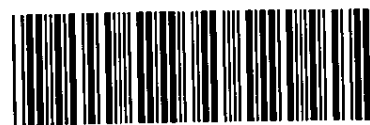


Schroder UK Mid Cap Fund plc

Report and Accounts for the year ended 30 September 2015

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Investment objective

The Company's investment objective is to invest in Mid Cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index.

Company overview

The Company was launched in 1983 as a closed-ended investment trust. Its shares are listed on the London Stock Exchange.

The Company is governed by an independent Board of Directors and has no employees. It outsources its management and administration to an Alternative Investment Fund Manager, Schroder Unit Trusts Limited, and other industry-leading service providers.

Key financial highlights

The Board considers the Company to be a compelling investment opportunity. It has had a decade of outperformance, invests in the mid cap market which offers good growth opportunities and has a Manager with proven stock-picking skills.



*Net Asset Value

Rise in the Company's net asset value vs the FTSE 100 Index and the Benchmark – over 10 years

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A glossary of terms used in this Annual Report may be found on the Company's webpage at www.schroderukmidcapfund.com.

Financial Highlights

Total returns (including dividends reinvested) for the year ended 30 September	2015	2014	% Change
Net asset value ("NAV") per share ¹	8.2%	8.9%	
Share price ¹	5.0%	8.8%	
Benchmark ²	12.7%	5.3%	
Net asset value, share price and discount at 30 September			
Shareholders' funds (£'000)	184,260	173,327	+6.3
Shares in issue	36,143,690	36,143,690	
NAV per share	509.80p	479.55p	+6.3
Share price	462.50p	448.88p	+3.0
Share price discount	9.3%	6.4%	
Revenue for the year ended 30 September			
Net revenue return after taxation (£'000)	3,549	3,506	+1.2
Revenue return per share	9.82p	9.70p	+1.2
Dividends per share	9.20p	8.50p	+8.2
(Net cash) ³	(6.1)%	(4.4)%	
Ongoing Charges ⁴	0.93%	0.94%	

¹Source: Morningstar.

²Source: Thomson Reuters. The Company's benchmark is the FTSE 250 (ex-Investment Companies) Index.

³Borrowings used for investment purposes less cash, expressed as a percentage of net assets. At the current and comparative year end, cash exceeded borrowings (the Company had no borrowings) and this is shown as a negative "Net cash" position. If borrowings were to exceed cash, this would be shown as "Gearing".

⁴Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year.

Comparison of Portfolio Sector Distribution with the FTSE 250 (ex-Investment Companies) Index at 30 September 2015

Source: Schroders/Thomson Reuters.

Ten-Year Financial Record

At 30 September	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'000)	88,055	100,852	73,556	85,109	98,750	95,269	118,942	161,739	173,327	184,260
NAV per share (pence)	239.6	278.3	203.5	235.5	273.2	263.6	329.1	447.5	479.6	509.8
Share price (pence)	209.5	242.5	168.0	192.8	225.5	218.0	277.0	420.0	448.9	462.5
Share price discount (%)	12.6	12.9	17.4	18.1	17.5	17.3	15.8	6.1	6.4	9.3
Gearing/(net cash) (%) ¹	1.7	2.5	(9.7)	(2.6)	3.1	2.8	3.7	2.0	(4.4)	(6.1)

Year ended 30 September	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenue return after taxation (£'000)	1,281	1,817	2,253	1,880	2,156	2,437	2,789	3,096	3,506	3,549
Revenue return per share (pence)	3.48	4.97	6.22	5.20	5.96	6.74	7.72	8.57	9.70	9.82
Dividends per share (pence)	2.85	4.11	5.30	5.30	5.83	6.20	6.82	7.70	8.50	9.20
Ongoing Charges (%) ²	1.40	1.31	1.15	1.19	1.21	1.12	1.11	1.01	0.94	0.93

Performance ³		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NAV total return (based on ex-income NAV) ⁴	100.0	128.4	150.3	110.4	132.4	157.4	154.5	197.8	278.0	302.7	326.4
Share price total return	100.0	123.7	144.9	102.4	122.2	147.2	145.6	190.2	296.7	322.7	338.8
Benchmark ⁵	100.0	130.3	146.4	107.0	130.9	155.1	148.0	185.8	247.0	260.2	293.3

¹Gearing represents borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.

²Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year. The figures for 2010 and prior years represent the expenses calculated as above, expressed as a percentage of the average of the opening and closing net asset values in the year.

³Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2005.

⁴Calculated using year end net asset values after deduction of the final dividend.

⁵With effect from 1 April 2011, the Company's benchmark has been the FTSE 250 (ex-Investment Companies) Index. Prior to that date, the benchmark was the FTSE All-Share, ex-Investment Companies Index, ex-FTSE 100. The return for 2011 is based on a combination of both of these indices, calculated on a pro-rata basis.

10 Year NAV, share price and Benchmark total returns

Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2005. With effect from 1 April 2011, the Company's benchmark has been the FTSE Mid 250 (ex-Investment Companies) Index. Prior to that date the benchmark was the FTSE All-Share, ex-Investment Companies Index, ex-FTSE 100. The return for 2011 is based on a combination of both of these indices, calculated on a pro rata basis.

Chairman's Statement

Performance

Following a strong run of outperformance over many years it is disappointing to report underperformance for the year ended 30 September 2015. At the same time the mid cap sector enjoyed a period of strong growth. During the year under review, the Company's net asset value produced a total return of 8.2%, compared to a total return of 12.7% for the Company's benchmark, the FTSE 250 (ex-Investment Companies) Index. The Company's share price produced a total return of 5.0% during the year on weaker market sentiment.

These results reflect the impact of poor commodities prices on a number of stocks with exposure to the oil sector. Long term performance remains strong: the Company has outperformed the benchmark over the 12 years since Schroders assumed the investment management role.

The Manager's Review on pages 6 and 7 provides greater detail on performance, market background and investment outlook for the Company.

Revenue return and dividends

Long term performance remains strong: the Company has outperformed the benchmark since Schroders assumed the investment management role in 2003

I am pleased to report that income generated by the portfolio increased slightly during the year under review: revenue return per share increased by 1.2% from 9.70 pence per share to 9.82 pence per share.

The Directors recommend the payment of a final dividend of 6.70 pence per share for the year ended 30 September 2015, which, together with the interim dividend of 2.50 pence per share paid during the year, makes a total dividend for the year of 9.20 pence per share and represents an increase of 8.2% over dividends declared in respect of the previous financial year.

A resolution approving the payment of the final dividend for the year ended 30 September 2015 will be proposed at the forthcoming Annual General Meeting. If passed, the dividend will be paid on 12 February 2016 to shareholders on the register on 4 January 2016.

Gearing facility

The Board recommends a final dividend of 6.70p per share, continuing the Company's record of annual dividend growth

During the year, the Company renewed its £15 million revolving credit facility with Scotiabank (Europe) Plc. At the beginning of the year, the Company held net cash of 4.4%, which had increased to 6.1% at the year end.

While the Company remains ungeared at the date of this Statement, the Board considers that the flexibility to utilise gearing remains an important tool in allowing the Manager to pursue investment opportunities when appropriate. To this end, parameters for the use of gearing have been established and these are reviewed regularly by the Board. The Company's gearing continues to operate within pre-agreed limits so that gearing does not represent more than 25% of total assets.

Purchase of shares for cancellation and discount management

The discount of the Company's share price to underlying net asset value widened during the year under review, standing at 6.4% at the start of the year and at 9.3% on 30 September 2015. The average discount for the year was 9.0% and ranged between 4.0% and 15.1%.

At the Company's last Annual General Meeting held on 30 January 2015, the Company was granted authority to purchase up to 14.99% of its issued share capital for cancellation or for holding in Treasury. During the year ended 30 September 2015, the Company did not purchase any shares for cancellation or for holding in Treasury.

The decision whether to purchase shares is considered in Board discussions. Whilst share buy-backs are one method of addressing discount levels, their effectiveness depends on the size and nature of the share register.

Chairman's Statement

Andy Brough, who has co-managed the portfolio since 2003, will become lead manager in April 2016

Your Board believes that the most sustainable way to close the share price discount is to increase demand for the Company's shares by effective marketing over the longer term, and a continuation of the Company's strong long-term performance track record. In the meantime, the Board will continue to consider on a regular basis whether share purchases should be made, alongside other means of discount control. To provide maximum flexibility for the future, it is proposed that the existing authority be renewed at the forthcoming Annual General Meeting.

Lead portfolio manager stepping down in 2016

As announced on 6 October 2015, Rosemary Banyard has decided to leave Schroders, and will be stepping down as the Company's lead portfolio manager with effect from 31 March 2016. Rosemary will continue to manage the portfolio until that time, following which Andy Brough, who has co-managed the portfolio with Rosemary since Schroders was appointed Manager in May 2003, will assume lead manager responsibility for it.

I would like to take this opportunity on behalf of the Board to thank Rosemary for her contribution to the Company's success and to wish her well for the future.

Retirement of Director

As part of the Board's planned refreshment, Rachel Beagles will retire from the Board at the Annual General Meeting and will not seek re-election as a Director of the Company.

On behalf of the Board, I would like to take this opportunity thank Rachel for her invaluable contribution to the deliberations of the Board and her leadership of the Audit Committee.

The Board has commenced the search for a new Director with a view to making an appointment early in 2016. Andrew Page will succeed Rachel as Chairman of the Audit Committee.

Outlook

The Board remains optimistic about the longer term future for a carefully selected portfolio of mid cap shares

One of the most impressive parts of the year under review has been simply how strong mid cap shares have been. It has been a year of growing uncertainties about the prospects for growth around the world, collapsing commodity prices, and in some cases new political risks. Most UK large cap shares are lower than a year ago, but mid cap shares in aggregate are close to their all-time highs.

We remain very optimistic about the longer term future for a carefully selected portfolio of mid cap shares; the Company's history has shown how much money can be made if the selection is good enough, given the wide range of opportunities. Having regard to current market valuations however, the Board and your Manager remain reluctant to use the gearing facility in the short term.

Annual General Meeting

The Company's Annual General Meeting will be held at 12.00 noon on 10 February 2016 and shareholders are encouraged to attend. The meeting will include a presentation by the Manager on the prospects for the UK market and the Company's investment strategy.

