Schroder UK Mid Cap Fund plc

Half Year Report and Accounts

For the six months ended
31 March 2019

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 Trusts) 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.

Key reasons to invest

- Strong capital returns over 3, 5 and 10 years
- A near fourfold increase in dividend since 2007
- Exposure to financially prudent, growing businesses, many with significant overseas exposure
- Managed by Andy Brough, who has over 30 years' experience, and Jean Roche, who has over 19 years' experience

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Financial Highlights

Total returns (including dividends reinvested) for the six months ended 31 March 2019[1]

-4.6%	+2.8%	-5.9%
NAV per share total return[2]	**Share price total return[2]**	**Benchmark total return[3]**

[1] Total returns represent the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

[2] Source: Morningstar.

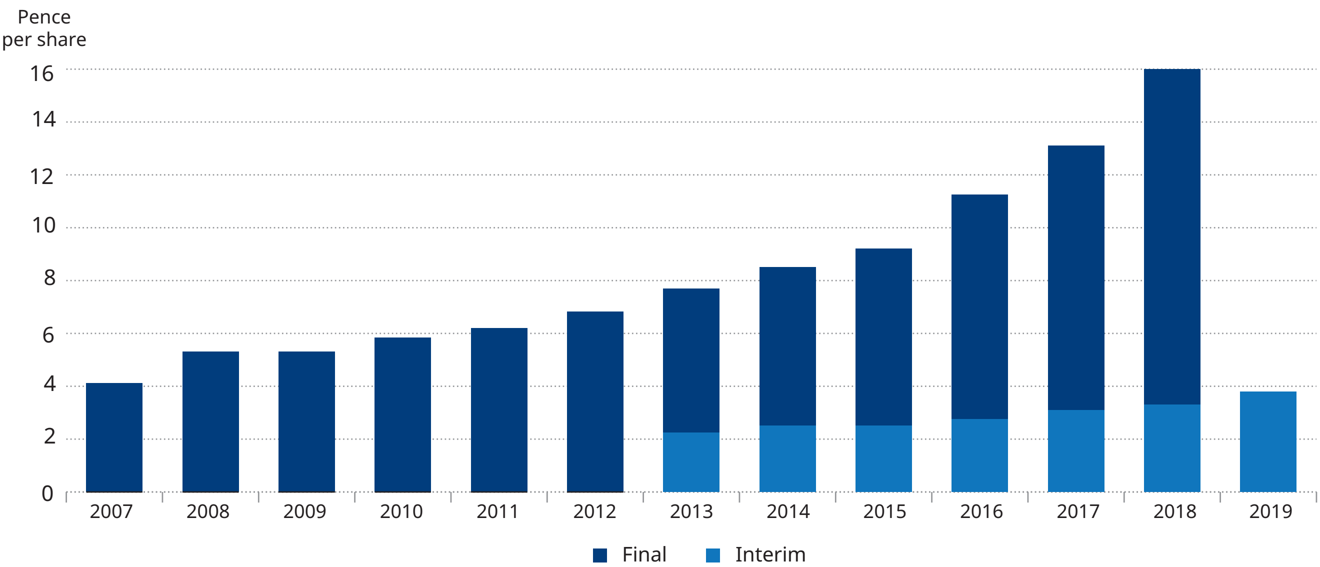
[3] Source: Thomson Reuters. The Company's benchmark is the FTSE 250 (ex-Investment Trusts) Index (the "Benchmark").

Other financial information

	31 March 2019	30 September 2018	% Change
Shareholders' funds (£'000)	**214,176**	229,734	(6.8)
Shares in issue	**35,851,190**	35,851,190	
NAV per share (pence)	**597.40**	640.80	(6.8)
Share price (pence)	**538.00**	538.00	
Share price discount to NAV per share (%)	**9.9**	16.0	
Gearing/(net cash) (%)[1]	**2.1**	(3.0)	

[1] Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the figure so calculated is negative, this is shown as a "net cash" position.

Dividend record since 2007



The final dividend for year ending 30 September 2019 is yet to be declared.

Interim Management Report – Chairman's Statement

"Revenue return per share rose by 44.3% compared to the first half of the 2018 financial year..."

