
Cint Group	497,605	365	0.29
Embracer Group	290,132	518	0.42
Fortnox	526,466	2,724	2.18
Hemnet Group	247,688	3,370	2.70
INVISIO	116,355	1,941	1.56
Lifco B	145,731	2,463	1.97
Profoto Holding	120,000	751	0.60
Stillfront Group	835,373	1,219	0.98
Thule Group	36,408	742	0.59
		<b>14,813</b>	<b>11.87</b>
<b>Switzerland 15.76% (13.71%)</b>			
Bachem Holding	30,122	2,542	2.04
Comet Holding	8,477	1,849	1.48
Emmi	1,573	1,284	1.03
Julius Baer Group	89,279	4,383	3.51
Montana Aerospace	166,177	2,074	1.66
SIG Group	155,119	3,398	2.72
SKAN Group	22,714	1,590	1.28
Ypsomed Holding	12,146	2,546	2.04
		<b>19,666</b>	<b>15.76</b>
<b>United Kingdom 1.04% (0.00%)</b>			
Games Workshop Group	13,699	1,295	1.04
		<b>1,295</b>	<b>1.04</b>
<b>United States of America 1.17% (1.10%)</b>			
Boku#	1,039,252	1,455	1.17
		<b>1,455</b>	<b>1.17</b>
<b>Equities total</b>		<b>119,819</b>	<b>96.00</b>
<b>Portfolio of investments</b>		<b>119,819</b>	<b>96.00</b>
<b>Net other assets</b>		<b>4,993</b>	<b>4.00</b>
<b>Net assets attributable to unitholders</b>		<b>124,812</b>	<b>100.00</b>

## Statement of Total Return (unaudited)

For the six months ended 31 May 2023

	31.5.23		31.5.22	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital gains/(losses)		5,986		(29,696)
Revenue	2,024		1,538	
Expenses	(767)		(921)	
Net revenue before taxation	<b>1,257</b>		<b>617</b>	
Taxation	(251)		(117)	
Net revenue after taxation		<b>1,006</b>		<b>500</b>
<b>Total return before distributions</b>		<b>6,992</b>		<b>(29,196)</b>
Distributions		(5)		(2)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>6,987</b>		<b>(29,198)</b>

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

For the six months ended 31 May 2023

	31.5.23		31.5.22	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		122,368 <sup>^</sup>		172,664
Amounts receivable on issue of units	592		1,154	
Amounts payable on cancellation of units	(5,135)		(6,332)	
		<b>(4,543)</b>		<b>(5,178)</b>
Change in net assets attributable to unitholders from investment activities		6,987		(29,198)
<b>Closing net assets attributable to unitholders</b>		<b>124,812</b>		<b>138,288<sup>^</sup></b>

<sup>^</sup> 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 31 May 2023

	31.5.23	30.11.22
	£000's	£000's
<b>Assets</b>		
Investments	119,819	118,850
<b>Current assets</b>		
Debtors	520	769
Cash and bank balances	4,762	3,716
<b>Total assets</b>	<b>125,101</b>	<b>123,335</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	-	(26)
Other creditors	(289)	(941)
<b>Total liabilities</b>	<b>(289)</b>	<b>(967)</b>
<b>Net assets attributable to unitholders</b>	<b>124,812</b>	<b>122,368</b>

# Notes to the Accounts (unaudited)

## Accounting policies

### Basis of preparation

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 UK Authorised Funds issued by the Investment Management Association in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)). The accounts have been prepared on a going concern basis.

The accounting policies applied are consistent with those of the annual accounts for the year ended 30 November 2022 and are described in those annual accounts.

# General Information

## Manager

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

## Investment Adviser

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

## Trustee

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

## Registrar

Schroder Unit Trusts Limited  
1 London Wall Place  
London EC2Y 5AU  
Authorised and regulated by the Financial Conduct Authority

The Manager is responsible for maintaining the register for each Fund. It has delegated certain registrar functions to HSBC Bank Plc, 8 Canada Square, London, E14 8HQ.

## Administration Details

Schroders Investor Services  
PO BOX 1402  
Sunderland  
SR43 4AF

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Authorisation

The Fund is an authorised unit trust and is constituted pursuant to the Collective Investment Schemes sourcebook and is structured as a Trust. The Fund is a UCITS scheme for the purpose of the categorisation of the Collective Investment Schemes sourcebook.