Eric Sanderson
Chairman

21 December 2015

Manager's Review

Mid caps fared well last year, unlike larger companies in the FTSE 100 index

As noted in the Chairman's Statement, over the 12 months to 30 September 2015, the Company's net asset value per share produced a total return of 8.2%. This compared with a total return of 12.7% for the FTSE 250 (ex-investment Companies) Index.

From 1 May 2003 (when Schroders took responsibility for the management of the portfolio) to 30 September 2015, the net asset value produced a total return of 628% and the shares 736% compared to 425% from the chain-linked benchmark over the same period.

The failure to keep up with a strong benchmark last year was primarily attributable to a handful of oil exploration and production, and oil services investments, notably Premier Oil, SOCO International, EnQuest and Lamprell. Collectively they did not represent a significant proportion of total assets, but were very badly hit by the near halving of oil prices in a year. The combination of a slowing Chinese economy, efficiency improvements in US shale production, and the decision by Saudi Arabia to maintain output at lower prices, thereby ceasing to be the world's swing producer, exposed these companies and their high levels of operational gearing.

On a more positive note, two significant contributors last year in the industrial space received trade bids, Domino Printing Sciences from Japan and Alent from the US. In a deflationary world, companies with pricing power arising from strong market positioning also performed well, such as Redrow (housebuilder), Rightmove (property portal) and Dignity (funeral services).

Market background

Mid caps as a whole continued to fare well last year, reflecting their exposure to the UK consumer, who has benefited from falling food and fuel costs and rising employment levels and wages. In contrast, the FTSE 100 index of larger companies – where your Company does not invest – struggled, due to a slowdown in China and many emerging markets, and exposure to oversupplied markets in the oil, mining and food retailing industries.

The continuing success of mid caps has once again attracted corporate activity

The continuing success of mid caps has once again attracted corporate activity, with outright bids for Domino Printing Services and Alent, both of which we owned, as well as for TSB, Pace, HellermannTyton, Amlin and a merger proposal for Betfair. There have also been acquisitions enacted by mid cap companies of which two by DCC to consolidate fuel distribution in France were particularly well received.

Portfolio update

New purchases in the past year have included CLS (UK and European property), Crest Nicholson (housebuilder), Intermediate Capital (mezzanine and high yield manager), Lookers (motor retailer), Mitie (facilities services), Rank (bingo and casino operator), RPS (resources and planning consultancy), Segro (UK and European property), and JD Wetherspoon (pub retailer).

Disposals have included Berkeley Group and Taylor Wimpey upon promotion to the FTSE 100 Index, Enquest and Wood Group in the energy sector, CSR and Domino Printing on bids, Kier and Pace.

Outlook

The slowdown in economic activity in China and many emerging markets is likely to cause many industrial groups to fail to meet market forecasts for the second half of

Manager's Review

the year. The same will be true of oil services names. The Company remains underweight in these areas.

In the UK, central government budget cuts are starting to bite, and also companies employing many low paid workers in the leisure, retail, transport and care sectors will progressively see margin pressures as the National Living wage is introduced. The Company remains underweight in these areas.

The UK housing market remains undersupplied, hence we expect further volume and price appreciation, but tighter regulations limiting bank lending on buy-to-let mortgages will hurt some.

In an era of low growth, we expect mergers and acquisitions activity to continue. This could produce more bid targets in the portfolio (such as the recent acquisitions by Halma and Grafton), but sensible bolt-ons are also likely to be well received. Approximately half of the portfolio's investee companies carry no net debt, enabling them to take advantage of future acquisition opportunities. In addition we expect them in aggregate to lift dividends further, probably in contrast to the wider market.

The Company remains ungeared, with cash at 6.1% at 30 September 2015.

Schroder Unit Trusts Limited

21 December 2015

Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Investment Portfolio

As at 30 September 2015

Company	Sector classification	Principal activity	Market value of holding £'000	% of total equity shareholders' funds
Redrow	Consumer Goods	Housebuilder	6,159	3.3
DCC	Support Services	International sales, marketing, distribution and support services provider	5,987	3.2
Kennedy Wilson Europe Real Estate	Real Estate Investment and Services	Investment property manager	5,405	2.9
Grainger	Real Estate and Investment Services	Purchases, lets, manages and refurbishes tenanted property	5,355	2.9
Rightmove	Media	Operator of the UK's largest residential property portal	4,925	2.7
Telecom Plus	Fixed Line Communications	Multi-utility supplier	4,739	2.6
Dechra Pharmaceuticals	Pharmaceuticals and Biotechnology	Manufacturer of pharmaceutical products and equipment for the veterinary industry	4,685	2.5
IG	Financial Services	Provider of financial spread betting and CFDs	4,611	2.5
Supergroup	General Retailers	Distinctive branded fashion retailer	4,536	2.5
Micro Focus International	Software and Computer Services	Multinational software and information technology services provider	4,207	2.3
Alent	Chemicals	Supplier of chemical and engineering consumables	3,882	2.1
SSP	Food producers	Freshly made food provider	3,814	2.1
Halma	Electronic and Electrical equipment	Manufacturer of safety products	3,741	2.0
Crest Nicholson	Consumer Goods	Housebuilder	3,698	2.0
Homeserve	Support Services	Domestic home repairs and insurance provider	3,597	2.0
Rank Group	Consumer Services	Bingo and casino operator	3,594	2.0
Pets at Home	Leisure Goods	Pet retailer	3,570	1.9
Dignity	General Retailers	Provider of funeral related services	3,567	1.9
Investec	Financial Services	Global investment management company	3,539	1.9
Berendsen	Support Services	Provider of textile maintenance services	3,511	1.9
20 Largest Investments			87,122	47.2
Computacenter	Software and Computer Services	Provider of IT infrastructure services	3,502	1.9
Grafton	Support Services	Building merchant supplier	3,335	1.8
Brewin Dolphin	Financial Services	Provider of investment management services to private clients	3,194	1.7
Northgate	Support Services	Leading light vehicle hire provider	3,082	1.7
Photo-Me International	Leisure Goods	Photo booth and vending equipment provider	2,969	1.6
CLS Holdings	Real Estate Holding and Development	UK and European property investment	2,955	1.6
Segro	Real Estate Investment Trusts	Specialist in property investment and development	2,936	1.6
Londonmetric Property	Real Estate Investment Trusts	REIT investing in out of town retail and distribution	2,870	1.6
Mitie	Support Services	Provider of property and energy services	2,747	1.5

Investment Portfolio

As at 30 September 2015

Company	Sector classification	Principal activity	Market value of holding £'000	% of total equity shareholders' funds
Bodycote International	Industrial Engineering	Supplier of specialist testing and thermal processing	2,672	1.5
Keller	Construction and Materials	International ground engineering specialist	2,588	1.4
J D Wetherspoon	Consumer Services	Pub chain	2,384	1.3
Synthomer	Basic Materials	Supplier of speciality emulsion and latices	2,381	1.3
WS Atkins	Support Services	Engineering and design consultant	2,360	1.3
Intermediate Capital	Financials	Specialist investment and asset manager	2,354	1.3
Diploma	Support Services	International distributor of specialised technical products	2,321	1.3
Just Retirement	Financial Services	Specialist UK financial retirement provider	2,258	1.2
Laird	Technology	Specialist in radio frequency design and innovative technology	2,258	1.2
AG Barr	Beverages	Soft drinks manufacturer	2,229	1.2
Inchcape	General Retailers	Importer and distributor of motor vehicles	2,154	1.2
Paypoint	Support Services	International leader in payments technologies	2,044	1.1
Qinetiq	Aerospace and Defence	Technical, engineering and software services provider for aerospace, defence and security	2,028	1.1
Thomas Cook	Consumer Services	Travel services provider	2,023	1.1
Elementis	Chemicals	Manufacturer and seller of chromium chemicals, pigments and other chemicals	2,007	1.1
James Fisher	Industrial Transportation	Provider of marine services and management solutions	2,002	1.1
Victrex	Chemicals	Manufacturer of speciality plastics	1,948	1.1
Millennium & Copthorne Hotels	Travel and Leisure	Hotel operator	1,922	1.0
Soco International	Oil and Gas Producers	Exploration, development and production of oil and gas	1,893	1.0
Cable & Wireless Communications	Fixed Line Communications	Multinational telecommunications provider	1,859	1.0
Lamprell	Oil Equipment and Services	Specialist in rig upgrade and refurbishment	1,789	1.0
SIG	Construction and Materials	Specialist distributor of insulation and dry lining materials	1,732	0.9
RPS	Support Services	Energy resources and environmental consultancy provider	1,684	0.9
Lookers	Consumer Services	Supplier of new and second hand cars	1,666	0.9
SDL	Software and Computer Services	Solutions company offering multilingual translation software and translation services	1,459	0.8
Senior	Aerospace and Defence	Designer and manufacturer of high technology components for civil aerospace and defence	1,130	0.6
Halfords	Consumer Goods	Retailer of automotive and cycling products also specialising in car maintenance	1,053	0.6

Investment Portfolio

As at 30 September 2015

Company	Sector classification	Principal activity	Market value of holding £'000	% of total equity shareholders' funds
ITE	Media	Organiser of trade exhibitions and conferences	1,020	0.6
Renishaw	Electronic and Electrical equipment	Precision engineering manufacturer	1,008	0.6
Anglo Pacific	Mining	Investor in mining and exploration interests	997	0.5
Premier Oil	Oil and Gas Producers	Exploration, development and production of oil and gas	966	0.5
LMS Capital	Financial Services	Investment company	270	0.1
Total investments¹			173,171	94.0
Net current assets			11,089	6.0
Total equity shareholders' funds			184,260	100.0

¹Total Investments comprises entirely equity Investments.

The 20 largest Investments represent 47.2% (2014: 42.4%) of total equity shareholders' funds.

Strategic Report

Business and Company structure

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010, by way of a one-off application and the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company is not a close company for taxation purposes.

It is not intended that the Company should have a limited life and the Articles of Association do not contain any provision for the review of the future of the Company at specified intervals.

Further information about the Company and its outsourced business model can be found under "Company Overview" on the inside front cover.

Business model

The Company's business model may be demonstrated by the diagram below.

Role and composition of the Board and key performance indicator

The Board is the Company's governing body, it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board measures the development and success of the Company's business through achievement of the Company's investment objective which is considered to be the most significant key performance indicator for the Company.

