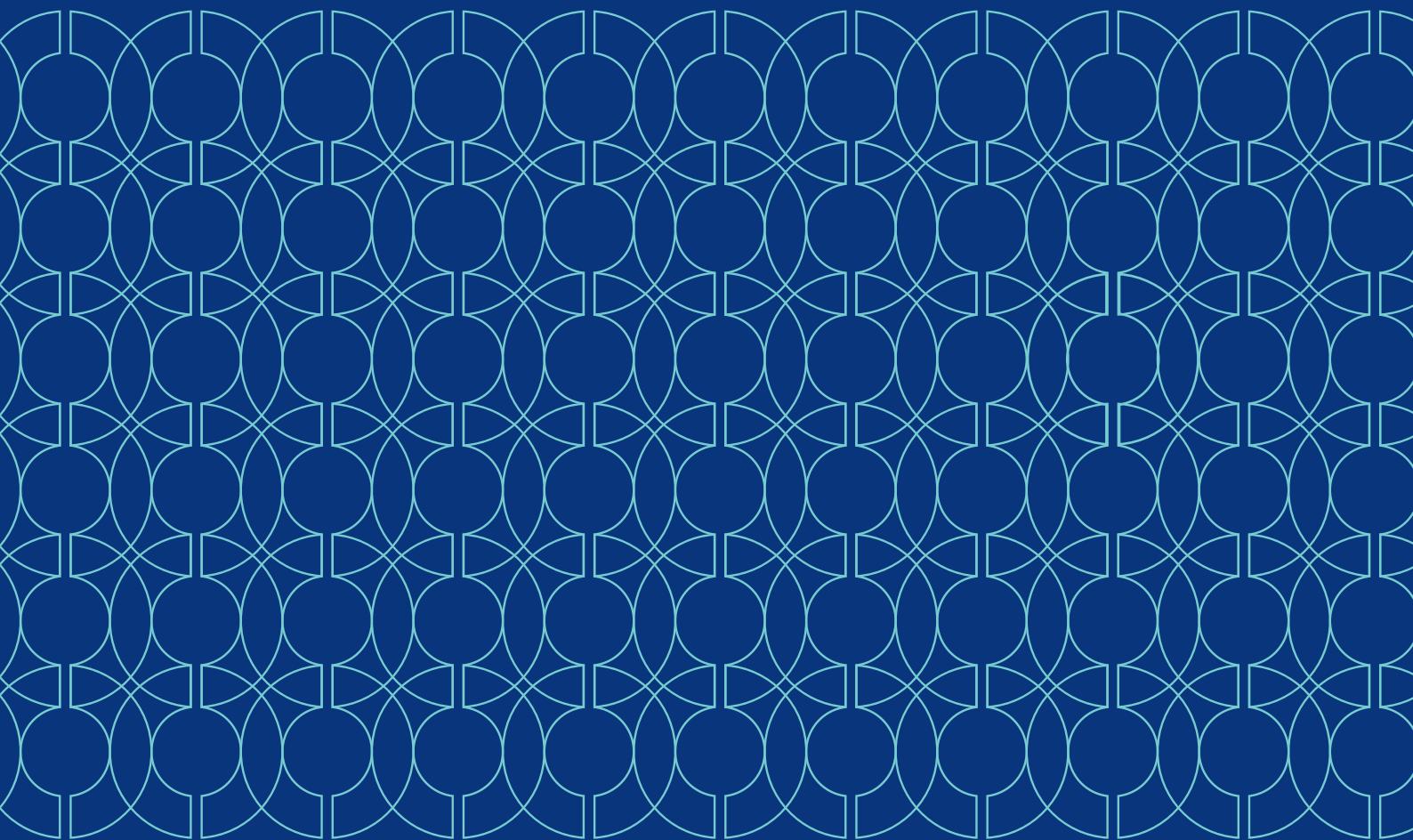


Schroders

**Schroder European Smaller
Companies Fund**

Interim Report and Accounts

May 2019



Schroder European Smaller Companies Fund

May 2019

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¹ Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder European Smaller Companies Fund (the 'fund') aims to provide capital growth by investing in equity and equity related securities of small-sized European companies, excluding the UK.

The Fund 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 in other equity and equity related securities including UK companies, collective investment schemes, 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.

