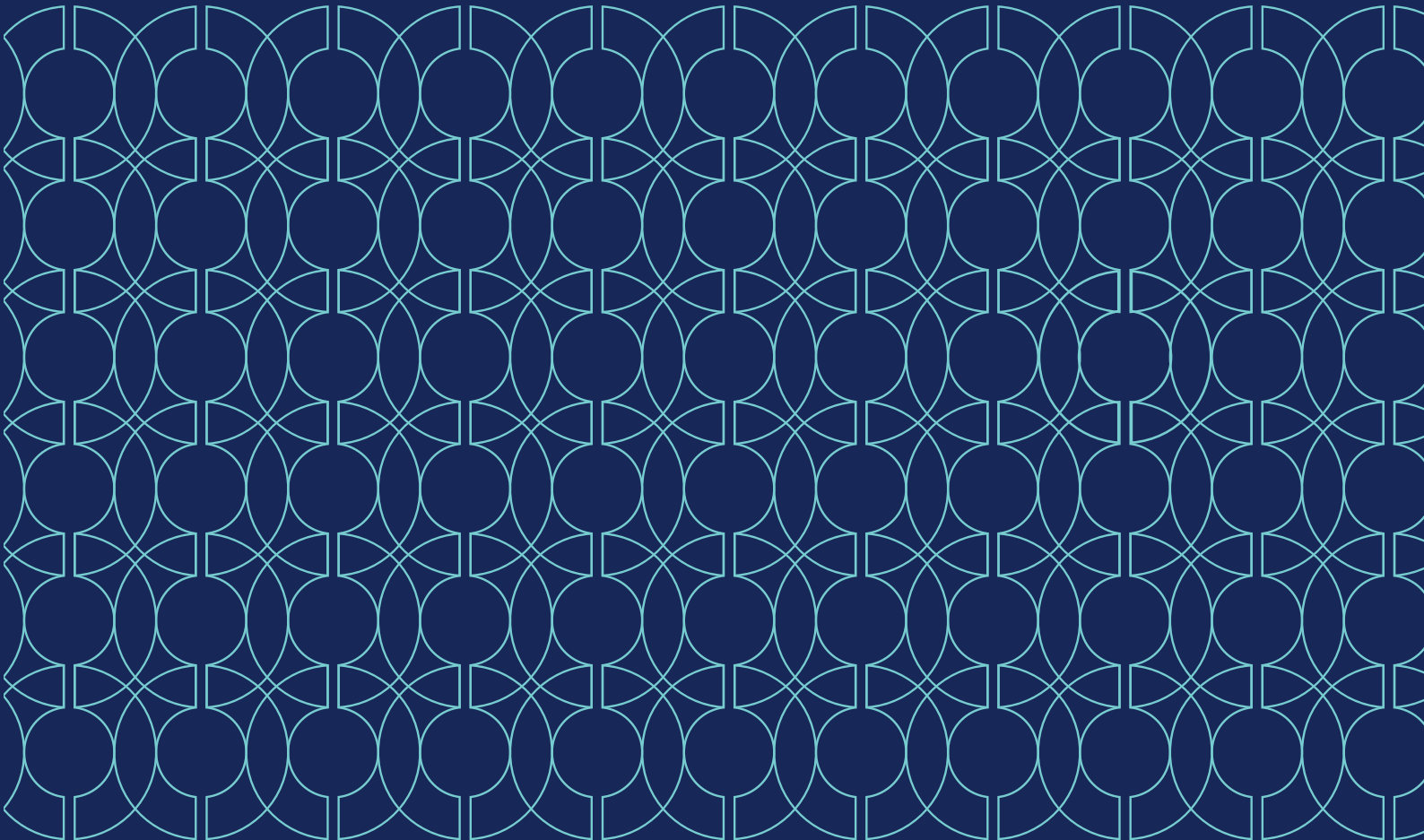


**Schroders**

**Schroder Institutional UK Smaller Companies  
Fund**

**Interim Report and Accounts**

**15 August 2023**



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<sup>1</sup> 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 I 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 15.8.23 £000's	For the year to 15.2.23 £000's
Total purchases	68,835	29,541
Total sales	37,466	148,079

