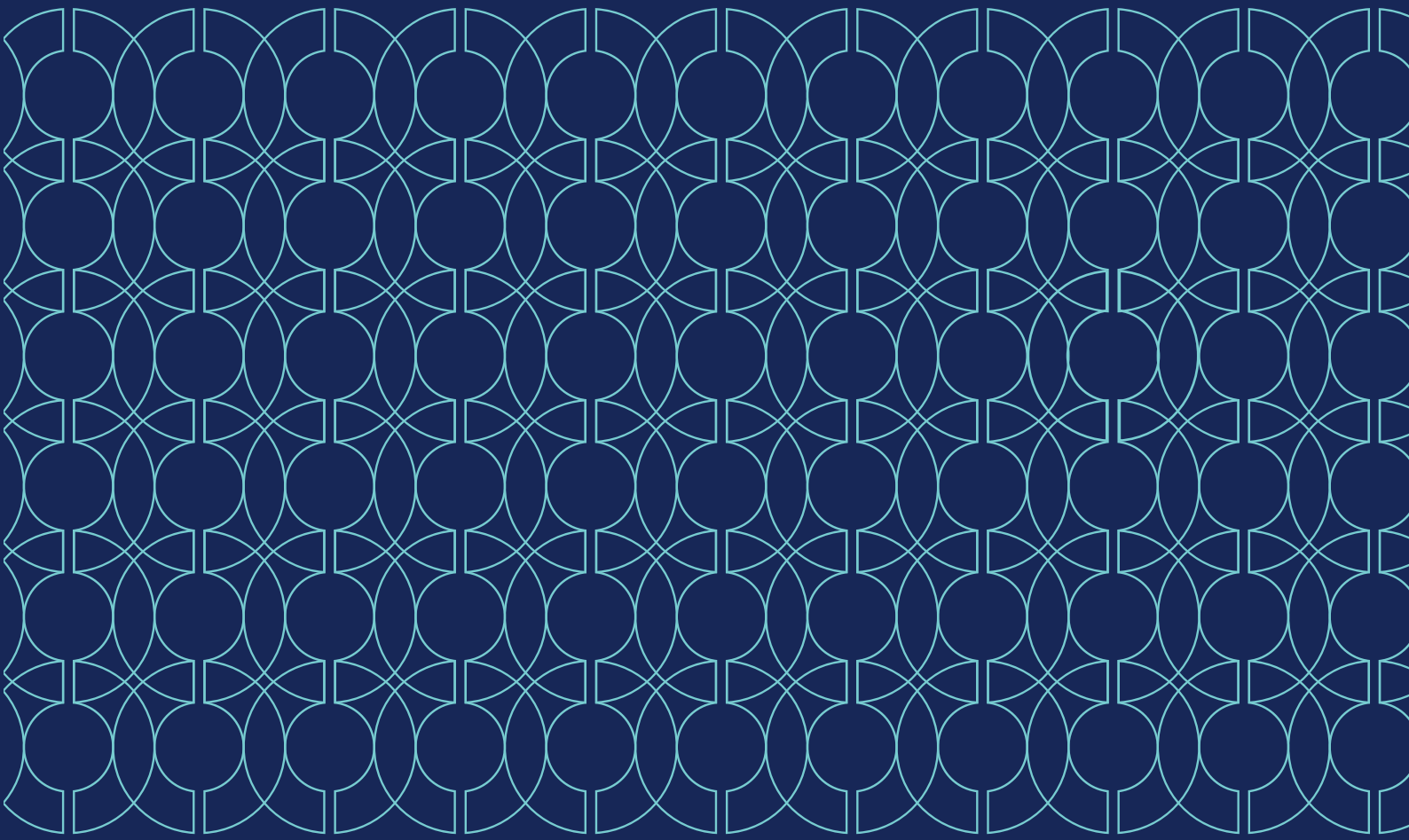
Schroders

Schroder Institutional UK Smaller Companies Fund

Interim Report and Accounts

15 August 2025



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1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

Schroder Institutional UK Smaller Companies Fund (the 'Fund') aims to provide capital growth in excess of the FTSE UK Small Cap ex Investment Trusts (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 UK companies.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

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

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 or managing the Fund more efficiently (for more information please refer to section 6 of Appendix 2 of the Prospectus).

Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE UK Series Small Cap ex Investment Trusts (Gross Total Return) index and compared against the Investment Association UK 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 15.8.25 £000's	For the year to 15.2.25 £000's
Total purchases	91,685	190,211
Total sales	127,273	213,186

Fund Performance

	Number of units in issue 15.8.25	Net asset value per unit 15.8.25	Net asset value per unit 15.2.25
I Accumulation units	1,047,593	2,146.27p	1,884.79p
I Income units	9,366,346	1,138.78p	999.80p
X Accumulation units	35,246,035	61.27p	53.69p
X Income units	298,617,800	100.56p	88.11p

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 14 February 2025 to 15 August 2025, the price of I Accumulation units on a dealing price basis rose by 13.67%. In the same period, the FTSE[1] UK Series Small Cap ex Investment Trusts index generated a total return of 7.49%[2].

UK small-cap equities delivered positive returns over the period and the portfolio outperformed the benchmark. Defence contractor Cohort was a standout performer, supported by increased European defence spending and a well-received acquisition in Australian satellite communications. Zotefoams also contributed positively, driven by strong financial results, growth in consumer and transport markets, and a strategic shift to focus on industry verticals.

Among the detractors, MPAC fell back due to profit-taking following an inline trading update, while Warpaint London underperformed amid slower growth, missed expectations, and tariff-related pressures in the U.S.

Portfolio activity included several disposals. We exited Pollen Street following strong performance, Frenkel Topping after a private equity bid, and CMC Markets due to its FTSE 250 reclassification. Other sales included De La Rue (banknote printing), Hunting (energy services), Nexxen International (digital advertising), Pollen Street Group (private capital), and Pressure Technologies (engineering).

New positions were initiated in THG, where management's renewed focus on growth and cash generation is gaining traction, particularly in MyProtein. Additional buys included Chesterfield Special Cylinders (high-pressure vessels), HSS Hire Group (equipment rental), Sabre Insurance (motor insurance), Saga (over-50s travel and services), and Treatt (natural ingredients for beverages).

Despite margin pressures and geopolitical risks, UK small and mid-cap equities remain undervalued relative to large caps and global peers. Strong balance sheets, active M&A, and recent outperformance of the FTSE 250 versus the FTSE 100 and S&P 500 highlight renewed investor interest. We continue to see compelling opportunities in cash-generative, growth-oriented UK companies poised to benefit from a recovering domestic economy and a potential shift away from U.S. tech dominance.

Fund Manager:

Andrew Brough

Andrew is Head of our Pan European Small and Mid Cap Team

His 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 PricewaterhouseCoopers LLP in 1985, where he qualified as a Chartered Accountant

Degree in Economics

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2 Source: Morningstar

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Risk Profile

Risk and reward indicator

Lower risk

Potentially lower reward

Higher risk

Potentially higher reward

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.

The risk and reward indicator changed from 6 to 5 with effect from 15 July 2025.

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/en-gb/uk/institutional/fund-centre/

Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual and interim accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and the net capital gains on the property of the Fund for the period.

In preparing the accounts the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