Financial highlights

Dealing price	31.5.19	30.11.18	% change
A Income units	728.80p	736.80p	(1.09)
A Accumulation units	781.00p	789.30p	(1.05)
Z Income units	126.70p	128.70p	(1.55)
Z Accumulation units	135.10p	136.00p	(0.66)

Fund information

Launch date	22 August 1989	
Launch price	50.00p per A Income unit	
	50.00p 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	31 May	30 November
Revenue allocation date	31 January	

Fund Information (continued)

Ongoing charges figure

	For the period to 31.5.19	For the year to 30.11.18
A Income units	1.68% ¹	1.69%
A Accumulation units	1.68% ¹	1.69%
Z Income units	0.93% ¹	0.94%
Z Accumulation units	0.93% ¹	0.94%

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

Total purchases and sales

	For the period to 31.5.19 £000's	For the year to 30.11.18 £000's
Total purchases	27,991	114,143
Total sales	51,241	120,358

Review of Investment Activities

From 30 November 2018 to 31 May 2019, the price of A Accumulation units on a dealing price to dealing price basis fell 1.05%. In comparison, the Euromoney Smaller Europe ex UK Index and the FTSE¹ World Europe ex UK Index generated total returns of 4.31%² and 5.32%², respectively, in sterling terms.

As 2019 got under way, the US Federal Reserve (Fed) stepped back from plans for further interest rate rises. This helped to boost stock markets. However, in May, concerns over trade and growth came to the fore. The fund lagged the index over the period. Positioning was positive in healthcare but this was offset by positioning within consumer goods and services. Within healthcare, our overweight allocation was supportive as the sector performed well. Recordati was the top contributor, but Revenio Group, Dermapharm Holding and Arjo also provided good returns.

Recreational vehicle maker Trigano was the main individual detractor. Worries over a potential hard Brexit and scheduled emission standards changes this year are creating uncertainty. However, Trigano has not missed earnings expectations and the latest industry news suggests end demand remains firm. Retailer SMCP was another detractor. We think SMCP has a robust long-term franchise and a strong online offering. It is not saddled with a large estate of physical stores – something that is strangling significant numbers of its peers. We are very aware of the structural challenges blighting the retail sector and the macro factors impacting consumer spending. As such, few prospective retail investments make the grade.

Bond markets are providing the largest warning signals in more than a decade. Conversely, forward-looking indicators suggest the European macro picture is at or near the trough. Central banks, led by the Fed, look increasingly likely to provide stimulus and investor negativity towards Europe is at an extreme. As such, we continue to seek balance in the portfolio between different sectors, geographies, themes and valuations and are alert to the changeable environment. We continue to focus on companies with strong franchises, strong balance sheets and a long-term investment opportunity.

Fund Manager:

Luke Biermann



European Smaller Company Fund Manager, based in London

Luke has more than 12 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

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2 Source: Thomson Reuters Datastream.

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.

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.

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.

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 is index unconstrained and has the potential for greater volatility.

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 may invest in a wide range of derivatives in order to meet its investment objectives.

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

Financial year to 30 November	A Income units		A Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2016	661.60	479.90	706.10	512.20
2017	858.70	597.90	918.80	639.70
2018	909.00	707.20	973.80	757.60
Financial period to 31 May 2019	776.70	674.20	832.30	722.30

Financial year to 30 November	Z Income units		Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2016	115.40	83.29	119.70	86.43
2017	149.80	103.60	157.00	108.60
2018	158.50	123.50	167.50	130.50
Financial period to 31 May 2019	134.90	116.80	143.90	124.50

Net revenue

Financial year to 30 November	A Income units pence per unit	A Accumulation units pence per unit
2016	1.6053	1.6701
2017	0.9942	1.0227
2018	0.2262	0.6187
Financial period to 31 May 2019	Nil	Nil

Financial year to 30 November	Z Income units pence per unit	Z Accumulation units pence per unit
2016	1.0427	1.0718
2017	1.1499	1.2136
2018	1.1978	1.2734
Financial period to 31 May 2019	Nil	Nil

Net Asset Value and Comparative Tables (continued)