# Fund Performance

	Number of units in issue 15.8.23	Net asset value per unit 15.8.23	Net asset value per unit 15.2.23
I Accumulation units	1,495,761	1,665.57p	1,791.45p
I Income units	12,279,703	923.09p	991.76p
X Accumulation units	31,031,155	47.19p	50.61p
X Income units	354,993,952	81.52p	87.41p

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 15 February 2023 to 15 August 2023, the price of I Accumulation units on a dealing price basis fell 6.78%. In the same period, the FTSE<sup>1</sup> UK Series Small Cap ex Investment Trusts index generated a negative total return of 2.69%<sup>2</sup>.**

Rising bond yields and interest rates expectations weighed on a number of domestically focused areas of the UK equity market over the period.

Top contributors included value focussed cosmetics supplier Warpaint London and not owning troubled social housing business Home REIT. Meanwhile our new holding in electric vehicle drive train manufacturer Equipmake Holdings, which has a contract to supply transport operator FirstGroup as it electrifies its bus fleet performed well. Adding support services group Mitie to the portfolio performed very well. Detractors included specialist lender Vanquis, mobile advertising platform provider Tremor International and not owning online gaming group 888.

We initiated new positions in software business Cerillion and B2B services company Franchise Brands. We exited Dignity following a bid.

The UK unemployment rate is not rising and the consumer remains in good shape. A high level of savings versus borrowings means rising interest rates are not having a disproportionate effect on behaviour, and domestically-focussed areas of the market have been oversold. We expect merger and acquisition activity to stay buoyant.

**Co-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

**Co-Fund Manager:**  
**Iain Staples**



Joined Schroders in 2012 from Altium, the UK mid-cap broker, where he led the UK Generalist equity research product

Previously worked on the sell-side for 14 years having co-founded Clear Capital, the independent equity research house

Broking career commenced in 1999 at Hoare Govett in the tech team

Iain started his career at L.E.K. Consulting, the global management consulting firm, in 1995

MA in Mathematics, Cambridge University and MSc in Theoretical Physics, Manchester University

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2 Source: Refinitiv Eikon Datastream

**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 Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual 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 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;
- 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;
- comply 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 the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**P. Truscott**  
Directors  
6 October 2023

**P. Chislett**

# Portfolio Statement

	Holding at 15.8.23	Market Value £000's	% of net assets
<b>Equities 97.52% (95.93%)</b>			
<b>Basic Materials 4.51% (4.69%)</b>			
Chamberlin*	330,000	9	0.00
Directa Plus*	2,883,713	1,471	0.33
Ecora Resources	7,250,000	7,917	1.79
Tungsten West*	9,278,660	325	0.08
Zotefoams	2,800,644	10,222	2.31
		<b>19,944</b>	<b>4.51</b>
<b>Consumer Discretionary 22.30% (22.50%)</b>			
Autins Group*	3,369,473	404	0.09
Colefax Group*	1,442,708	10,243	2.32
Equipmake Holdings	54,000,000	5,400	1.22
Halfords Group	2,634,680	5,032	1.14
ME Group International	8,256,738	13,492	3.05
Merit Group*	549,450	231	0.05
MJ Gleeson	1,643,200	6,376	1.44
MusicMagpie*	3,573,861	625	0.14
Patisserie Holdings^	2,400,000	0	0.00
Pendragon	38,376,631	7,407	1.68
Reach	4,009,686	3,047	0.69
RM	5,041,057	3,025	0.68
Shoe Zone*	1,000,000	2,450	0.55
Studio Retail Group^	2,961,571	0	0.00
STV Group	1,343,248	2,660	0.60
TheWorks.co.uk	4,500,000	1,381	0.31
Tortilla Mexican Grill*	1,680,740	1,345	0.31
Tremor International*	5,900,000	14,856	3.36
UP Global Sourcing Holdings	5,935,976	7,598	1.72
Vertu Motors*	1,741,709	1,242	0.28
Warpaint London*	4,008,981	11,826	2.67
		<b>98,640</b>	<b>22.30</b>
<b>Consumer Staples 2.50% (2.02%)</b>			
Accrol Group Holdings*	8,993,602	3,040	0.69
MP Evans Group*	1,125,704	8,015	1.81
		<b>11,055</b>	<b>2.50</b>
<b>Energy 3.93% (3.04%)</b>			
Atome Energy*	1,782,228	1,515	0.34
EnQuest	28,978,218	5,010	1.14
Hunting	2,499,393	6,323	1.43
Kistos Holdings*	1,625,000	3,933	0.89
Molecular Energies*	485,159	582	0.13
		<b>17,363</b>	<b>3.93</b>
<b>Financials 10.01% (10.20%)</b>			
Aquis Exchange*	1,258,058	4,705	1.06
CMC Markets	1,100,000	1,445	0.33