The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board oversees the activities of the Manager

Strategic Report

and monitors its adherence to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. It also identifies and monitors the key risks facing the Company.

Investment activities are predominantly monitored through regular Board meetings at which the Board receives detailed reports and updates from the portfolio managers, who attend each Board meeting. Services from other key service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long term supporters of the investment strategy. The Company seeks to achieve this through its Manager and corporate broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendance at conferences for professional investors. In addition the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on the Schroders' website.

The Board monitors the discount of the Company's share price to its underlying net asset value and the discounts of peers and considers the use of its share buy-back authority on a regular basis. For more information on the Board's views on discount management, please refer to the Chairman's Statement on pages 4 and 5.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against both closed and open-ended peers. An analysis of the Company's costs, including management and performance fees, Directors' fees and general expenses, is submitted to each Board meeting. Management and performance fees are reviewed at least annually.

As at 30 September 2015, the Board comprised three men and two women. The Board considers each of the Directors to be independent. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender or race but this is taken into account when the Board examines its overall balance, skill set and experience.

Investment management

The Manager, Schroder Unit Trusts Limited, is authorised and regulated by the Financial Conduct Authority ("FCA") and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Managers Agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

The Manager has in place appropriate professional indemnity cover.

Strategic Report

The Schroders Group manages £294.8 billion (as at 30 September 2015) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager implements the investment strategy, managing the Company's assets in line with appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments, as appropriate. Schroder Investment Management Limited acts as Company Secretary, providing the Board with corporate governance support, liaising with the Company's Corporate Broker to assist the Board in monitoring the Company's share price relative to net asset value and advising the Board on key relationships with other service providers, whose services are subject to regular review.

Investment objective

The Company's investment objective is to invest in Mid Cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index.

Strategy/investment policy

The strategy is to invest principally in the investment universe associated with the benchmark index, but with an element of leeway in investment remit to allow for a conviction-driven approach and an emphasis on specific companies and targeted themes. The Company may also invest in other collective investment vehicles where desirable, for example to provide exposure to specialist areas within the universe. The Company may hold up to 20% of its portfolio in equities and collective investment vehicles outside the benchmark index.

The Manager has adopted a unique and consistent investment process, taking a stock specific approach with an emphasis on growth companies. Sector weightings play a secondary role, resulting naturally from stock selection. Fundamental research forms the basis of each investment decision taken by the Manager, which carries out its own research with numerous company contacts. When analysing stocks, the Manager looks for companies with strong management teams with a proven record, good future prospects and a strong business franchise within their markets.

Gearing

The Board has authorised borrowings of up to 25% of total assets, as appropriate.

The Company currently has in place a £15 million (2014: £15 million) revolving credit facility. As at 30 September 2015, the Company had 6.1% net cash (2014: 4.4% net cash). Should the Company draw on the credit facility, in falling markets any reduction in net asset value and share price would be amplified by the gearing. The Company's gearing continues to be operated within pre-agreed limits so that gearing does not exceed 25%. While the credit facility remained undrawn at the year end, the flexibility to utilise gearing remains an important tool in allowing the Manager to pursue investment opportunities when appropriate.

Strategic Report

Leverage

The AIFM Directive requires the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. The Manager, with the agreement of the Board, has set a maximum limit of 2.00 for both the Gross and Commitment Methods but expects that this limit will comfortably exceed any leverage that the Company might use. At 30 September 2015, the Company's Gross ratio and its Commitment ratio were both 0.94 and reflect the fact that the Company was deleveraged, as it had no loans, derivatives or other form of leverage and held cash balances of £11.2m.

The Manager may change the maximum limits from time to time. Any change would be disclosed to shareholders in accordance with the AIFM Directive.

Investment philosophy and approach

The Manager believes that short term market divergence from underlying value can be particularly marked in mid-sized companies. A lack of quality third-party quantitative and qualitative information means that a solid internal research underpinning is required for any successful investment process. The Manager attributes the long-term success of the Company to its proprietary research, as well as the limitation of overall risk by reasonable diversification.

The Manager believes that profits growth is most easily achieved through pricing power. In a world where the internet and the industrial expansion of China and India are deflationary forces on manufactured goods and increasingly on services, pricing power is a valuable attribute and the research emphasis is on identifying companies that harness this characteristic.

The team adheres to a bottom-up investment strategy, which has no pre-determined style bias. It does not focus exclusively on 'growth', 'value' or 'earnings momentum' factors, but on each company's individual ability to create value for shareholders. The approach is applicable in all investment environments and can generate attractive returns in varied market conditions.

Team

The portfolio managers since Schroders took over the management contract in 2003 have been Rosemary Banyard, as lead manager, and Andy Brough. They are Co-Heads of Schroders' Pan European Small and Mid Cap Team, with Ms Banyard having been at Schroders for 17 years and Mr Brough for 27 years. They head a team that typically makes over 800 contacts with companies each year, through which they seek to understand and evaluate the strategies being pursued by management and assess the characteristics and competitive dynamics of industries and sectors.

The Company announced in October 2015 that Ms Banyard has decided to leave Schroders and will be stepping down as the Company's lead portfolio manager with effect from 31 March 2016. Ms Banyard will continue to manage the portfolio until that time, following which Mr Brough will assume responsibility as lead manager.

Investment approach

The Manager believes that as broker coverage on small and mid cap companies is limited in scope and often in quality, detailed analysis of company report and accounts, company meetings and visits, governance engagements and the use of industry experts are all a vital part of the Manager's research process. It is the application of experience to these varied inputs, coupled with an extensive global

Strategic Report

in-house small cap and mid cap analytical resource that the Board believes gives the team an advantage over others.

As a result of the fundamental research, companies and industries are classified in the investment universe within a simple framework – the 'investment triangle' as set out below.

- **'A' companies** operate in industries where demand for their goods or services exceeds supply, which gives them pricing power. These sectors are typically concentrated so that the demand for shares in the constituent companies exceeds the supply of stock, which appreciates in value as investors ascribe a higher rating to the company and its prospects.
- **'B' companies** are usually cyclical stocks or franchises in transition, among which the portfolio managers look for trading opportunities. The balance of supply and demand for these shares shifts over time as companies reduce capacity and shrink the amount of equity on the market by buying back shares.
- **'C' companies** operate in industries where supply exceeds demand, which are typically experiencing long-term decline and which will not provide investors with successful growth opportunities. The supply of shares in these companies will typically exceed demand, leading to downward pressure on share prices.

The team seeks to concentrate investments in 'A' companies, to avoid 'C' companies and to trade 'B' companies. In addition, the team also seeks to anticipate the movement of companies and industries around this investment triangle.

Bottom-up stock selection has the primary influence on the portfolio. Individual stock weightings reflect a combination of investment conviction and the team's assessment of the stock's likely volatility. Sector weightings are primarily shaped by individual stock decisions, with care being taken to ensure that this does not result in an excessive or unintended thematic concentration.

Portfolio construction is supported by a robust system of risk controls. Attention is paid to the shape and concentration of the portfolio by stock, industry sector and other common characteristics, as well as to the contribution to total risk from individual holdings. Proprietary risk tools allow the managers to understand the aggregate characteristic and risk profile of the portfolio and provide detailed breakdowns of the individual factors contributing to risk.

Strategic Report

Investment restrictions and spread of investment risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. The key restrictions imposed on the Manager are that: (a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company; (b) no more than 10% of the value of the Company's gross assets may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed investment companies; (c) no more than 15% of the Company's gross assets may be invested in other listed investment companies (including listed investment trusts); (d) no more than 15% of the Company's total net assets may be invested in open-ended funds; and (e) no holding may represent 20% or more of the equity capital of any company.

The Investment Portfolio on pages 8 to 10 demonstrates that, as at 30 September 2015, the Company held 61 investments spread over a range of industry sectors. The largest investment, Redrow, represented 3.3% of total equity shareholders' funds. The Board therefore believes that the objective of spreading investment risk has been achieved.

Performance and developments during the year under review

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 and 7.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks identifying significant strategic, investment, financial, regulatory, custodial and depositary and service provider risks relevant to the Company's business as an investment trust and has put in place an appropriate monitoring system. This system assists the Board in determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are subject to robust review at least annually. The last review took place in September 2015.

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Board, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. No significant control failings or weaknesses were identified from the Board's ongoing risk assessment which has been in place throughout the financial year and up to the date of this report.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Strategic Report

A summary of the principal risks and uncertainties faced by the Company, and actions taken to mitigate these risks and uncertainties, is set out below.

Strategic and competitiveness risk

Over time, the Company's investment strategy and asset class may become out of favour with investors or fail to meet their investment objectives, or the Company's cost base could become uncompetitive, particularly in light of open-ended fund alternatives post the Retail Distribution Review. This may result in a wide discount of the share price to underlying net asset value both in absolute terms and in comparison to the peer group.

In order to mitigate this risk, the Directors periodically review whether the Company's investment remit remains appropriate and monitor the success of the Company in meeting its stated objectives at each Board meeting. The Board monitors the share price relative to net asset value and the marketing and distribution activity undertaken by both the Manager and the corporate broker at each Board meeting.

The level of fees charged by the Manager and the Company's other service providers is also monitored by the Board and the ongoing competitiveness of all fees including the management and performance fee levels is considered annually by the Management Engagement Committee and the Board.

Investment management risk

The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies.

To mitigate this risk, the Board reviews the Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy, the portfolio's risk profile and appropriate strategies employed to mitigate any negative impact of substantial changes in markets. These factors are considered at each Board Meeting. The Board also receives an annual presentation from the Manager's internal audit function and conducts an annual review of the ongoing suitability of the Manager.

Financial risk

In pursuing the investment objective, the Company is exposed to the effect of market price fluctuations and, when geared, interest rate movements. A significant fall in UK equity markets would have an adverse impact on the market value of the Company's underlying investments.

To mitigate this risk, the Directors consider the risk profile of the portfolio at each Board meeting and discuss appropriate strategies to mitigate any negative impact of substantial changes in markets with the Manager.

The Board also monitors the Manager's use of gearing and leverage in accordance with agreed guidelines and restrictions set out in the Company's investment policy. The Company utilises a one-year revolving credit facility amounting to £15 million. These arrangements increase the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.