Investment and share price performance

The period under review was a challenging one for the Mid Cap sector, with the Company's Benchmark producing a negative total return of 5.9% during the six months ended 31 March 2019. Over the period, the Company's net asset value produced a negative total return of 4.6%, outperforming the benchmark by 1.3%, largely reflecting positive stock selection. The Company's share price produced a positive total return of 2.8% over the six months ended 31 March 2019, largely reflecting a pick-up in interest in the sector and an increase in the promotional activity undertaken on behalf of the Company.

Since the period end

From 31 March 2019 until 26 June 2019 the net asset value has risen by 3.6% thus recovering much of the negative return over the 6 month period under review.

Full details of investment performance, as well as portfolio activity, policy and outlook, may be found in the Manager's Review.

Revenue and dividends

Revenue return per share rose by 44.3% compared to the first half of the 2018 financial year, reflecting a strong 33.0% rise in dividend income from investments. The major part of the increase is attributable to an increase in ordinary dividends, and several special dividends, paid from portfolio companies, reflecting the quality and strong cash generation abilities of these companies. A small part of this was as a result of the Manager drawing down £10 million under its credit facility with Scotiabank Europe Plc, with the yield on the securities bought exceeding the cost of the funding.

In light of this, and having regard to our income expectations in the second half of the year, the Board has declared an increased interim dividend of 3.80 pence (2018: 3.30 pence) per share for the year ending 30 September 2019. The dividend will be paid on 9 August 2019 to shareholders on the register on 12 July 2019. A final dividend for the year ending 30 September 2019 will be proposed at the next Annual General Meeting, as in previous years.

Gearing

As mentioned above, the Manager has continued to utilise the Company's £15 million credit facility to take advantage of market opportunities. At 30 September 2018 the Company held 3% of its net assets as cash and at 31 March 2019 the Company was 2.1% geared, and at 26 June 2019 the Company had drawn down £10 million and was 3.9% geared. Gearing levels are closely monitored by the Board.

Share purchases and discount management

The share price discount to net asset value remained wide during the period, ranging from 9.5% to 17.0%, with an average discount of 15% as investors remained cautious, and sentiment towards the Mid Cap sector remained weak. The share price discount to net asset value currently stands at 15.3%.

The Company did not buy back any of its shares during the period under review. Your Board continues to believe that the most sustainable way to close the discount is to increase demand for the Company's shares by effective marketing over the longer term, supported by strong performance and, during the period, marketing and other promotional efforts were significantly increased. In the meantime, it will continue to monitor the discount at which the Company's shares trade both in absolute terms and relative to its peer group and to consider whether share buy backs should be deployed.

Outlook

One reassuring sign of how well the holdings in the portfolio are doing at the moment is the growth in the dividends they have been paying. As I mentioned, the increase in the Company's income has been exaggerated a little by the higher gearing and other one-off factors, but there is still a strong underlying growth that reflects the long-term logic of owning a diversified group of strongly managed companies that are expanding their market share.

What is less encouraging is the stock market's reservation about this growth, reflected both in most mid-cap shares being at the same levels as a year ago and by your Company's share price now returning to a mid-teen discount to the underlying NAV. The influence of Brexit is clearly important, but we look to the portfolio holdings to reach their potential regardless of political developments, and to our Manager to continue to find growth opportunities. We believe that we are positioned to achieve this.

Eric Sanderson
Chairman

27 June 2019

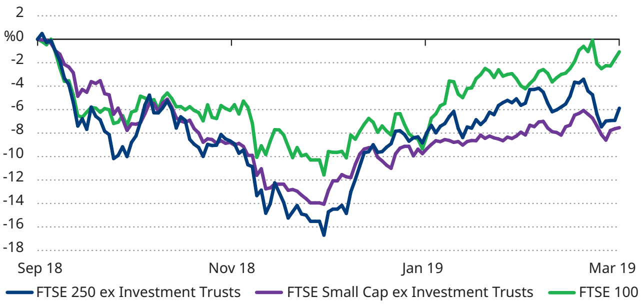
Interim Management Report – Manager's Review

"The NAV outperformed the Benchmark by 1.3%..."