Net asset value

As at 30 November	Net asset value £000's	Net asset value per unit p	Number of units in issue
2016			
A Income units	16,514	609.03	2,711,501
A Accumulation units	83,091	651.66	12,750,784
Z Income units	3,794	105.57	3,593,646
Z Accumulation units	27,208	110.63	24,593,911
2017			
A Income units	21,977	812.37	2,705,242
A Accumulation units	105,355	870.25	12,106,242
Z Income units	10,454	140.89	7,420,295
Z Accumulation units	52,412	148.83	35,216,043
2018			
A Income units	1,881	731.76	257,121
A Accumulation units	90,328	784.14	11,519,368
Z Income units	6,084	126.70	4,801,678
Z Accumulation units	65,959	135.12	48,816,203
2019 at 31 May			
A Income units	1,818	732.91	248,107
A Accumulation units	86,641	785.38	11,031,806
Z Income units	5,633	127.40	4,421,209
Z Accumulation units	54,883	135.84	40,404,231

Fund performance

	Net asset value per unit p as at 31.5.19	Net asset value per unit p as at 30.11.18	% change
A Income units	732.91	731.76	0.16
A Accumulation units	785.38	784.14	0.16
Z Income units	127.40	126.70	0.55
Z Accumulation units	135.84	135.12	0.53

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 31.5.19	Market Value £000's	% of net assets
Collective Investment Scheme 0.00% (0.68%)			
Cash Funds 0.00% (0.68%)			
Equities 90.93% (97.21%)			
Austria 2.87% (4.52%)			
S&T	244,455	4,278	2.87
		4,278	2.87
Belgium 1.17% (0.00%)			
Barco	11,254	1,737	1.17
		1,737	1.17
Bermuda 1.04% (1.00%)			
Odfjell Drilling	660,345	1,545	1.04
		1,545	1.04
Denmark 0.00% (0.40%)			
Finland 4.47% (2.06%)			
Altia	120,775	761	0.51
Detection Technology	50,596	910	0.61
DNA	193,049	3,585	2.41
Revenio Group	79,541	1,397	0.94
		6,653	4.47
France 17.16% (20.51%)			
Beneteau	80,802	719	0.48
Inside Secure	713,806	869	0.58
Kaufman & Broad	151,987	4,296	2.88
Marie Brizard Wine & Spirits	181,253	344	0.23
Marie Brizard Wine & Spirits Warrant 22/09/2022	126,333	17	0.01
Nexity	43,319	1,515	1.02

Portfolio Statement (continued)

	Holding at 31.5.19	Market Value £000's	% of net assets
France (continued)			
Rubis	66,190	2,620	1.76
SMCP	128,396	1,520	1.02
SPIE	56,505	770	0.52
Teleperformance	19,373	2,952	1.98
Trigano	68,025	4,077	2.74
Ubisoft Entertainment	90,359	5,863	3.94
		25,562	17.16
Germany 7.15% (8.56%)			
Cyan	73,231	1,784	1.20
Dermapharm Holding	110,709	3,070	2.06
Duerr	44,315	1,189	0.80
HelloFresh	25,000	203	0.13
Stemmer Imaging	65,801	1,708	1.15
Westwing Group	57,752	435	0.29
XING	7,235	2,263	1.52
		10,652	7.15
Ireland 7.91% (9.35%)			
Dalata Hotel Group	632,558	2,970	1.99
Glanbia	146,770	1,939	1.30
Irish Continental Group	647,598	2,542	1.71
Kingspan Group	61,213	2,524	1.70
Origin Enterprises	386,548	1,808	1.21
		11,783	7.91
Italy 7.89% (9.89%)			
Cerved Group	353,372	2,465	1.66
doBank	364,384	3,506	2.35
Gima TT	316,047	1,991	1.34
Recordati	115,538	3,789	2.54
		11,751	7.89

Portfolio Statement (continued)

	Holding at 31.5.19	Market Value £000's	% of net assets
Luxembourg 4.27% (5.16%)			
Befesa	93,509	3,036	2.04
Solutions 30	242,920	1,916	1.28
Stabilus	42,430	1,416	0.95
		6,368	4.27
Malta 1.15% (0.00%)			
Kindred Group SDR	279,194	1,713	1.15
		1,713	1.15
Netherlands 7.12% (10.37%)			
AMG Advanced Metallurgical Group	75,630	1,517	1.02
Basic-Fit	109,349	2,819	1.89
NIBC Holding	126,917	895	0.60
OCI	94,822	1,701	1.14
TKH Group	61,361	2,274	1.53
Van Lanschot Kempen	77,606	1,403	0.94
		10,609	7.12
Norway 7.32% (6.46%)			
Borregaard	445,097	3,823	2.56
Elkem	1,174,040	2,813	1.89
Kvaerner	3,123,106	3,535	2.37
Tomra Systems	31,114	741	0.50
		10,912	7.32
Portugal 1.11% (0.00%)			
NOS	330,894	1,656	1.11
		1,656	1.11
Spain 0.94% (1.22%)			
Prosegur Cash	943,621	1,406	0.94
		1,406	0.94