To mitigate this risk, the Directors keep the Company's gearing under review and impose strict restrictions on borrowings. The Company's gearing continues to operate within pre-agreed limits so that it does not exceed 25% of shareholders' funds.

A full analysis of the financial risks facing the Company is set out in note 21 on pages 48 to 51.

Strategic Report

Accounting, legal and regulatory risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Should the Company not comply with these requirements, it could ultimately lose its investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

In addition, breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes which could damage the Company's reputation, including suspension from listing on the London Stock Exchange or a qualified audit report.

To mitigate these risks, the Board receives confirmation from the Manager and other key service providers at each Board meeting of compliance with relevant laws and regulations. Shareholder documents and announcements, including the Company's published Half Year and Annual Reports, are subject to stringent review processes, and procedures are in place to safeguard against the disclosure of inside information.

Custody and Depositary risk

Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking. To mitigate this risk, the Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled by the Manager. In addition the existence of assets is subject to annual independent audit and audited internal controls reports covering custodial arrangements are reviewed by the Audit Committee and any concerns investigated.

Service provider risk

The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, Depositary and Registrar. Failure of controls and poor performance of any service provider could lead to reputational damage or loss. The Board is therefore reliant on the effective operation of the systems of its service providers. To mitigate this risk, the Board considers regular reports from key service providers and monitors the quality of services provided, and the Management Engagement Committee conducts an annual review of services to ensure that they remain appropriate. The Audit Committee also reviews annual audited internal controls reports from its key service providers, which includes confirmation of business continuity arrangements.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the three year period to 30 September 2018. The Directors consider that three years is a sufficiently long term investment time horizon to be relevant to shareholders and that choosing a longer time period would be difficult, given the lack of longer term economic visibility.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 16 to 18 and in particular the impact of a significant fall in UK equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

Strategic Report

Based on the Company's processes for monitoring operating costs, our view that the Manager has the appropriate depth of resource to deliver above-average returns over the longer term, the portfolio risk profile, limits imposed on gearing, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 30 September 2018.

Responsible investment policy

The Company delegates to its Manager the responsibility for taking environmental, social and governance ("ESG") issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. It also expects the Manager to exercise the Company's voting rights in consideration of these issues.

A description of the Manager's policy on these matters can be found on the Schroders' website at www.schroders.com/ri. The Board notes that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website.

The Board monitors the implementation of this policy by asking the Manager to regularly report on the engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

Future developments

The future performance of the Company depends upon the success of the Company's investment strategy in the light of economic factors and regional market developments. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 and 7.



By Order of the Board
Schroder Investment Management Limited
Company Secretary

21 December 2015

Directors

Eric Sanderson (Chairman)

Eric Sanderson was appointed a non-executive Director of the Company in 2011. He is a Chartered Accountant and a Banker and was Chief Executive of British Linen Bank from 1989 to 1997 and a member of the Management Board of Bank of Scotland in his role as Head of

Group Treasury Operations from 1997 to 1999. He was also formerly Chairman of MyTravel Group PLC, MWB Group Holdings PLC and Dunedin Fund Managers Limited and has held a number of non-executive Board positions. He is Chairman of the Court of The University of Dundee and a non-executive director of BlackRock Greater Europe Investment Trust plc.

Rachel Beagles

Rachel Beagles was appointed a non-executive Director of the Company in 2006. From 1990 until 2003, she worked in financial markets, primarily in equity research and sales. She was co-head of the Pan European Banks Equity Research and Sales Team and a Managing Director of

Corporate and Investment Banking Group Division at Deutsche Bank AG from 2000 to 2003. She is a non-executive director of Securities Trust of Scotland plc, BlackRock Emerging Europe plc and New India Investment Trust plc. She is also Chair of NewlonBuild Ltd and a board member of the Association of Investment Companies.

Clare Dobie

Clare Dobie was appointed a non-executive Director of the Company in 2013. She is a non-executive director of F&C Capital and Income Trust plc and Aberdeen New Thai Investment Trust PLC and a trustee of Essex and Herts Air Ambulance Trust. She was a marketing consultant after holding

senior positions in the asset management industry at Barclays Global Investors and GAM. She began her career as a financial journalist, working at The Times and The Independent, where she was City Editor.

Andrew Page

Andrew Page was appointed a non-executive Director of the Company in October 2014. Mr Page was, until 1 September 2014, the Chief Executive Officer of The Restaurant Group plc ("TRG"), a FTSE-250 company which operates 460 restaurants throughout the UK. He is chairman

of Northgate plc, Senior Independent Director at Carpentry plc and a non-executive director of RPS Group plc and JP Morgan Emerging Markets Investment Trust plc. Prior to joining TRG in 2001, Mr Page held a number of senior positions within the Leisure and hospitality sector including Senior Vice President with InterContinental Hotels. Before that he spent six years working in Kleinwort Benson's Corporate Finance department. Mr Page is a Chartered Accountant.

Robert Rickman

Robert Rickman was appointed a non-executive Director of the Company in 2011. He is a founding partner of the Rockley Group, making and managing technology based investments worldwide and particularly in China. He is an independent non-executive director of London

Stock Exchange (LSE) listed Carclo plc. He was an independent non-executive director of AIM listed Cambium Global Timberland Ltd from 2007 until October 2014 when he stepped down from the board to manage the realisation of the assets. From 2001 until 2007 he was a Director and latterly Chairman of the AIM-listed Highland Timber PLC. Mr Rickman was a director of telecoms and datacoms equipment manufacturer Bookham Technology PLC from 1994 to 2004, during which time the company was listed on the LSE and NASDAQ. He is currently chairman of the property and finance committee of Modern Art Oxford.

All Directors are members of the Audit, Management Engagement and Nomination Committees.

Mrs Beagles is chair of the Audit Committee; Mr Sanderson is chairman of the Management Engagement and Nomination Committees. Mr Page will succeed Mrs Beagles as chair of the Audit Committee following her retirement at the forthcoming Annual General Meeting.

Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 30 September 2015.

Revenue and dividends

The net revenue return for the year, after finance costs and taxation, was £3,549,000 (2014: £3,506,000), equivalent to a revenue return per ordinary share of 9.82 pence (2014: 9.70 pence).

For the year ended 30 September 2015, the Directors have declared an interim dividend of 2.50 pence per ordinary share and have recommended a final dividend of 6.70 pence per ordinary share which, subject to approval by shareholders at the forthcoming Annual General Meeting ("AGM"), will be paid on 12 February 2016 to shareholders on the register on 4 January 2016. The dividend, if approved, will not be accounted for until it is paid. The payment of the final dividend, if approved by shareholders, will bring total dividends for the year ended 30 September 2015 to 9.20 pence per ordinary share (2014: 8.50 pence) per ordinary share.

Directors and their interests

The Directors of the Company and their biographical details can be found on page 20 of this Report. All Directors held office throughout the year under review.

In accordance with the Company's Articles of Association and the provisions of the UK Corporate Governance Code, Mr Sanderson and Mrs Dobie will retire and, being eligible, offer themselves for re-election at the forthcoming AGM. Mrs Beagles will also retire at the AGM but will not seek re-election. Following Mrs Beagles' retirement, Mr Page will succeed her as chair of the Audit Committee.

Reappointment as a Director is not automatic and follows a formal evaluation of each Director's performance.

No Director, or their connected persons, has any material interest in any contract which is significant to the Company's business. The Board has assessed the independence of all Directors. All Directors are considered to be independent in character and judgement.

The Board, having taken all relevant matters into account, considers that Mr Sanderson and Mrs Dobie continue to demonstrate commitment to their roles, provide valuable contributions to the deliberations of the Board and remain free from conflicts with the Company and its Directors. It therefore recommends that shareholders vote in favour of their re-election.

Directors' interests in the Company's share capital at the beginning and end of the financial year ended 30 September 2015 are set out on the Remuneration Report on page 33.

Share capital

There have been no changes to the Company's issued share capital during the year under review. As at the date of this Report, the Company had 36,143,690 ordinary shares of 25p each in issue. No shares are held in Treasury. Accordingly the total number of voting rights of the Company as at the date of this Report is 36,143,690.

Report of the Directors

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital:

	Number of ordinary shares	Percentage of total voting rights
East Riding of Yorkshire Council	2,500,000	6.92
Barclays Plc	2,281,420	6.31
Rathbone Brothers PLC	2,014,026	5.57
Smith & Williamson Holdings Ltd	1,821,654	5.04
Lloyds Banking Group plc	1,806,240	5.00
Standard Life Investments Ltd	1,377,785	3.81

Manager

The Company is an Alternative Investment Fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an Alternative Investment Fund Manager ("AIFM") Agreement. The AIFM Agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this Report no such notice had been given by either party.

Under the terms of the AIFM Agreement, the Manager is entitled to a fee at a rate of 0.8% on defined assets up to and including £75 million, and 0.6% thereafter, payable quarterly in arrears. An annual performance fee is also in operation. The fee is calculated on an annual basis at 0.1% of average defined assets for each 1% outperformance of the benchmark (the FTSE 250 (ex-Investment Companies) Index) over and above 0.8%, to a maximum performance fee of 1% of average defined assets in any given year.

For the purpose of calculating the management fee and performance fee, defined assets means total assets less current liabilities other than short term borrowings, provided that if there are any short term borrowings, the value of cash up to the level of such borrowings is deducted from the calculation of assets.

The Manager is also entitled to a secretarial fee amounting to £120,000 (2014: £117,000) per annum including VAT. This fee is subject to annual adjustment in line with the preceding year's change in the Retail Prices Index.

Details of all amounts payable to the Manager are set out in note 18 on page 47.

The Board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth of resource to deliver above-average returns over the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM Agreement, further details of which are set out above, is in the best interests of shareholders as a whole.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority, has been appointed to

Report of the Directors

carry out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company, as follows:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager to the extent described in the AIFM Directive.

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of the shareholders of the Company.

The Depositary is liable to the Company for the loss of any financial instrument held in its custody, unless the Depositary has sought the Board's permission and been granted a discharge from any liability under the AIFM Directive and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of any financial instrument held in custody. The Depositary is also liable to the Company for all other losses suffered by it as a result of the Depositary's fraud, negligence and/or intentional failure to properly fulfil its duties. Under the Depositary Agreement, the Company has agreed to indemnify the Depositary against certain liabilities for direct losses suffered by the Depositary except in the case of any liability arising from applicable law or from the negligence, fraud or wilful default of the Depositary.