Market background

The UK equity market fell in the six months to the end of March on the back of continuing US-China tensions and political uncertainty. The FTSE 250 (ex Investment Trusts) index underperformed the FTSE 100 index, declining 5.9% compared with the large cap index's 1.1% fall (source: Morningstar). In the mid-cap index, the oil & gas and basic materials sectors fell sharply while telecommunications outperformed, largely because of a bid for Inmarsat.

UK market performance – FTSE 100 vs Benchmark and FTSE Small Cap ex ICs



Source: Thomson Reuters, total returns from 30 September 2018 to 31 March 2019. Rebased to 0 on 30 September 2018.

Equities more generally declined against an increasingly uncertain outlook for the global economy. Trade was a key concern as US-China tensions continued. Many UK domestic-focused sectors also performed poorly as worries of a "no deal" exit from the EU intensified after the UK published its draft EU Withdrawal Agreement (endorsed by EU leaders). This triggered another period of intense political uncertainty, raising questions over the stability of the UK government and the final parliamentary passage of the deal.

A resurgence in manufacturing has boosted economic growth in 2019, with the UK's manufacturing PMI rising by March to its highest level for a year. However, the underlying picture is unclear since some of the recovery is likely to have been driven by stockpiling in the run-up to the original end-March Brexit deadline. Nominal wages continued to pick up as robust employment growth bucked a wider slowdown in the economy. Real wages remained in positive territory as inflation was muted.

Portfolio performance

The NAV outperformed the Benchmark by 1.3% on a total return basis during the period (source: Morningstar). This was largely due to stock selection.

The outperformance had a very domestic flavour, with the top three contributors deriving all of their profits from the UK. UK households continued to increase their spend, for example on homewares (Dunelm) and pets (Pets at Home), both of which were top three contributors. Dunelm, which is benefiting from the actions of a new management team, was the top contributor to performance. It brought forward its second-quarter trading update (a "positive profit warning") to upgrade profit expectations following a consensus-beating 9% rise in like-for-like sales in the 13 weeks to December 29. Reassuringly, growth was present both online and in store, with a 5.7% rise in like-for-like revenue at its 170 stores and a 37.9% increase at Dunelm.com. Management guided full-year profits to be "modestly ahead of the top of the range of current analysts' forecasts", provided there was no change in the underlying market. This is an example of a company embracing disruption via its acquisition of online homewares retailer Worldstores in 2016.

Having been a detractor in the previous financial year, Pets at Home, the UK's leading pet care business, was another top contributor from the unloved UK retail sector. A reassuring Q3 trading update revealing retail like-for-like revenue growth of 4.7% over the 12 weeks to 3 January 2019 drove the shares higher. Like Dunelm, Pets at Home is an example of a UK retailer giving customers what they want, coping well with the shift online and investing to improve the customer experience both online and in-store. Customer experience initiatives include the Just for Kittens and Just for Puppy clubs aimed at helping new owners in their early days of taking on a new pet. The robust sales performance enjoyed by Pets at Home and Dunelm makes sense given what we know about household spending in certain sectors (see outlook below).

Multi-utility supplier Telecom Plus, the top contributor in the previous financial year, was again a top three contributor. The shares rose almost 40% in the final quarter of 2018 alone. A beneficiary of the implementation of the energy price cap, it published a strong set of interim results during the period, as well as a positive outlook statement. Earnings guidance for the 2020 financial year was also increased post the period end.

On the negative side, shares in branded clothing company Superdry were hit by a number of profit warnings. Management in part blamed unseasonably warm weather for poor autumn trading as it materially guided down full-year profit forecasts. The group's founder and its most significant shareholder has since returned to the company in order to effect a turnaround, with the support of Peter Williams as Chairman (whose significant retail experience includes Boohoo, ASOS and Selfridges) and a critical mass of shareholders. Whilst we acknowledge that there is unlikely to be a quick fix, a Q4 profit warning post the period end was digested in a sanguine way by the

Interim Management Report – Manager's Review

market – interestingly, store sales had returned to growth during the quarter. The shares are inexpensive and the balance sheet strong, ensuring the dividend remains in place and giving a yield of above 6%.