P. Truscott **R. Lamba**
Directors
9 October 2025

Portfolio Statement

	Holding at 15.8.25	Market Value £000's	% of net assets
Equities 96.78% (94.45%)			
Basic Materials 5.81% (3.50%)			
Directa Plus#	1,050,000	116	0.02
Ecora Resources	9,000,000	6,534	1.45
Treatt	1,415,000	3,155	0.70
Zotefoams	3,899,529	16,417	3.64
		26,222	**5.81**
Consumer Discretionary 24.00% (25.29%)			
Autins Group#	3,369,473	303	0.07
Card Factory	8,066,538	8,325	1.85
Colefax Group#	1,170,700	9,717	2.15
Gaming Realms#	5,044,728	2,573	0.57
Halfords Group	3,610,743	4,889	1.08
ME Group International	4,900,000	10,363	2.30
Merit Group#	500,000	100	0.02
MJ Gleeson	2,050,000	7,195	1.59
On the Beach Group	6,100,000	16,897	3.75
Reach	7,500,000	5,115	1.13
RM	5,294,565	5,295	1.17
Saga	1,245,097	2,373	0.53
Samarkand Group	2,758,554	14	0.00
Shoe Zone#	2,100,000	1,428	0.32
Sosandar#	28,000,000	1,400	0.31
Studio Retail Group^	2,961,571	0	0.00
STV Group	1,744,750	2,172	0.48
TheWorks.co.uk#	6,250,000	3,250	0.72
Ultimate Products	6,009,599	3,570	0.79
Vertu Motors#	8,600,000	5,177	1.15
Victorian Plumbing Group#	4,000,000	2,648	0.59
Warpaint London#	3,200,000	9,920	2.20
Wilmington	1,652,500	5,536	1.23
		108,260	**24.00**
Consumer Goods 0.18% (0.18%)			
Equipmake Holdings	62,100,000	807	0.18
		807	**0.18**
Consumer Staples 3.68% (2.86%)			
MP Evans Group#	1,155,000	14,900	3.30
THG	5,401,125	1,702	0.38
		16,602	**3.68**
Energy 2.97% (2.76%)			
Atome#	3,816,427	1,794	0.40
EnQuest	39,000,000	4,922	1.09
Kistos Holdings#	4,300,000	6,665	1.48
Molecular Energies^	552,024	0	0.00
		13,381	**2.97**

	Holding at 15.8.25	Market Value £000's	% of net assets
Financials 12.71% (9.75%)			
Funding Circle Holdings	11,520,000	17,142	3.80
International Personal Finance	6,689,322	13,914	3.09
LendInvest#	2,519,675	958	0.21
Peel Hunt#	1,924,665	1,828	0.41
Record	4,200,000	2,612	0.58
Sabre Insurance Group	3,239,281	4,911	1.09
Tottenham Hotspur^	651,035	2,096	0.46
Vanquis Banking Group	12,200,000	13,859	3.07
		57,320	**12.71**
Health Care 1.98% (1.47%)			
Eco Animal Health Group#	6,650,000	4,854	1.08
EKF Diagnostics Holdings#	14,524,033	4,067	0.90
		8,921	**1.98**
Industrials 29.81% (34.01%)			
Alumasc Group#	678,333	2,442	0.54
Avon Technologies	650,000	12,922	2.86
BRAEMAR	1,805,526	4,604	1.02
Carclo	5,964,716	2,827	0.63
Chesterfield Special Cylinders Holdings#	4,483,162	1,390	0.31
Cohort#	1,025,000	12,956	2.87
CPP Group#	471,995	576	0.13
Dialight	3,319,819	6,175	1.37
Franchise Brands#	1,500,000	2,062	0.46
Galliford Try Holdings	1,200,000	5,136	1.14
HSS Hire Group#	10,939,760	987	0.22
Ilika#	5,844,333	2,338	0.52
Invinity Energy Systems#	17,461,867	3,492	0.77
James Fisher & Sons	2,077,527	6,814	1.51
James Latham#	470,000	5,170	1.14
Lords Group Trading#	4,257,500	1,746	0.39
Macfarlane Group	2,000,000	1,900	0.42
Management Consulting Group^	13,000,004	0	0.00
Mears Group	1,881,105	6,866	1.52
Mercantile Ports and Logistics#	9,851,909	148	0.03
Mpac Group#	2,324,671	7,788	1.73
NAHL Group#	4,270,000	2,348	0.52
PayPoint	541,348	4,049	0.90
Restore#	1,700,000	4,420	0.98
Ricardo	396,192	1,672	0.37

Portfolio Statement (continued)