Portfolio Statement (continued)

	Holding at 31.5.19	Market Value £000's	% of net assets
Sweden 11.40% (10.20%)			
Arjo B	764,417	2,478	1.66
Bufab	234,383	1,930	1.29
Coor Service Management Holding	227,349	1,543	1.04
Dometic Group	154,130	1,106	0.74
Husqvarna B	109,623	723	0.49
Intrum	41,256	756	0.51
Lifco B	64,580	2,466	1.66
Loomis B	127,438	3,256	2.19
Nobina	466,612	2,045	1.37
Troax Group	28,622	678	0.45
		16,981	11.40
Switzerland 7.96% (7.51%)			
Ascom Holding	146,863	1,489	1.00
Interroll Holding	570	953	0.64
Logitech International	91,463	2,646	1.78
Lonza Group	24,995	6,097	4.09
u-blox Holding	11,567	677	0.45
		11,862	7.96
Equities total		135,468	90.93
Portfolio of investments		135,468	90.93
Net other assets		13,507	9.07
Net assets attributable to unitholders		148,975	100.00

The comparative percentage figures in brackets are as at 30 November 2018.

Unless otherwise stated, all securities are admitted to official stock exchange listings.

Summary of Portfolio Transactions

Largest purchases

For the six months ended 31 May 2019		Cost £000's
Teleperformance		2,740
Kingspan Group		2,402
Lifco B		2,251
Kindred Group SDR		2,092
Arjo B		1,850
NOS		1,622
Duerr		1,591
Barco		1,510
Stabilus		1,331
DNA		1,231

Largest sales

For the six months ended 31 May 2019		Proceeds £000's
S&T		3,456
SPIE		3,233
Ahlsell		3,188
Recordati		3,173
Glanbia		2,935
Smurfit Kappa Group		2,773
Anima Holding		2,466
TKH Group		1,726
MLP		1,723
Beneteau		1,457

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 losses 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 (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA (now the Investment Association (IA))) in May 2014;
- 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 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 31 May 2019 were signed on 17 July 2019 on behalf of the Manager by:

J.A. Walker-Hazell
Directors

P. Middleton

Statement of Total Return (unaudited)

For the six months ended 31 May 2019

	31.5.19		31.5.18	
	£000's	£000's	£000's	£000's
Income				
Net capital (losses)/gains		(1,951)		12,446
Revenue	3,456		2,807	
Expenses	(1,105)		(1,455)	
Net revenue before taxation	2,351		1,352	
Taxation	(61)		8	
Net revenue after taxation		2,290		1,360
Total return before distributions				
		339		13,806
Distributions		(29)		11
Change in net assets attributable to unitholders from investment activities				
		310		13,817

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

For the six months ended 31 May 2019

	31.5.19		31.5.18	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		164,252 ¹		190,198
Amounts receivable on issue of units	608		12,998	
Amounts payable on cancellation of units	(16,215)		(5,629)	
		(15,607)		7,369
Dilution adjustment		20		110
Change in net assets attributable to unitholders from investment activities		310		13,817
Closing net assets attributable to unitholders				
		148,975		211,494¹

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 31 May 2019

	31.5.19	30.11.18
	£000's	£000's
Assets		
Investments	135,468	160,779
Current assets		
Debtors	3,456	397
Cash and bank balances	12,792	4,032
Total assets	151,716	165,208
Liabilities		
Creditors		
Distributions payable	0	(58)
Other creditors	(2,741)	(898)
Total liabilities	(2,741)	(956)
Net assets attributable to unitholders	148,975	164,252

Notes to the Accounts (unaudited)

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 SORP for UK Authorised Funds issued by the IMA 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)).