The Depositary Agreement may be terminated at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Registrar

The Company has appointed Equiniti Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and scrutineer services as and when required; and corporate action services.

Greenhouse gas emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the

Report of the Directors

Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are set out on page 20, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

A statement on the viability of the Company can be found in the Strategic Report on pages 18 and 19.

Provision of information to the Auditor

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Company's Auditor, Ernst & Young LLP, has expressed its willingness to remain in office and resolutions to re-appoint it as Auditor to the Company and to authorise the Directors to determine its remuneration will be proposed at the forthcoming AGM.

Report of the Directors

Corporate Governance Statement

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the "Code") which applies to accounting periods beginning on or after 1 October 2014. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

Compliance statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Viability Statement, Statement of Directors' Responsibilities, and Going Concern statement set out on pages 18 to 19, and 23 to 24 indicate how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board believes that the Company has, throughout the year under review, complied with all relevant provisions set out in the Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the chair of the Audit Committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Operation and composition of the Board

Composition

The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of depositary and custodial services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 20. He has no conflicting relationships.

Role and operation of the Board

The role of the Board is set out in the Strategic Report on pages 11 and 12.

A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Report of the Directors

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company, its sector and the wider investment trust industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough appraisal process is in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman himself, discussions are held between the Directors and the Audit Committee chairman. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths. The last evaluation took place in September 2015.

Directors' and officers' liabilities insurance and indemnity

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review.

Directors' attendance at meetings

Five Board meetings are usually scheduled each year to deal with matters including: the setting and monitoring of investment strategy; approval of borrowings and/or cash positions; review of investment performance, the level of discount of the Company's shares to underlying net asset value and promotion of the Company; and an evaluation of service providers. In addition, a strategy meeting is held each year. Additional meetings of the Board may be arranged as required.

The number of meetings of the Board and its Committees held during the financial year and the attendance of individual Directors are shown below. Whenever possible all Directors attend the AGM.

Report of the Directors

Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee
Eric Sanderson	5/5	4/4	1/1	2/2
Rachel Beagles	5/5	4/4	1/1	2/2
Clare Dobie	5/5	4/4	1/1	2/2
Andrew Page	4/5	3/4	1/1	2/2
Robert Rickman	5/5	4/4	1/1	2/2

The Board is satisfied that the Chairman and each of the other non-executive Directors commits sufficient time to the affairs of the Company to fulfil their duties as Directors.

Board Committees and their activities

The Committees of the Board have defined Terms of Reference which are available on the webpage www.schroderukmidcapfund.com. Membership of the Committees is set out on page 20.

Audit Committee

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent and has satisfied itself that at least one of the Committee's members has recent and relevant financial experience (see Directors' biographies on page 20).

The Audit Committee met on four occasions during the year to consider its Terms of Reference, the operational controls maintained by the Manager and Depositary, the identification and treatment of special dividends, the Half Year Report and the Annual Report and Accounts and related audit plan and engagement letter, the need for an internal audit function, the independence of the Auditor and an evaluation of the Auditor's performance, including the effectiveness of the external audit process.

During its review of the Company's financial statements for the year ended 30 September 2015, the Audit Committee considered the following significant issues, as well as consideration of the principal risks and uncertainties detailed on pages 16 to 18 in light of the Company's activities and issues communicated by the Auditor during its reporting:

Report of the Directors

Issue considered

- Overall accuracy of the Annual Report and Accounts
- Valuation and existence of holdings
- Calculation of investment management and performance fees
- Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010
- Internal controls and risk management

How the issue was addressed

- Consideration of the draft Annual Report, the letter from the Manager in support of the letter of representation to the Auditor and the Auditor's Report to the Audit Committee.
- Review of portfolio holdings and assurance reports on controls from the Manager and Depositary.
- Consideration of methodology used to calculate the fees matched against the criteria set out in the AIFM Agreement.
- Consideration of the Manager's report confirming compliance.
- Consideration of several key aspects of internal controls operating within the Manager and Depositary.

Effectiveness of the external audit process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on their re-appointment at the forthcoming AGM. This evaluation involved an assessment of the effectiveness of the Auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditor, which details compliance with regulatory requirements, on safeguards that have been established to maintain independence and objectivity, and on their own internal quality control procedures. The members of the Committee also met the Auditor without representatives of the Manager present.

Representatives of the Company's Auditor attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered. Having reviewed the performance of the independent Auditor as described above, the Committee considered it appropriate to recommend the firm's re-appointment. The Auditor is required to rotate the Senior Statutory Auditor every five years. This is the fourth year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements.

The last audit tender took place during the year ended 30 September 2013 and it was agreed that the incumbent audit firm should remain engaged.

The European Parliament and the Council of the European Union adopted an amending Directive on statutory audits of annual accounts and consolidated accounts in April 2014, which will apply to certain companies, including the Company, in respect of financial years commencing on or after 17 June 2016. The reforms include the mandatory periodic tendering of the audit contract and rotation of audit firms. The Committee is considering the impact of the reforms, which have yet to be implemented into UK law. As Ernst & Young LLP has been appointed as the Company's Auditor since launch, the Audit Committee will be looking to conduct a tender of the audit contract with a view to appointing a new Auditor in advance of the 2017 annual audit.

Report of the Directors

Provision of non-audit services

The Audit Committee has adopted a policy on the engagement of the Company's Auditor to supply non-audit services to the Company. No fees were payable to the Auditor for non-audit services during the year under review (2014: same). The Committee ensures that auditor objectivity and independence are safeguarded by a policy requiring pre-approval by the Committee for all non-audit services, which takes into consideration confirmation from the Auditor that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject; the fees to be incurred, relative to the audit fees; the nature of the non-audit services; and whether the Auditor's skills and experience make it the most suitable supplier of such services and whether it is in a position to provide them.

Nomination Committee

The Nomination Committee advises the Board on succession planning, taking into consideration the balance of skills, knowledge and experience existing on the Board, and makes recommendations to the Board in this regard. The Nomination Committee advises the Board on its balance of relevant skills and experience, including gender, race, age and length of service of the Directors serving on the Board.

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Committee is dedicated to selecting the best person for the role, while recognising the importance of diversity.

Candidates are drawn from suggestions put forward from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Nomination Committee which makes recommendations to the Board.

The Committee met on one occasion during the year under review and considered: its Terms of Reference; the balance, skills, independence and experience of the Board, and succession planning.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Company's Manager remains suitable to manage the portfolio, that the terms of the AIFM Agreement remain competitive and reasonable for shareholders, that Directors' fees remain competitive and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other service providers. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on two occasions during the year under review to consider: the performance and suitability of the Manager; the terms and conditions of the AIFM Agreement, including fees; the performance and suitability of other service providers; the Committee's Terms of Reference; and fees paid to Directors.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The Half Year Report and the Annual Report aim to provide shareholders with a clear understanding of the Company's activities, results and prospects.

The Chairmen of the Board and its Committees attend the AGM and are available to respond to queries and concerns from shareholders. The Chairman is available to

Report of the Directors

meet with major shareholders with or without the Manager present to discuss governance, strategy or any concerns.

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the back cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and by the Board.

Anti bribery and corruption policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and to operate an anti bribery and corruption policy.

This policy expressly prohibits any Director or persons acting on the Company's behalf from accepting, offering, soliciting, paying or authorising any payment, gift or hospitality to secure any improper benefit for themselves or the Company. The Company has implemented this policy to ensure compliance with the Bribery Act 2010. In pursuance of this policy, the Board has undertaken due diligence in respect of relevant persons who perform services for and on behalf of the Company and has obtained assurances that appropriate anti bribery and corruption policies are in operation.

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to review annually whether an internal audit function is needed.

Internal control and risk management systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 16 to 18.



By Order of the Board

Schroder Investment Management Limited

Company Secretary

21 December 2015

Remuneration Report

Introduction

This Report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Directors' Annual Report on Remuneration set out below is subject to shareholder approval at the forthcoming Annual General Meeting ("AGM").

Directors' Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate level of Directors' fees is currently set at £150,000 per annum and any increase requires approval by the Board and the Company's shareholders. The Chairman of the Board and the chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. The fees payable to Directors are not performance-related; they are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

The Board and its Committees comprise non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not awarded, and does not intend to award, any share options or long term performance incentives to any Director. No Director has a service contract with the Company, however Directors have a letter of appointment with the Company and are not entitled to notice in the event of termination. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Remuneration Report

Annual Report on implementation of the Remuneration Policy

This Report sets out how the Remuneration Policy was implemented during the year ended 30 September 2015.

Fees paid to Directors

During the year ended 30 September 2015, the Chairman was paid a fee of £33,500 and the other members of the Board were each paid a fee of £22,500. The Chair of the Audit Committee received an additional £4,500, reflecting the additional responsibilities of this role.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 30 September 2015 and the previous financial year:

Director	Fees		Taxable benefits ¹		Total	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
Eric Sanderson ²	33,500	21,875	1,895	1,817	35,395	23,692
Rachel Beagles	27,000	22,000	106	213	27,106	22,213
Clare Dobie	22,500	20,000	272	189	22,772	20,189
Andrew Pogo ³	22,500	–	382	–	22,882	–
Robert Rickman	22,500	20,000	425	379	22,925	20,379
Peter Timms ⁴	–	20,646	–	4,437	–	25,083
Total	128,000	104,521	3,060	7,035	131,060	111,556

¹ Comprises amounts reimbursed for expenses incurred in carrying out business for the Company, which have been grossed up to include income tax and National Insurance Contributions.

² Appointed as Chairman on 1 July 2014.

³ Appointed as a Director on 1 October 2014.

⁴ Retired as a Director on 30 June 2014.

The information in the above table has been audited (see Independent Auditor's Report on pages 35 to 37).

Consideration of matters relating to Directors' remuneration

Directors' remuneration levels were reviewed by the Management Engagement Committee and the Board in September 2015. The members of the Committee at the time that remuneration levels were considered were as set out on page 20. No external advice was sought in considering Directors' fee levels. However, information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration. Following the annual review, the Board decided that Directors' fees should remain unchanged. Directors' fees were last increased with effect from 1 October 2014.