Ground engineering specialist Keller warned on profits due to weakness in its Asia Pacific business. Management has taken steps to address this, and post the period end, a solid outlook statement has helped buoy the shares. A lower gearing target set by the new Finance Director is a welcome development. Lastly, oil and gas exploration and production business Cairn Energy fell in line with oil prices. Sentiment was further negatively impacted by lack of news flow around a tax dispute with the Indian government. Some shareholders had bought in anticipation of Cairn Energy winning the case, making the shares susceptible to short-term changes in positioning, as perceptions around the possible outcome shift. We see Cairn Energy as a long-term holding. Its strong balance sheet is a point of differentiation in a highly-geared sector. Meanwhile, there was no negative operational news in its annual results; prospects in Senegal and Mexico continue to look positive.

Stocks held – significant positive and negative contributions versus the benchmark

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Dunelm Group	2.6	2.4	71.6	1.4
Telecom Plus	3.1	2.8	54.5	1.2
Pets At Home Group	1.2	1.2	41.4	0.5
Safestore Holdings	2.1	1.7	22.6	0.4
SDL	1.8	1.8	19.1	0.3

Negative contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Superdry	1.0	0.9	–41.3	–0.6
Keller Group	1.0	0.9	–33.4	–0.5
Cairn Energy	1.9	1.6	–24.5	–0.5
Restaurant Group	0.9	0.7	–40.1	–0.4
Petrofac	1.9	1.4	–18.5	–0.3

Source: Schroders, Factset, 30 September 2018 to 31 March 2019.
[1]Weights are average over the period.
[2]Performance relative to the Benchmark return over the period.
[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index.

Stocks not held – largest contributions relative to the benchmark

Positive contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Metro Bank	0.0	–0.6	–68.6	0.7
CYBG	0.0	–0.9	–31.8	0.4
Convatec Group	0.0	–0.8	–33.2	0.4
Babcock International	0.0	–1.0	–25.0	0.3
Royal Mail	0.0	–0.5	–9.2	0.2

Negative contributor	Portfolio weight[1] (%)	Weight relative to index (%)	Relative performance[2] (%)	Impact[3] (%)
Travis Perkins	0.0	–1.1	36.5	–0.4
Greggs	0.0	–0.5	80.2	–0.3
Greene King	0.0	–0.6	43.9	–0.2
Britvic	0.0	–0.8	30.6	–0.2
Polymetal International	0.0	–0.7	46.6	–0.2

Source: Schroders, Factset, 30 September 2018 to 31 March 2019.
[1]Weights are averages over the period.
[2]Performance of the stock in the index relative to the FTSE 250 (ex. ITs) Index total return over the period.
[3]Impact is the contribution to performance relative to the FTSE 250 (ex. ITs) Index

The portfolio also benefited from not holding challenged banking groups Metro Bank (which has since announced a rights issue to shore up its balance sheet) and CYBG (which has a weaker capital position than some of the larger UK banks and is digesting the acquisition of Virgin Money and payments for mis-selling PPI). Not owning building and construction materials distributor Travis Perkins and food-to-go retailer Greggs, which are both benefiting from stronger than expected UK consumer spending, detracted from returns.

Portfolio activity

We sold the remaining small position in outsize online and catalogue clothing retailer N Brown because of unrelenting competition in the space. Both Hikma Pharmaceuticals and insurer Phoenix Group were promoted to the FTSE 100, so we sold in line with our stated strategy. We have exited TalkTalk Telecom as evidence of a more intense price war in the sector began to emerge. Finally, we disposed of the holding in pharmaceuticals company Indivior as the US legal patent backdrop began to affect the investment case in a detrimental way.

Interim Management Report – Manager's Review

"Our investment strategy is centred around our process of selecting dynamic, high-quality growth companies..."

We instigated a holding in miniatures manufacturer and hobby retailer Games Workshop after seeing the share price retreat by over 20% since its September high. This was despite results showing that Q1 trading had been robust despite tough comparatives, prompting earnings upgrades against conservatively set expectations. In addition, management declared a dividend at a similar level to the one paid at the same time last year, indicating that cash flows have remained strong. Post the period end, strong trading has led to a further upgrade.