	Holding at 15.8.23	Market Value £000's	% of net assets
Foresight Group Holdings	1,152,382	5,301	1.20
Frenkel Topping Group*	2,815,616	1,464	0.33
Funding Circle Holdings	4,853,704	2,155	0.49
International Personal Finance	4,431,943	5,584	1.26
LendInvest*	1,616,039	695	0.16
NFT Investments	19,178,436	297	0.07
Peel Hunt*	2,302,631	2,326	0.53
Record	2,452,194	2,001	0.45
Tottenham Hotspur	651,035	1,367	0.31
Vanquis Banking Group	4,400,000	5,236	1.18
XPS Pensions Group	6,253,214	11,694	2.64
		<b>44,270</b>	<b>10.01</b>
<b>Health Care 1.73% (1.62%)</b>			
Eco Animal Health Group*	4,647,925	5,020	1.14
EKF Diagnostics Holdings*	9,685,000	2,624	0.59
Verici Dx*	200,000	18	0.00
		<b>7,662</b>	<b>1.73</b>
<b>Industrials 34.92% (31.35%)</b>			
Avon Protection	750,000	5,572	1.26
Carclo	4,394,716	571	0.13
Cohort*	2,445,135	11,859	2.68
CPP Group*	471,995	708	0.16
De La Rue	3,367,276	1,879	0.42
Dialight	1,700,000	3,400	0.77
DX Group*	9,000,000	3,240	0.73
Epwin Group*	1,500,000	1,020	0.23
Equals Group*	9,700,000	9,506	2.15
Esken	17,000,000	580	0.13
Ilika*	4,659,433	2,050	0.46
Invinity Energy Systems*	10,837,290	4,227	0.96
Invinity Energy Systems Warrant 15/09/2023	917,484	1	0.00
Invinity Energy Systems Warrant 16/12/2024	917,484	1	0.00
James Fisher & Sons	1,057,997	4,079	0.92
James Latham*	499,550	5,795	1.31
Keller Group	1,250,000	10,375	2.35
Lords Group Trading*	4,232,500	2,539	0.57
Luceco	1,577,911	2,007	0.45
Macfarlane Group	3,700,000	4,144	0.94

# Portfolio Statement (continued)

	Holding at 15.8.23	Market Value £000's	% of net assets
Management Consulting Group <sup>^</sup>	13,000,004	0	0.00
Mears Group	1,706,105	4,828	1.09
Mercantile Ports and Logistics <sup>#</sup>	9,651,909	290	0.07
NAHL Group <sup>#</sup>	4,308,698	2,176	0.49
PayPoint	1,778,688	9,889	2.24
Pressure Technologies <sup>#</sup>	4,483,162	1,569	0.35
Redde Northgate	648,207	2,249	0.51
Restore <sup>#</sup>	1,343,657	1,680	0.38
Ricardo	1,007,195	5,439	1.23
SIG	13,220,276	4,535	1.03
Solid State <sup>#</sup>	299,988	4,020	0.91
Speedy Hire	21,899,067	7,533	1.70
Staffline Group <sup>#</sup>	7,500,000	2,550	0.58
Thruvision Group <sup>#</sup>	9,111,928	2,369	0.54
Trifast	6,558,178	5,640	1.28
Videndum	625,000	3,294	0.74
Vp	542,799	2,931	0.66
Wincanton	1,964,343	4,714	1.07
Xaar	8,531,253	15,186	3.43
		<b>154,445</b>	<b>34.92</b>