A proposal to increase the aggregate limit of Directors' fees from £150,000 to £200,000 per annum is being put forward for approval by shareholders at the forthcoming AGM. Further details can be found in the Explanation of Special Business at the AGM on page 53.

Remuneration Report

Performance graph

A graph showing the Company's share price total return compared with its benchmark over the last seven years is shown below.

Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 September 2008.

Expenditure by the Company on Directors' Remuneration compared with distributions paid to shareholders

The table below compares the remuneration payable to Directors to distributions paid to shareholders in the year under review and the prior year. In considering these figures, shareholders should take into account the Company's investment objective to provide a total return in excess of the FTSE 250 (ex-Investment Companies) Index.

	Year ended 30 September 2015 £'000	Year ended 30 September 2014 £'000	% Change
Remuneration payable to Directors	131	112	+17.0
Distributions paid to shareholders – dividends ¹	3,073	2,874	+6.9

¹ Comprises dividends paid to shareholders during the year.

Directors' share interests

The Company's Articles of Association do not require Directors to own shares in the Company.

The interests of the Directors, including those of connected persons, in the Company's share capital at the beginning and end of the financial year ended 30 September 2015, all of which were beneficial, were as follows:

	Ordinary shares of 25p each 30 September 2015	Ordinary shares of 25p each 1 October 2014
Eric Sanderson	2,070	2,070
Rachel Beagles	11,277	11,176
Clare Dobie	1,019	1,001
Andrew Page ¹	4,000	N/A
Robert Rickman	2,035	2,035

¹ Mr Page was appointed as a Director of the Company on 1 October 2014.

The information in the above table has been audited (see Independent Auditor's Report on pages 35-37).

Remuneration Report

There have been no changes in the above holdings between the end of the financial year and the date of the Report.

The Company does not operate a share scheme for Directors nor does it award Directors' share options.

Implementation of the Remuneration Policy for the year ending 30 September 2016

The Board does not intend to make any significant changes to the implementation of the Remuneration Policy as set out in this Report for the year ending 30 September 2016.

Shareholder approval

Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. The Policy was last approved by shareholders at the AGM held in January 2014, therefore the Policy provisions will remain in force until the AGM to be held in 2017 unless a revised Remuneration Policy is approved by shareholders prior to such AGM.

At the AGM held on 31 January 2014, 98.2% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Directors' Remuneration Policy were in favour while 1.8% were against, 1,615 votes were withheld.

Directors' annual report on remuneration

The above report on remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the AGM held on 30 January 2015, 99.7% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Report on Remuneration for the year ended 31 August 2014 were in favour while 0.3% were against. 1,852 votes were withheld.



Eric Sanderson
Chairman

21 December 2015

Independent Auditor's Report to the Members of Schroder UK Mid Cap Fund plc

Our audit opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion on matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

What we have audited

We have audited the financial statements of Schroder UK Mid Cap Fund plc for the year ended 30 September 2015 which comprise the Income Statement, Balance Sheet, the Reconciliation of Movement in Shareholders' Funds and Cash Flow Statement and the related notes 1 to 22. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 23 and 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies applied are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Members of Schroder UK Mid Cap Fund plc

Our assessment of the risk of material misstatement and our audit response

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 30 September 2015 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk identified	Our response
The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 30 September 2015 was £173.2m (movements in the investment portfolio are shown in note 10 to the financial statements).	– We agreed the year end prices of the investments to an independent source. – We agreed the exchange rates used to translate the year end valuation of non-sterling securities to an external source.
Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	– We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and its depository.

Our application of materiality

We have defined the concept of materiality and planning materiality below.

We determined materiality for the Company to be £1,840,000 (2014: £1,730,000), which is one per cent of total equity. We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

We determined performance materiality for the Company to be 75% of materiality, or £1,380,000 (2014: £1,300,000).

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £90,000 (2014: £90,000), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

We evaluate any uncorrected misstatements and potential audit differences against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Independent Auditor's Report to the Members of Schroder UK Mid Cap Fund plc

Matters on which we are required to report by exception

We are required by the International Standards on Auditing (UK and Ireland), the Companies Act 2006 and the Listing Rules to report to you by exception if certain matters are identified during the course of our audit. These matters are listed below and we have nothing to report in respect of any of these matters.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We have nothing material to add or draw attention to in relation to:

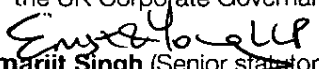
- (a) the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- (b) the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- (c) the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- (d) the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 24 in relation to going concern and on longer-term viability, set out on pages 18 and 19; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.


Amarjit Singh (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
21 December 2015

Income Statement

for the year ended 30 September 2015

	Note	2015			2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	2	-	10,652	10,652	-	12,323	12,323
Income from investments	3	4,397	674	5,071	4,353	-	4,353
Other interest receivable and similar income	3	3	-	3	15	-	15
Gross return		4,400	11,326	15,726	4,368	12,323	16,691
Investment management fee	4	(372)	(869)	(1,241)	(365)	(851)	(1,216)
Performance fee	4	-	-	-	-	(470)	(470)
Administrative expenses	5	(485)	-	(485)	(472)	-	(472)
Net return before finance costs and taxation		3,543	10,457	14,000	3,531	11,002	14,533
Finance costs	6	-	-	-	(19)	(46)	(65)
Net return on ordinary activities before taxation		3,543	10,457	14,000	3,512	10,956	14,468
Taxation on ordinary activities	7	6	-	6	(6)	-	(6)
Net return on ordinary activities after taxation		3,549	10,457	14,006	3,506	10,956	14,462
Return per share	9	9.82p	28.93p	38.75p	9.70p	30.31p	40.01p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2015

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2013	9,036	13,971	220	2,184	15,477	116,891	3,960	161,739
Net return on ordinary activities	-	-	-	-	-	10,956	3,506	14,462
Dividends paid in the year	-	-	-	-	-	-	(2,874)	(2,874)
At 30 September 2014	9,036	13,971	220	2,184	15,477	127,847	4,592	173,327
Net return on ordinary activities	-	-	-	-	-	10,457	3,549	14,006
Dividends paid in the year	-	-	-	-	-	-	(3,073)	(3,073)
At 30 September 2015	9,036	13,971	220	2,184	15,477	138,304	5,068	184,260

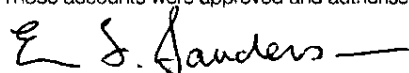
The notes on pages 41 to 52 form an integral part of these accounts.

Balance Sheet

at 30 September 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	173,171	165,837
Current assets			
Debtors	11	490	944
Cash at bank and in hand		11,180	7,583
		11,670	8,527
Current liabilities			
Creditors: amounts falling due within one year	12	(581)	(1,037)
Net current assets		11,089	7,490
Net assets		184,260	173,327
Capital and reserves			
Called-up share capital	13	9,036	9,036
Share premium	14	13,971	13,971
Capital redemption reserve	14	220	220
Merger reserve	14	2,184	2,184
Share purchase reserve	14	15,477	15,477
Capital reserves	14	138,304	127,847
Revenue reserve	14	5,068	4,592
Total equity shareholders' funds		184,260	173,327
Net asset value per share	15	509.80p	479.55p

These accounts were approved and authorised for issue by the Board of Directors on 21 December 2015 and signed on its behalf by:



Eric Sanderson

Chairman

The notes on pages 41 to 52 form an integral part of these accounts.

Registered in Scotland

Company registration number: SC082551

Cash Flow Statement

for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	16	2,387	1,192
Servicing of finance			
Interest paid		-	(70)
Net cash outflow from servicing of finance		-	(70)
Taxation			
Taxation recovered/(paid)		6	(6)
Investment activities			
Purchases of investments		(52,658)	(62,760)
Sales of investments		56,261	75,364
Special dividend received allocated to capital		674	-
Net cash inflow from investment activities		4,277	12,604
Dividends paid		(3,073)	(2,874)
Net cash inflow before financing		3,597	10,848
Financing			
Bank loan repaid		-	(10,000)
Net cash outflow from financing		-	(10,000)
Net cash inflow in the year	17	3,597	846

The notes on pages 41 to 52 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

Sterling is the Company's functional currency and the presentational currency of the accounts.

The policies applied in these accounts are consistent with those applied in the preceding year.

The accounts have been prepared on a going concern basis. The disclosures on going concern in the Report of the Directors on page 24 form part of the financial statements. The principal accounting policies adopted are set out below.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment objective and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments and the management fee, performance fee and finance costs allocated to capital, are included in the Income Statement and dealt with in capital reserves. Increases and decreases in the valuation of investments held at the year end, are included in the Income Statement and in capital reserves within "Investment holding gains and losses".

(d) Income

Dividends receivable are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

UK dividends are included net of tax credits.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement with the following exceptions:

- The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Any performance fee is allocated 100% to capital.
- Expenses incidental to the purchase of an investment are included within the cost of the investment and those incidental to the sale are deducted from the sale proceeds. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 45.

(f) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 25 "Financial Instruments: Presentation" and FRS 26 "Financial Instruments: Measurement".

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Notes to the Accounts

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are classified as loans and receivables and are initially measured at fair value and subsequently measured at amortised cost. They are recorded at the proceeds received net of direct issue costs.

(h) Taxation

Current tax is provided at the amounts expected to be received or paid.

Deferred tax is accounted for in accordance with FRS 19: "Deferred Tax".

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Dividends payable

In accordance with FRS 21: "Events after the Balance Sheet Date", dividends are included in the accounts in the year in which they are paid.

2. Gains on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Gains on sales of investments based on historic cost	14,133	26,852
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(13,621)	(17,840)
Gains on sales of investments based on the carrying value at the previous balance sheet date	512	9,012
Net movement in investment holding gains and losses	10,140	3,311
Gains on investments held at fair value through profit or loss	10,652	12,323

3. Income

	2015 £'000	2014 £'000
Revenue:		
Income from investments:		
UK dividends	4,314	4,329
UK property income distributions	32	24
Stock dividends	51	-
	4,397	4,353
Other interest receivable and similar income:		
Deposit interest	3	15
Total dividends and interest	4,400	4,368
Capital:		
Special dividend allocated to capital	674	-

Notes to the Accounts

4. Investment management fee

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	372	869	1,241	365	851	1,216
Performance fee	-	-	-	-	470	470
	372	869	1,241	365	1,321	1,686

The bases for calculating the investment management fee and performance fee are set out in the Report of the Directors on page 22.