Accounting policies

The accounting policies applied are consistent with those of the annual accounts for the year ended 30 November 2018 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

Administration Details

Schroders
FREEPOST
RLTZ-CHSY-HBUT
PO Box 1102
Chelmsford
Essex CM99 2XX

Investor Services
0800 718 777
investorservices@schroders.com
Dealing 0800 718 788
Fax 0870 043 4080

Independent Auditors

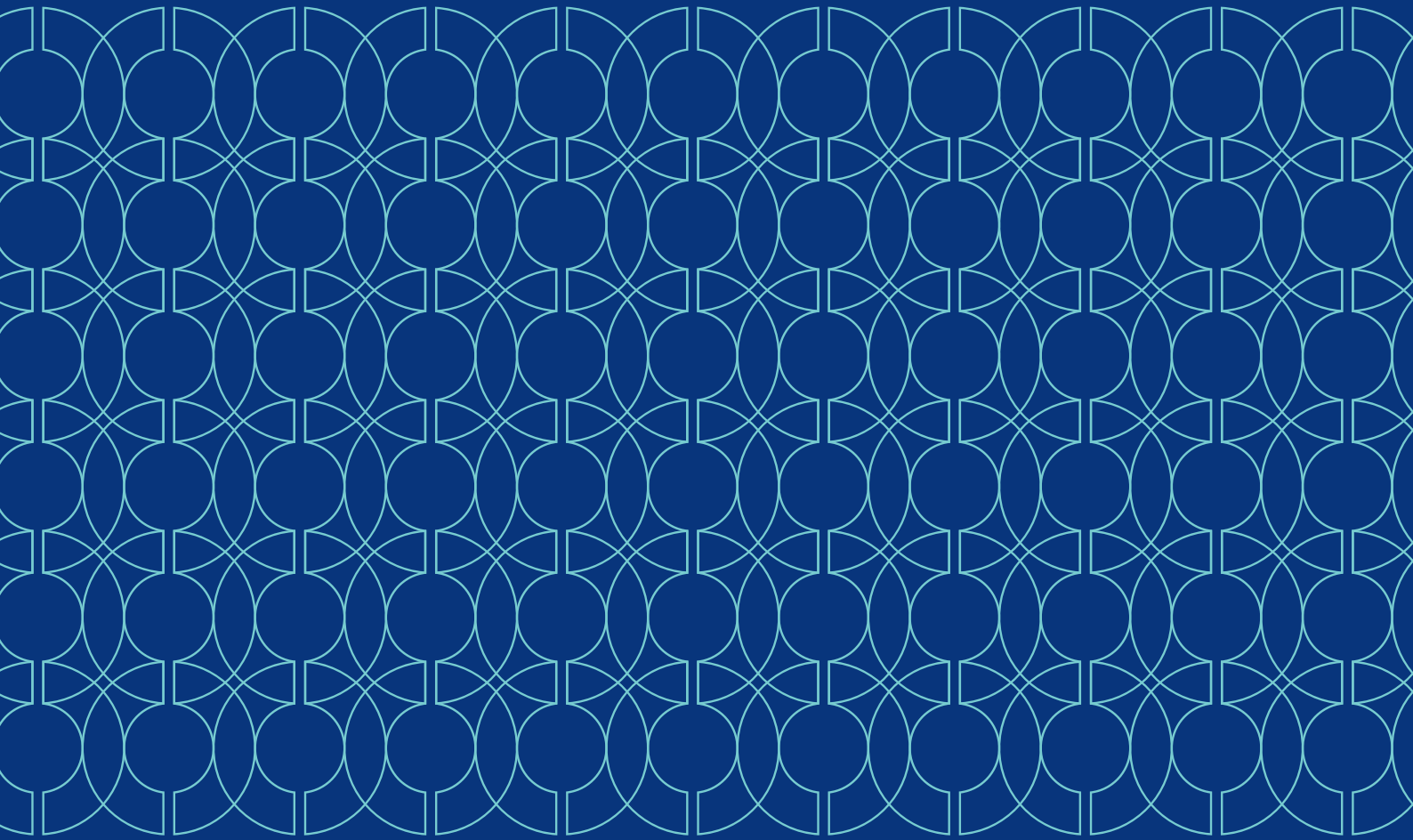
PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.

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.co.uk.



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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.

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