## Value Assessment

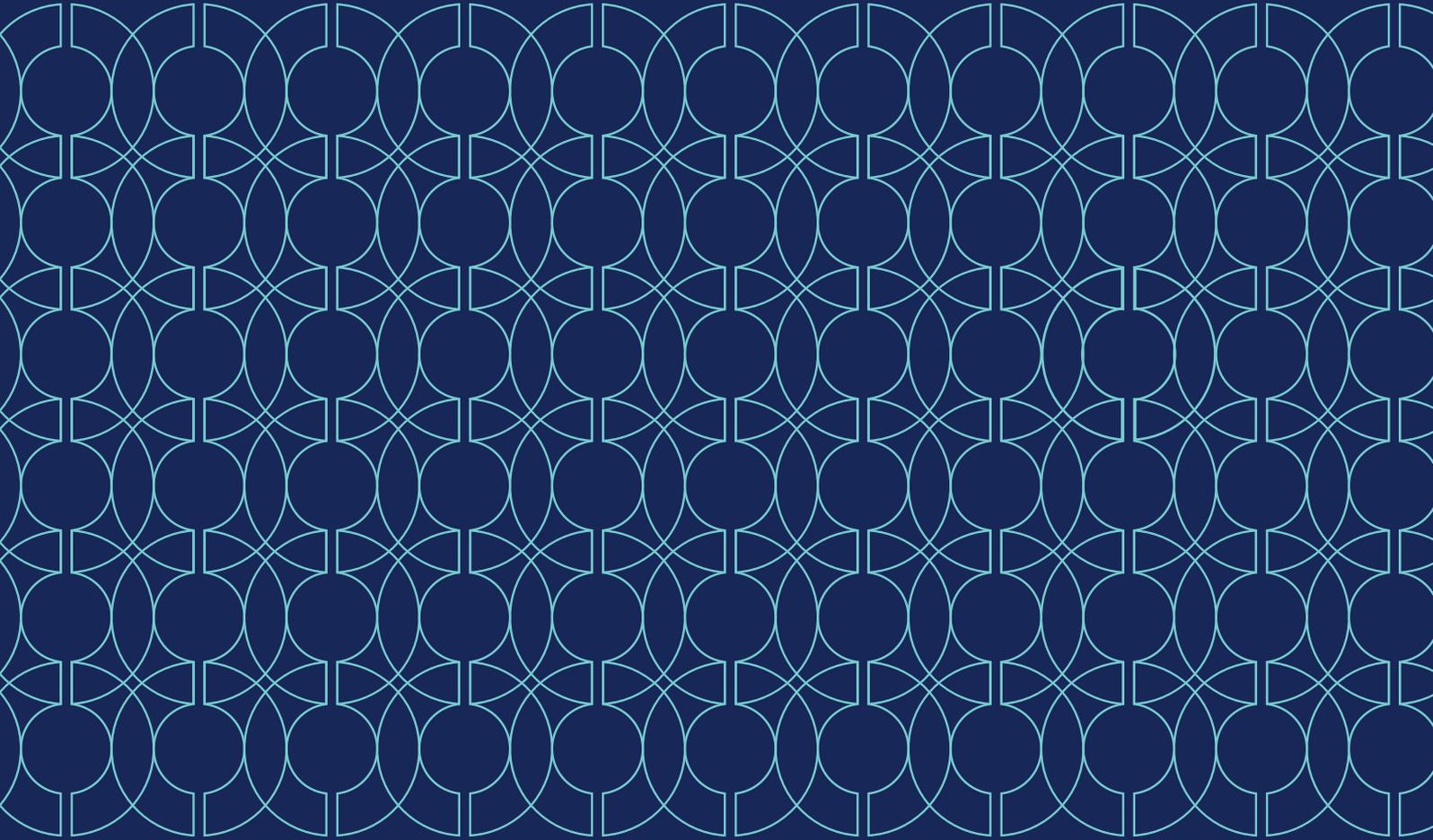
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## Task Force on Climate-Related Financial Disclosures

A statement on the climate related financial disclosures is published at [www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/](http://www.schroders.com/en/global/individual/corporate-transparency/tcf-entity-and-product-reports/) within 6 months of the TCFD reporting date of 31 December.

## Other information

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.com](http://www.schroders.com).



EST. 1804

For further literature please contact Schroder Investor Services on 0800 182 2399 or [schrodersinvestor@HSBC.com](mailto:schrodersinvestor@HSBC.com) for Retail Clients, or 0345 030 7277 or [schrodersinstitutional@HSBC.com](mailto:schrodersinstitutional@HSBC.com) for Institutional Clients, or visit our website at [www.schroders.com](http://www.schroders.com).

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