5. Administrative expenses

	2015 £'000	2014 £'000
Directors' fees	128	105
Secretarial fee	120	117
Auditor's remuneration for audit services ¹	20	20
Other administrative expenses	217	230
	485	472

¹Includes £3,000 (2014: £3,000) irrecoverable VAT.

6. Finance costs

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	-	-	-	19	45	64
Loan breakage costs	-	-	-	-	1	1
	-	-	-	19	46	65

The Company has a revolving credit facility with Scotiabank which was undrawn at the current and comparative year ends and which has not been utilised during the current year. Further details of the facility are given in note 21 on page 49.

7. Taxation on ordinary activities

(a) Analysis of charge in the year:

	2015 £'000	2014 £'000
Irrecoverable overseas tax	(6)	6
Current tax charge for the year	(6)	6

Notes to the Accounts

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2014: lower) than the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%).

The factors affecting the current tax charge for the year are as follows:

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return on ordinary activities before taxation	3,543	10,457	14,000	3,512	10,956	14,468
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.5% (2014: 22.0%)	726	2,144	2,870	773	2,410	3,183
Effects of:						
Capital returns on investments	–	(2,184)	(2,184)	–	(2,711)	(2,711)
Income not chargeable to corporation tax	(891)	(138)	(1,029)	(953)	–	(953)
Unrelieved expenses	165	178	343	180	301	481
Irrecoverable overseas tax	(6)	–	(6)	6	–	6
Current tax charge for the year	(6)	–	(6)	6	–	6

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £4,839,000 (2014: £4,505,000) based on the current corporation tax rate of 20% (2014: 20%) effective from 1 April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and proposed

	2015 £'000	2014 £'000
2014 final dividend paid of 6.00p (2013: 5.45p)	2,169	1,970
Interim dividend paid of 2.50p (2014: 2.50)	904	904
Total dividends paid in the year	3,073	2,874

	2015 £'000	2014 £'000
2015 final dividend proposed of 6.70p (2014: 6.00p)	2,422	2,169

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 ("Section 1158")

The requirements of Section 1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £3,549,000 (2014: £3,506,000).

	2015 £'000	2014 £'000
Interim dividend of 2.50p (2014: 2.50p)	904	904
Final dividend of 6.70p (2014: 6.00p)	2,422	2,169
	3,326	3,073

Notes to the Accounts

9. Return per share

	2015 £'000	2014 £'000
Revenue return	3,549	3,506
Capital return	10,457	10,956
Total return	14,006	14,462
Weighted average number of ordinary shares in issue during the year	36,143,690	36,143,690
Revenue return per share	9.82p	9.70p
Capital return per share	28.93p	30.31p
Total return per share	38.75p	40.01p

10. Investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Opening book cost	126,740	110,733
Opening investment holding gains	39,097	53,626
Opening valuation	165,837	164,359
Purchases at cost	52,703	62,404
Sales proceeds	(56,021)	(73,249)
Gains on sales of investments based on the carrying value at the previous balance sheet date	512	9,012
Net movement in investment holding gains and losses	10,140	3,311
Closing valuation	173,171	165,837
Closing book cost	137,555	126,740
Closing investment holding gains	35,616	39,097
Total investments held at fair value through profit or loss	173,171	165,837

All investments are listed on a recognised stock exchange.

The following transaction costs, comprising stamp duty and brokerage commission were incurred during the year:

	2015 £'000	2014 £'000
On acquisitions	320	344
On disposals	75	79
	395	423

11. Debtors

	2015 £'000	2014 £'000
Securities sold awaiting settlement	31	271
Dividends and interest receivable	451	663
Other debtors	8	10
	490	944

The Directors consider that the carrying amount of debtors approximates to their fair value.

Notes to the Accounts

12. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Securities purchased awaiting settlement	145	151
Performance fee payable	–	470
Other creditors and accruals	436	416
	581	1,037

The Company has a £15 million 364-day revolving credit facility with Scotiabank which was undrawn at the current and comparative year ends and which has not been utilised during the current year. Further details of this facility are given in note 21 on page 49.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

13. Called-up share capital

	2015 £'000	2014 £'000
Ordinary shares allotted, called-up and fully paid:		
36,143,690 (2013: 36,143,690) shares of 25p each	9,036	9,036

14. Reserves

	Share premium £'000	Capital redemption reserve £'000	Merger reserve ¹ £'000	Share purchase reserve ² £'000	Capital reserves		Revenue reserve £'000
					Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	
Opening balance	13,971	220	2,184	15,477	88,750	39,097	4,592
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	512	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	10,140	–
Transfer on disposal of investments	–	–	–	–	13,621	(13,621)	–
Management fee allocated to capital	–	–	–	–	(869)	–	–
Special dividend allocated to capital	–	–	–	–	674	–	–
Dividends paid	–	–	–	–	–	–	(3,073)
Retained revenue for the year	–	–	–	–	–	–	3,549
Closing balance	13,971	220	2,184	15,477	102,688	35,616	5,068

¹The "Merger reserve" represents the premium over the nominal value of shares issued following a merger in 1989.

²The "Share purchase reserve" is for the purpose of financing share buy-backs and was created following the cancellation of the "Warrant reserve" in 2003.

Notes to the Accounts

15. Net asset value per share

	2015	2014
Net assets attributable to the ordinary shareholders (£'000)	184,260	173,327
Ordinary shares in issue at the year end	36,143,690	36,143,690
Net asset value per share	509.80p	479.55p

16. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2015 £'000	2014 £'000
Total return on ordinary activities before finance costs and taxation	14,000	14,533
Less capital return on ordinary activities before finance costs and taxation	(10,457)	(11,002)
Scrip dividends received as income	(51)	-
Decrease/(increase) in accrued dividends and interest receivable	212	(148)
Decrease/(increase) in other debtors	2	(4)
Increase/(decrease) in accrued expenses	20	(529)
Management fee allocated to capital	(869)	(851)
Performance fee paid	(470)	(807)
Net cash inflow from operating activities	2,387	1,192

17. Analysis of changes in net funds

	At 30 September 2014 £'000	Cash flow £'000	At 30 September 2015 £'000
Cash at bank and in hand	7,583	3,597	11,180
Net cash	7,583	3,597	11,180

18. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee and a company secretarial fee. The Manager may also be entitled to a performance fee subject to exceeding certain performance criteria. Details of the basis of these calculations are given in the Report of the Directors on page 22. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the management fee calculation and therefore incur no fee.

The management fee payable in respect of the year ended 30 September 2015 amounted to £1,241,000 (2014: £1,216,000) of which £316,000 (2014: £300,000) was outstanding at the year end. The secretarial fee payable for the year amounted to £120,000 (2014: £117,000) including VAT, of which £31,000 (2014: £30,000) was outstanding at the year end. No performance fee is payable for the year (2014: £470,000) and nil (2014: £470,000) was outstanding at the year end.

No Director of the Company served as a director of any member of the Schroders Group, at any time during the year.

19. Related party transactions

The Company has no related parties other than its Directors. Details of the remuneration payable to Directors are given in the Remuneration Report on page 33 and details of Directors' shareholdings are given in the Remuneration Report on page 33. Fees payable to Directors amounting to £32,000 (2014: £22,000) were outstanding at the year end.

Notes to the Accounts

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The Company's policy on the valuation of investments is given in note 1(b) on page 41.

At 30 September 2015, the Company's investment portfolio comprised entirely Level 1 investments (2014: same).

There have been no transfers between Levels 1 and 2 or 3 during the year (2014: nil).

21. Financial instruments' exposure to risk and risk management policies

The Company's investment objective is to invest in Mid Cap equities with the aim of providing a total return in excess of the FTSE 250 (ex-Investment Companies) Index. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant exposure to foreign exchange risk.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in shares which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations; and
- a sterling credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk. Information to enable an evaluation of the nature and extent of these two elements of market risk is given in parts (i) and (ii) to this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets. However any drawings on the credit facility are normally for one-month periods at a fixed rate of interest and therefore exposure to interest rate risk is not significant.

Notes to the Accounts

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	11,180	7,583
Total exposure	11,180	7,583

Interest receivable on cash balances is at a margin below LIBOR (2014: same).

During the year, the Company extended its 364-day £15 million revolving credit facility with Scotiabank to 12 July 2016. The facility is unsecured but subject to covenants and restrictions which are customary for a facility of this nature. Interest is payable at a rate of LIBOR as quoted in the market for the loan period plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. The facility was undrawn at the current and comparative year ends and has not been utilised during the current year.

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances has fluctuated. The maximum and minimum exposure during the year was as follows:

	2015 £'000	2014 £'000
Maximum interest rate exposure during the year – net cash balances	13,709	7,583
Minimum interest rate exposure during the year – net cash balances	7,688	1,724

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2015		2014	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – sensitivity of return after taxation				
Revenue return	56	(56)	38	(38)
Capital return	–	–	–	–
Total return after taxation	56	(56)	38	(38)
Net assets	56	(56)	38	(38)

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(ii) Other price risk

Other price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of investments.

Management of market price risk

The Board meets on at least five occasions each year to consider the asset allocation of the portfolio and the associated risks. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Notes to the Accounts

Market price risk exposure

The Company's total exposure to changes in market prices at 30 September comprises the following:

	2015 £'000	2014 £'000
Investments held at fair value through profit or loss	173,171	165,837

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 8 to 10. This shows that the portfolio principally comprises investments listed in the UK. Accordingly there is a concentration of exposure to that country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 20% (2014: 20%) in the fair values of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure through its investments and includes the impact on the management fee, but assumes that all other variables are held constant.

	2015		2014	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Income statement – sensitivity of return after taxation				
Revenue return	(62)	62	(60)	60
Capital return	34,489	(34,489)	33,027	(33,027)
Total return after taxation and net assets	34,427	(34,427)	32,967	(32,967)
Percentage change in net asset value	18.7	(18.7)	19.0	(19.0)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of a credit facility.

The Board's policy is for the Company to remain fully invested in normal market conditions and that the credit facility be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

Contractual maturities of the financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2015 £'000	Three months or less 2014 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	145	151
Performance fee payable and other creditors and accruals	436	886
	581	1,037

(c) Credit risk

Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Notes to the Accounts

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Cash

Counterparties are subject to daily credit analysis by the Manager. Cash balances will only be deposited with reputable banks with high quality credit ratings.