	Holding at 15.8.25	Market Value £000's	% of net assets
Solid State#	1,685,615	2,613	0.58
Speedy Hire	23,000,000	6,969	1.54
Staffline Group#	12,000,000	5,400	1.20
Thruvision Group#	25,089,037	351	0.08
Trifast	6,532,657	4,991	1.11
Vp	542,799	3,202	0.71
Xaar	8,863,745	10,105	2.24
		134,459	**29.81**
Real Estate 1.86% (1.62%)			
Helical REIT	2,500,000	5,450	1.21
Henry Boot	1,300,000	2,938	0.65
Raven Property Group^	9,343,407	0	0.00
		8,388	**1.86**
Technology 9.86% (10.30%)			
ActiveOps#	2,654,123	4,247	0.94
Aptitude Software Group	4,330,448	11,562	2.56
Big Technologies#	4,162,082	3,704	0.82
Cerillion#	164,644	2,387	0.53
Eagle Eye Solutions Group#	720,000	1,584	0.35
Gooch & Housego#	945,698	4,729	1.05
iomart Group#	3,649,008	795	0.18
NCC Group	4,500,000	6,309	1.40
Quartix Technologies#	1,300,560	3,564	0.79
Shearwater Group#	997,500	618	0.14
Sivota^	623,875	0	0.00
Trackwise Designs^	52,718,390	0	0.00
Trackwise Designs Warrant 09/01/2026^	25,000,000	0	0.00
Tracsis#	690,000	2,381	0.53
Tribal Group#	5,500,000	2,596	0.57
		44,476	**9.86**
Telecommunications 2.75% (2.24%)			
Filtronic#	8,673,133	12,403	2.75
		12,403	**2.75**
Utilities 1.17% (0.47%)			
Yu Group#	350,000	5,285	1.17
		5,285	**1.17**
Equities total		**436,524**	**96.78**
Collective Investment Schemes 2.58% (7.39%)			
Cash Funds 2.48% (7.28%)			
Schroder Sterling Cash Fund Class X Distribution GBP	11,181,805	11,182	2.48
		11,182	**2.48**
Private Equity Funds 0.10% (0.11%)			
LMS Capital Fund§	2,399,928	442	0.10
		442	**0.10**
Collective Investment Schemes total		**11,624**	**2.58**
Portfolio of investments		**448,148**	**99.36**
Net other assets		**2,888**	**0.64**
Net assets attributable to unitholders		**451,036**	**100.00**

The comparative percentage figures in brackets are as at 15 February 2025.

Unless otherwise stated, all securities are admitted to official stock exchange listings or are permitted collective investment schemes.

Security traded on another regulated market.

^ Unlisted, suspended or delisted security.

§ Closed ended Fund.

Statement of Total Return (unaudited)

For the six months ended 15 August 2025

	15.8.25		15.8.24	
	£000's	£000's	£000's	£000's
Income				
Net capital gains		47,100		84,717
Revenue	6,343		5,824	
Expenses	(314)		(380)	
Net revenue before taxation	**6,029**		**5,444**	
Taxation	–		(8)	
Net revenue after taxation		**6,029**		**5,436**
Total return before distributions		**53,129**		**90,153**
Distributions		(48)		(11)
Change in net assets attributable to unitholders from investment activities		**53,081**		**90,142**

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

For the six months ended 15 August 2025

	15.8.25		15.8.24	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		428,807^		421,482
Amounts receivable on issue of units	33,434		11,751	
Amounts payable on cancellation of units	(64,943)		(19,657)	
		(31,509)		**(7,906)**
Dilution adjustment		657		1
Change in net assets attributable to unitholders from investment activities		53,081		90,142
Closing net assets attributable to unitholders		**451,036**		**503,719^**

^ 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 15 August 2025

	15.8.25	15.2.25
	£000's	£000's
Assets		
Investments	448,148	436,683
Current assets		
Debtors	1,603	1,571
Cash and bank balances	2,768	2,632
Total assets	**452,519**	**440,886**
Liabilities		
Creditors		
Distributions payable	–	(9,018)
Other creditors	(1,483)	(3,061)
Total liabilities	**(1,483)**	**(12,079)**
Net assets attributable to unitholders	**451,036**	**428,807**

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 Manager has undertaken a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, fluctuations in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months after the financial statements are signed and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 February 2025 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