## Real Estate 4.09% (4.82%)

Harworth Group	2,804,657	3,085	0.70
Helical	2,050,000	4,889	1.10
Henry Boot	1,416,500	2,961	0.67
OnTheMarket <sup>#</sup>	2,739,180	1,507	0.34
Raven Property Group <sup>^</sup>	9,343,407	0	0.00
Sirius Real Estate	6,750,000	5,663	1.28
		<b>18,105</b>	<b>4.09</b>

## Technology 12.76% (15.69%)

ActiveOps <sup>#</sup>	2,329,123	2,213	0.50
Albert Technologies <sup>^</sup>	2,533,903	0	0.00
Aptitude Software Group	3,360,625	10,015	2.26
Big Technologies <sup>#</sup>	2,897,330	7,678	1.74

	Holding at 15.8.23	Market Value £000's	% of net assets
Blanco Technology Group <sup>#</sup>	1,700,000	3,808	0.86
Cerillion <sup>#</sup>	159,644	2,027	0.46
Eagle Eye Solutions Group <sup>#</sup>	511,894	2,764	0.62
Gresham Technologies	3,950,000	5,333	1.21
Kin & Carta	4,333,327	2,795	0.63
NCC Group	4,500,000	4,334	0.98
Samarkand Group	2,747,054	137	0.03
Shearwater Group <sup>#</sup>	1,537,608	554	0.13
Sivota	623,875	468	0.11
Trackwise Designs <sup>#^</sup>	52,718,390	0	0.00
Trackwise Designs Warrant 09/01/2026 <sup>^</sup>	25,000,000	0	0.00
Tracsis <sup>#</sup>	672,000	5,174	1.17
Tribal Group <sup>#</sup>	4,830,471	1,980	0.45
TT Electronics	4,030,368	7,142	1.61
		<b>56,422</b>	<b>12.76</b>

## Utilities 0.77% (0.00%)

Franchise Brands <sup>#</sup>	2,400,000	3,408	0.77
		<b>3,408</b>	<b>0.77</b>

## Equities total

**431,314** **97.52**

## Collective Investment Schemes 0.11% (0.07%)

### Private Equity Funds 0.11% (0.07%)

LMS Capital Fund <sup>§</sup>	2,536,900	513	0.11
		<b>513</b>	<b>0.11</b>

## Collective Investment Schemes total

**513** **0.11**

## Portfolio of investments

**431,827** **97.63**

## Net other assets

**10,464** **2.37**

## Net assets attributable to unitholders

**442,291** **100.00**

The comparative percentage figures in brackets are as at 15 February 2023.

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 2023

	15.8.23		15.8.22	
	£000's	£000's	£000's	£000's
<b>Income</b>				
Net capital losses		(38,393)		(76,093)
Revenue	6,496		6,184	
Expenses	(349)		(541)	
Net revenue before taxation	<b>6,147</b>		<b>5,643</b>	
Taxation	(25)		(6)	
Net revenue after taxation		<b>6,122</b>		<b>5,637</b>
<b>Total return before distributions</b>		<b>(32,271)</b>		<b>(70,456)</b>
Distributions		185		(437)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(32,086)</b>		<b>(70,893)</b>

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

For the six months ended 15 August 2023

	15.8.23		15.8.22	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		457,035 <sup>^</sup>		681,696
Amounts receivable on issue of units	60,262		6,273	
Amounts payable on cancellation of units	(43,765)		(105,843)	
		<b>16,497</b>		<b>(99,570)</b>
Dilution adjustment		845		629
Change in net assets attributable to unitholders from investment activities		(32,086)		(70,893)
<b>Closing net assets attributable to unitholders</b>		<b>442,291</b>		<b>511,862<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 15 August 2023

	15.8.23	15.2.23
	£000's	£000's
<b>Assets</b>		
Investments	431,827	438,753
<b>Current assets</b>		
Debtors	1,764	569
Cash and bank balances	9,060	27,331
<b>Total assets</b>	<b>442,651</b>	<b>466,653</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Distributions payable	-	(9,011)
Other creditors	(360)	(607)
<b>Total liabilities</b>	<b>(360)</b>	<b>(9,618)</b>
<b>Net assets attributable to unitholders</b>	<b>442,291</b>	<b>457,035</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 accounting policies applied are consistent with those of the annual accounts for the year ended 15 February 2023 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