We initiated a position in defence technology business QinetiQ. Recent results show the group delivered organic revenue growth of 8% while the order book grew by 9%. Cash conversion remained strong, which helped to further bolster the net cash balance sheet. The balance sheet provides downside protection for investors, while the relatively new management team is doing a good job of driving growth, diversifying away from the UK and enhancing revenue visibility.

We also initiated a position in specialty pharmaceutical company BTG following a rough 12 months for the share price. The company subsequently confirmed news of a bid approach from Boston Scientific Group at a 37% premium to the market price prior to the bid. We have since divested our position seeing upside elsewhere, but the stock provides another example of corporate buyers finding value in the UK despite portfolio investors steering clear, reiterating our belief that the UK market is undervalued relative to global peers.

We bought shares in price comparison company Moneysupermarket.com. We see it as an attractively priced growth story in a market ripe for change. Following significant systems investment, forming a barrier to entry, it now has access to a new wealth of customer data and ways to analyse and monetise it. It plans to harness this to personalise savings ideas for consumers, winning share from competitors as it assists the UK consumer in shopping around for energy and insurance deals or for a new mortgage. The model is cash generative, with a net cash balance sheet, allowing the company to return £40m to shareholders on top of a 6% increase in ordinary dividend. We also initiated a position in Premier Oil at a time when the company is deleveraging and further opportunities in the North Sea seem likely; and in property company St Modwen for its exposure to the structural growth area of industrial property and demonstrable, careful management by its new CEO.

Outlook

Recent surveys indicate that UK consumer confidence remains stable. The data show that UK consumers are more confident about their personal economic situation than about the country's economic prospects. It is perhaps not that surprising therefore that Brexit uncertainty has yet to have much of an impact on UK consumers' outlook and household spending. In fact, household spending rose by an estimated 4.0% in 2018, following similar rises in prior years (source: Lazarus Economics). While spending on vehicles has fallen for structural reasons, UK households have spent more year-on-year on each of clothing, furniture, restaurants and their pets in both 2017 and 2018.

It would appear that this growth in household spend is reasonably sustainable, underpinned by a strong jobs market, higher wages and beneficial tax changes. Wages are growing at the fastest rate since 2008, outstripping the rate of inflation which has moderated. There has historically been a close correlation between real wage growth and retail sales, and labour market data suggests that the backdrop for wages remains supportive. The UK unemployment rate is at its lowest since the 1970s.

Consumers should also get a boost to their disposable income this year from tax changes in last autumn's Budget, in part funded by an improvement in the UK's fiscal position as tax revenues have been strong. The chancellor significantly loosened the purse strings, with the Autumn Statement described by the Office for Budget Responsibility as the "largest discretionary fiscal giveaway" since the economic advisory body was created in 2010. Mortgage approvals in April were the strongest month since before the Brexit vote. We are cautiously optimistic about 2019, and our move to 2.1% net gearing reflects this.

Our investment management strategy

Our investment strategy is centred around our process of selecting dynamic, high-quality growth companies; those with organic growth, pricing power and strong management teams, with disruptive tendencies; complemented by opportunistic positions in strong companies – those which may be cyclical, in turnaround, in areas where capacity is coming out. We likewise look to avoid companies in structural decline, with too much debt to support their business model. This is illustrated in the chart overleaf.

Interim Management Report – Manager's Review

"Encouraging evidence of this success is the 33% rise in dividend income from the portfolio in the first half of the year..."

An overview of our investment process

Long-term growth opportunities	Opportunistic ideas	Stocks to avoid
Disruptors. Growth companies.	Cyclical stocks or franchises in transition.	Typically experiencing long-term decline which can lead to cash flow ultimately balance sheet challenges.
Operate in industries where demand for their goods or services exceeds supply, which gives them pricing power and drives organic growth, and stong cash flow.	Cyclical industries or areas where capacity is reducing.	Companies which operate in industries where supply exceeds demand, and which are being disrupted.
Sectors are typically concentrated, so that demand for shares exceeds supply. Shares therefore appreciate in value as investors ascribe a higher rating to the company and its prospectus.	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.	Supply of shares in these companies will typically exceed demand, leading to downward pressure on shares prices.
Core holdings.	Trade into and out of depending on valuation.	Do not hold.