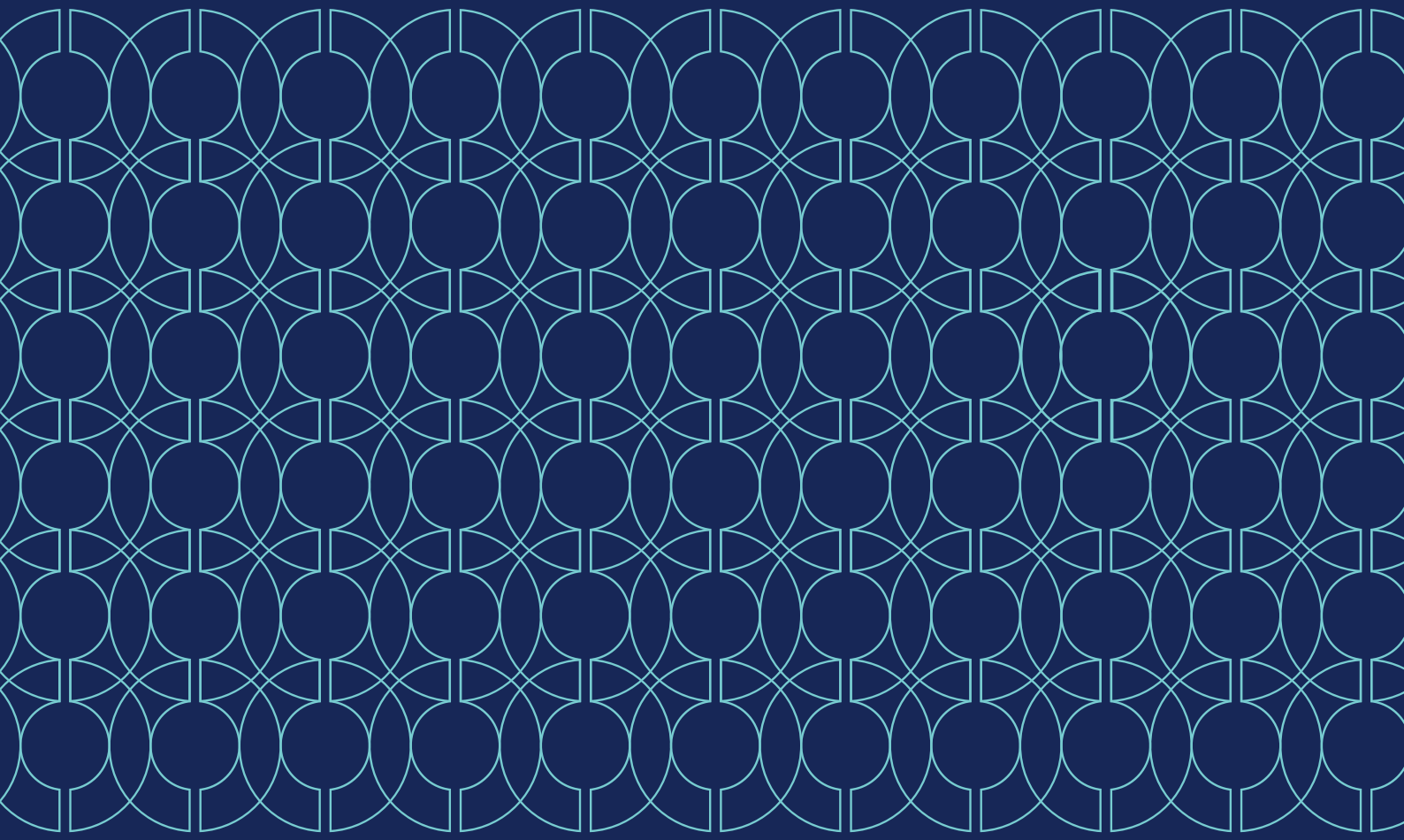
Independent Auditor
KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

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 group website at
https://www.schroders.com/en-gb/uk/intermediary/funds-and-strategies/charges/schroders-assessment-of-value-reports/ 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/tcfd-entity-and-product-reports/.

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.



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

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