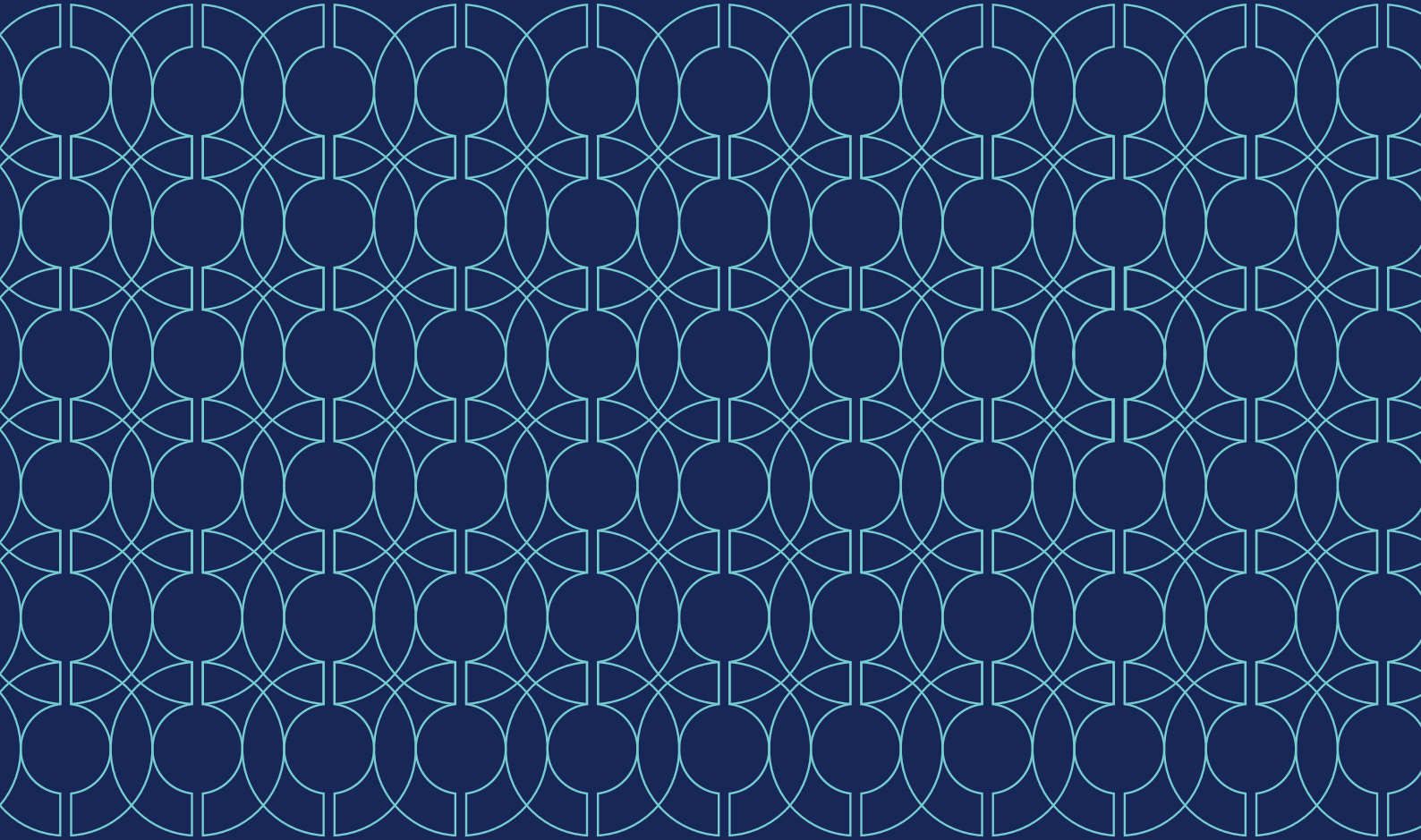
A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at [www.Schroders.com](http://www.Schroders.com) within 4 months of the annual 'reference date' 31 December.

## 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/).

## 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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