One example in the portfolio of a company operating in segments of structural growth with disruptive qualities is Homeserve, whose Checkatrade business is disrupting the status quo of the tradesmen market. Another is specialty chemicals company Victrex, whose polymer is being used in aircraft, cars and even tooth implants, displacing metal. We continue to seek out the next midcap disruptor, while looking to avoid exposure to the next industry to be disrupted.

Although the political backdrop might be expected to have a negative effect, the evidence from the UK consumer, driven by strong labour market forces, indicates that being underweight the UK could be wrong. We therefore preserve a focus on what companies do every day, whether their customers still need and value them, and on the nuts and bolts of cash flow and valuation in order to select both our "long-term growth opportunity" and our "opportunistic ideas" stocks.

We believe that the holdings are well placed to continue to generate superior long-term returns. Many are enjoying a virtuous circle where a rising stream of earnings is underpinning progressive dividend policies and simultaneously supporting reinvestment into the business to drive future growth. Encouraging evidence of this success is the 33% rise in dividend income from the portfolio in the first half of the year.

Largest overweight positions

	Portfolio weight %	Index weight %	Difference %
Dunelm	3.4	0.3	3.1
Telecom Plus	3.2	0.3	2.9
Homeserve	3.8	1.0	2.8
SSP Group	3.8	1.1	2.7
Diploma	2.8	0.6	2.2
Brewin Dolphin	2.4	0.3	2.1
Intermediate Capital Group	3.0	1.0	2.0
Grainger	2.3	0.5	1.8
Spectris	2.8	1.0	1.8
Bodycote International	2.3	0.5	1.8

Source: Schroders, Factset, as at 31 March 2019. Index refers to FTSE 250 ex Investment Trusts.

Schroder Investment Management Limited
27 June 2019

The securities shown above are for illustrative purposes only and are not to be considered recommendations to buy or sell.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Interim Management Report

Investment Portfolio as at 31 March 2019

Stocks in bold are the 20 largest investments, which by value account for 50.0% (31 March 2018: 48.4% and 30 September 2018: 49.0%) of total investments. Investments are all equities.

	£'000	%
Industrials		
HomeServe	**8,118**	**3.8**
Diploma	**6,042**	**2.8**
Spectris	**6,017**	**2.8**
Bodycote International	**4,835**	**2.3**
Renishaw	**4,818**	**2.2**
James Fisher	**4,141**	**1.9**
Northgate	3,740	1.7
Grafton	3,623	1.7
BCA Marketplace	2,561	1.2
Qinetiq	2,409	1.1
Capita	2,219	1.0
Keller	2,122	1.0
Paypoint	1,461	0.7
Total Industrials	**52,106**	**24.2**
Financials		
Intermediate Capital	**6,399**	**3.0**
Brewin Dolphin	**5,141**	**2.4**
Grainger	**4,964**	**2.3**
Safestore	**4,768**	**2.2**
Man Group	**4,346**	**2.0**
CLS	**4,270**	**2.0**
Investec	3,974	1.8
IG	3,900	1.8
Londonmetric Property	3,695	1.7
Paragon	3,486	1.6
Jupiter Fund Management	2,984	1.4
Workspace REIT	1,601	0.8
St Modwen Property	1,309	0.6
Just Group	857	0.4
Total Financials	**51,694**	**24.0**
Consumer Services		
Dunelm	**7,370**	**3.4**
JD Sports	**4,522**	**2.1**
Cineworld	**4,389**	**2.0**
Wizz Air	3,725	1.7
Inchcape	3,426	1.6
Saga	3,280	1.5
Pets at Home	3,236	1.5
J D Wetherspoon	3,144	1.5
William Hill	2,070	1.0