Exposure to the custodian of the Company's assets

The custodian of the Company's assets is HSBC Bank plc (the Company's Depositary) which has Long Term Credit Ratings of AA- with Fitch and Aa2 with Moody's. The Company's investments are held in accounts which are segregated from the Depositary's own trading assets. If the Depositary were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Depositary as banker and held on the Depositary's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the Depositary in respect of cash balances.

Credit risk exposure

The following amounts shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Current assets				
Debtors – securities sold awaiting settlement, dividends and interest receivable and other debtors	490	482	944	934
Cash at bank and in hand	11,180	11,180	7,583	7,583
	11,670	11,662	8,527	8,517

No debtors are past their due date and none have been written down or deemed to be impaired.

(d) Fair values of financial assets and financial liabilities

All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

22. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's capital structure comprises the following:

	2015 £'000	2014 £'000
Equity		
Called-up share capital	9,036	9,036
Reserves	175,224	164,291
Total equity	184,260	173,327

Notes to the Accounts

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise total return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to permit gearing up to 25% where gearing is defined as borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.

The credit facility was undrawn at the current and comparative year ends and has not been utilised during the current year.

	2015 £'000	2014 £'000
Borrowings used for investment purposes, less cash	(11,180)	(7,583)
Net assets	184,260	173,327
(Net cash)	(6.1)%	(4.4)%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Manager's views on the market;
- the need to buy back equity shares, which takes into account the share price discount;
- the opportunities for issues of new shares; and
- the amount of dividends to be paid, in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 10 February 2016 at 12.00 noon. The formal Notice of Meeting is set out on page 54.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Special business to be proposed at the AGM

Resolution 8 – increase in aggregate limit of fees payable to Directors (ordinary resolution)

The Company's Articles of Association currently limit the fees payable to Directors to £150,000 in aggregate per annum. The Directors believe that the Board should have additional flexibility in setting the level of Directors' remuneration, taking into account their increasing responsibilities. Accordingly, an ordinary resolution will be proposed at the forthcoming AGM to increase the aggregate limit of fees payable to Directors to £200,000 per annum.

There is no current intention of further increasing fees following the increase implemented in 2014, although fees continue to be reviewed each year. The Board believes that the proposed increase in the aggregate limit of Directors' fees, which has remained unchanged since 2007, will be sufficient to meet its requirements for the next few years. The Remuneration Report will continue to be submitted for approval by shareholders at each AGM.

Resolution 9 – Directors' authority to allot ordinary shares (ordinary resolution) and resolution 10 – power to disapply pre-emption rights (special resolution)

At the AGM held on 30 January 2015, the Directors were granted authority to allot a limited number of new ordinary shares or shares held in Treasury for cash. No shares have been allotted under this authority, which will expire at the forthcoming AGM. At the AGM held in January 2015, power was also given to the Directors to allot a limited number of new shares, or shares held in Treasury, other than pro rata to existing shareholders. This power will also expire at the forthcoming AGM and resolutions to renew both authorities will be proposed at the forthcoming AGM, the details of which are set out in full in the Notice of Meeting.

An ordinary resolution will be proposed to authorise the Directors to allot shares for cash up to a maximum aggregate nominal amount of £451,796 (being 5% of the issued share capital as at 21 December 2015). A special resolution will also be proposed to give the Directors power to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £451,796 (being 5% of the Company's issued share capital (excluding any shares held in Treasury) as at 21 December 2015). Pre-emption rights under the Companies Act 2006 apply to the resale of Treasury shares for cash as well as the allotment of new shares. Resolution 10 therefore relates to both issues of new shares and the re-sale of Treasury shares.

The Directors intend to use the authorities to issue new ordinary shares or reissue shares from Treasury whenever they believe it is advantageous both to new investors and to the Company's existing shareholders to do so. The authority will only be used to issue ordinary shares at a premium to net asset value at the time of issue.

If renewed, both authorities will expire at the conclusion of the AGM in 2017 unless renewed or revoked earlier.

Resolution 11 – authority to make market purchases of the Company's own shares (special resolution)

At the AGM held on 30 January 2015, the Company was granted authority to make market purchases of up to 5,417,939 ordinary shares of 25p each for cancellation. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 5,417,939 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in Treasury for potential reissue. If renewed, the authority to be given at the 2016 AGM will lapse at the conclusion of the AGM in 2017 unless renewed or revoked earlier.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Schroder UK Mid Cap Fund plc will be held at 12.00 noon on Wednesday, 10 February 2016 at 31 Gresham Street, London EC2V 7QA, to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited Accounts for the year ended 30 September 2015.
2. To approve a final dividend of 6.70 pence per share for the year ended 30 September 2015.
3. To approve the Directors' Annual Report on Remuneration for the year ended 30 September 2015.
4. To re-elect Mr Eric Sanderson as a Director of the Company.
5. To re-elect Mrs Clare Dobie as a Director of the Company.
6. To re-appoint Ernst & Young LLP as Auditor of the Company.

7. To authorise the Directors to determine the remuneration of Ernst & Young LLP as Auditor of the Company.
8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the aggregate limit of all fees payable to Directors, as set out in Article 77 of the Company's Articles of Association, be increased to £200,000 per annum".

9. To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

"That the Directors be and are hereby generally and unconditionally authorised, in substitution for all subsisting authorities in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that Section) up to an aggregate nominal amount of £451,796 (representing 5% of the share capital in issue on 21 December 2015); provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company but so that this authority shall enable the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry."

10. To consider and, if thought fit, to pass, the following resolution as a special resolution:

"That, subject to the passing of resolution 9 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in Treasury) (as defined in Section 560 of the Act) pursuant to the authority given by resolution 9 above and/or where such allotment constitutes an allotment of equity securities by virtue of Section 560(2) of the Act as if Section 560(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £451,796 (representing 5% of the aggregate nominal amount of the share capital in issue on 21 December 2015); and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."

11. To consider and, if thought fit, to pass, the following resolution as a special resolution:

"That the Company be and is hereby generally and unconditionally authorised in accordance with Section 693 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25p each in the capital of the Company ("Shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per share provided that:

- (a) the maximum number of Shares hereby authorised to be purchased shall be 5,417,939, representing 14.99% of the issued share capital as at 21 December 2015;
- (b) the minimum price which may be paid for a share is 25p;

Notice of Annual General Meeting

- (c) the maximum price which may be paid for a share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased, and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
- (d) purchases may only be made pursuant to this authority if the shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to net asset value;
- (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed or revoked prior to such time; and
- (f) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract."

By Order of the Board
Schroder Investment Management Limited
Company Secretary
Registered Number: SC82551
21 December 2015

Registered Office:
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Explanatory Notes to the Notice of Meeting

1. Ordinary shareholders are entitled to attend and vote at the Meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the Meeting.

A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 (or +44 121 415 0207 for overseas shareholders), or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

On a vote by show of hands, every ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notari ally, to arrive no later than 48 hours before the time fixed for the Meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID, Task ID and Shareholder Reference Number set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 48 hours before the time fixed for the meeting, or an adjourned Meeting. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 (or +44 121 415 0207 for overseas shareholders).

If an ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Meeting. Please contact the Registrar if you need any further guidance on this.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.00 p.m. on 8 February 2016, or 6.00 p.m. two days prior to the date of an adjourned Meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 8 February 2016 shall be disregarded in determining the right of any person to attend and vote at the Meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments.
5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.
6. The biographies of the Directors offering themselves for re-election are set out on the inside front cover of the Company's Annual Report and Accounts for the year ended 30 September 2015.
7. As at 21 December 2015, 36,143,690 ordinary shares of 25 pence each were in issue. No shares were held in Treasury; accordingly, the total number of voting rights in the Company as at 21 December 2015 is 36,143,690.
8. A copy of this Notice of Meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available to download from www.schroderukmidcapfund.com.
9. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Company Summary and Shareholder Information

The Company

Schroder UK Mid Cap Fund plc was launched in 1983 under the name of Murray Technology Investments plc. It is an independent investment trust, whose shares are listed on the London Stock Exchange.

As at 21 December 2015, the Company had 36,143,690 ordinary shares of 25 pence each in issue. No shares were held in Treasury as at this date and each share carries one voting right. The Company's assets are managed and it is administered by Schroders, which took over investment management of the Company on 1 May 2003.

Website and price information

The Company has a dedicated website, which may be found at www.schroderukmidcapfund.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price (subject to a delay of 15 minutes) and copies of the Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of the Board's Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its net asset value on both a cum and ex-income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

Registrar services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK landlines.

Equiniti maintain a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Please visit www.shareview.co.uk for more details.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, www.theaic.co.uk.

Non-Mainstream Pooled Investments (NMPI) status

The Company currently conducts its affairs so that its shares (with ISIN GB0006108418 and ticker SCP) can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Financial Conduct Authority Rules implementing the EU Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the web at www.schroders.co.uk/its.

AIFM Directive disclosures

Periodic and regular disclosure under the Directive

- (a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;
 - (b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
 - (c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and
 - (d) the total amount of leverage employed by the Company may be found in the Strategic Report.
- Any changes to the following information will be provided through a regulatory news service without undue delay:
- (a) the maximum level of leverage which the Manager may employ on behalf of the Company; and
 - (b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

AIFM remuneration disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.schroderukmidcapfund.com

www.schroders.co.uk/its

Advisers

Alternative Investment Fund Manager (the "Manager")

Schroder Unit Trusts Limited
31 Gresham Street
London EC2V 7QA

Company Secretary

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Telephone: 020 7658 6501

Registered Office

1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Depository and Custodian

HSBC Bank plc
8 Canada Square
London E14 5HQ

Independent Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

Corporate Broker

Panmure Gordon & Co
1 New Change
London EC4M 9AF

Registrar

Equiniti Limited
Aspect House, Spencer Road
Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0800 032 0641*
Website: www.shareview.co.uk
*Calls to this number are free of charge from UK landlines.

Lending Bank

Scotiabank Europe PLC
201 Bishopsgate
6th Floor
London EC2M 3NS

Dealing Codes

ISIN:	GB0006108418
SEDOL Code:	0610841
Ticker:	SCP

Global Intermediary Identification Number (GIIN)

9GN3DU.99999.SL.826