	£'000	%
Restaurant Group	2,063	1.0
Superdry	1,910	0.9
Photo-Me International	1,261	0.6
Moneysupermarket.com	929	0.4
Lookers	909	0.4
Thomas Cook	726	0.3
Total Consumer Services	**42,960**	**19.9**
Consumer Goods		
SSP	**8,099**	**3.8**
Redrow	**4,207**	**2.0**
Cranswick	3,662	1.7
Coats	2,869	1.3
Games Workshop	2,516	1.2
Crest Nicholson	2,404	1.1
Bovis Homes	2,232	1.0
Ted Baker	1,869	0.9
Total Consumer Goods	**27,858**	**13.0**
Oil & Gas		
Petrofac	3,865	1.8
Cairn Energy	3,719	1.7
Premier Oil	1,829	0.8
Lamprell	1,121	0.5
Total Oil & Gas	**10,534**	**4.8**
Technology		
SDL	**4,091**	**1.9**
Computacenter	3,318	1.6
Playtech	2,518	1.2
Total Technology	**9,927**	**4.7**
Basic Materials		
Anglo Pacific	3,434	1.6
Victrex	3,010	1.4
Elementis	2,681	1.3
Total Basic Materials	**9,125**	**4.3**
Telecommunications		
Telecom Plus	**6,956**	**3.2**
Total Telecommunications	**6,956**	**3.2**
Healthcare		
Dechra Pharmaceuticals	**4,057**	**1.9**
Total Healthcare	**4,057**	**1.9**
Total Investments	**215,217**	**100.0**

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following risk categories: strategy and competitiveness; investment management; financial and currency; accounting, legal and regulatory; custodian and depositary; and service providers. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 14 and 15 of the Company's published Annual Report and Accounts for the year ended 30 September 2018. These risks and uncertainties have not materially changed during the six months ended 31 March 2019, although the board now more closely monitors performance of the Company against its peers.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 16 of the published Annual Report and Accounts for the year ended 30 September 2018, the directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2019.

Directors' responsibilities statement

The directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), in particular FRS 104 "Interim Financial Reporting", and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in November 2014 and updated in February 2018, and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Income Statement

For the six months ended 31 March 2019 (unaudited)

	(Unaudited) For the six months ended 31 March 2019			(Unaudited) For the six months ended 31 March 2018			(Audited) For the year ended 30 September 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	**–**	**(13,183)**	**(13,183)**	–	(6,840)	(6,840)	–	1,607	1,607
Income from investments	**3,177**	**–**	**3,177**	2,388	1,187	3,575	6,997	1,459	8,456
Other interest receivable and similar income	**5**	**–**	**5**	–	–	–	7	–	7
Gross return/(loss)	**3,182**	**(13,183)**	**(10,001)**	2,388	(5,653)	(3,265)	7,004	3,066	10,070
Investment management fee	**(214)**	**(499)**	**(713)**	(239)	(558)	(797)	(485)	(1,133)	(1,618)
Administrative expenses	**(243)**	**–**	**(243)**	(251)	–	(251)	(482)	–	(482)
Net return/(loss) before finance costs and taxation	**2,725**	**(13,682)**	**(10,957)**	1,898	(6,211)	(4,313)	6,037	1,933	7,970
Finance costs	**(18)**	**(43)**	**(61)**	–	–	–	(10)	(23)	(33)
Net return/(loss) on ordinary activities before taxation	**2,707**	**(13,725)**	**(11,018)**	1,898	(6,211)	(4,313)	6,027	1,910	7,937
Taxation (note 3)	**13**	**–**	**13**	(12)	–	(12)	(12)	–	(12)
Net return/(loss) on ordinary activities after taxation	**2,720**	**(13,725)**	**(11,005)**	1,886	(6,211)	(4,325)	6,015	1,910	7,925
Return/(loss) per share (note 4)	**7.59p**	**(38.28)p**	**(30.69)p**	5.26p	(17.32)p	(12.06)p	16.78p	5.33p	22.11p

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 other items of other comprehensive income, and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the period.

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

Statement of Changes in Equity

For the six months ended 31 March 2019 (unaudited)

	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 2018	9,036	13,971	220	2,184	13,934	182,187	8,202	229,734
Net (loss)/return on ordinary activities	–	–	–	–	–	(13,725)	2,720	(11,005)
Dividend paid in the period (note 5)	–	–	–	–	–	–	(4,553)	(4,553)
At 31 March 2019	**9,036**	**13,971**	**220**	**2,184**	**13,934**	**168,462**	**6,369**	**214,176**

For the six months ended 31 March 2018 (unaudited)

	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 2017	9,036	13,971	220	2,184	13,934	180,277	6,955	226,577
Net (loss)/return on ordinary activities	–	–	–	–	–	(6,211)	1,886	(4,325)
Dividend paid in the period (note 5)	–	–	–	–	–	–	(3,585)	(3,585)
At 31 March 2018	**9,036**	**13,971**	**220**	**2,184**	**13,934**	**174,066**	**5,256**	**218,667**

For the year ended 30 September 2018 (audited)

	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 2017	9,036	13,971	220	2,184	13,934	180,277	6,955	226,577
Net return on ordinary activities	–	–	–	–	–	1,910	6,015	7,925
Dividends paid in the year (note 5)	–	–	–	–	–	–	(4,768)	(4,768)
At 30 September 2018	**9,036**	**13,971**	**220**	**2,184**	**13,934**	**182,187**	**8,202**	**229,734**

Statement of Financial Position at 31 March 2019 (unaudited)

	(Unaudited) 31 March 2019 £'000	(Unaudited) 31 March 2018 £'000	(Audited) 30 September 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	**215,217**	212,634	221,691
Current assets			
Debtors	**5,404**	724	1,796
Cash at bank and in hand	**5,550**	7,111	6,781
	10,954	7,835	8,577
Current liabilities			
Creditors: amounts falling due within one year	**(11,995)**	(1,802)	(534)
Net current (liabilities)/assets	**(1,041)**	6,033	8,043
Net assets	**214,176**	218,667	229,734
Capital and reserves			
Called-up share capital (note 6)	**9,036**	9,036	9,036
Share premium	**13,971**	13,971	13,971
Capital redemption reserve	**220**	220	220
Merger reserve	**2,184**	2,184	2,184
Share purchase reserve	**13,934**	13,934	13,934
Capital reserves	**168,462**	174,066	182,187
Revenue reserve	**6,369**	5,256	8,202
Total equity shareholders' funds	**214,176**	218,667	229,734
Net asset value per share (note 7)	**597.40p**	609.93p	640.80p

Registered in Scotland.

Company registration number: SC082551

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditor.

The figures and financial information for the year ended 30 September 2018 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommend Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in November 2014 and updated in February 2018.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2018.

3. Taxation

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. Taxation comprises irrecoverable overseas withholding tax deducted from dividends receivable.

4. Return/(loss) per share

	(Unaudited) For the six months ended 31 March 2019 £'000	(Unaudited) For the six months ended 31 March 2018 £'000	(Audited) For the year ended 30 September 2018 £'000
Revenue return	**2,720**	1,886	6,015
Capital (loss)/return	**(13,725)**	(6,211)	1,910
Total (loss)/return	**(11,005)**	(4,325)	7,925
Weighted average number of shares in issue during the period	**35,851,190**	35,851,190	35,851,190
Revenue return per share	**7.59p**	5.26p	16.78p
Capital (loss)/return per share	**(38.28)p**	(17.32)p	5.33p
Total (loss)/return per share	**(30.69)p**	(12.06)p	22.11p

Notes to the Accounts

5. Dividends

	(Unaudited) For the six months ended 31 March 2019 £'000	(Unaudited) For the six months ended 31 March 2018 £'000	(Audited) For the year ended 30 September 2018 £'000
2018 final dividend paid of 12.7p (2017: 10.0p)	**4,553**	3,585	3,585
Interim dividend of 3.3p	**–**	–	1,183
	4,553	3,585	4,768

An interim dividend of 3.80p (2018: 3.3p) per share, amounting to £1,362,000 (2018: £1,183,000), has been declared payable in respect of the year ending 30 September 2019.

6. Called-up share capital

	(Unaudited) For the six months ended 31 March 2019 £'000	(Unaudited) For the six months ended 31 March 2018 £'000	(Audited) For the year ended 30 September 2018 £'000
Ordinary shares allotted, called up and fully paid:			
35,851,190 (31 March 2018 and 30 September 2018: same) shares of 25p each	**8,963**	8,963	8,963
292,500 (31 March 2018 and 30 September 2018: same) shares held in treasury	**73**	73	73
Closing balance of 36,143,690 (31 March 2018 and 30 September 2018: same) shares, including 292,500 shares held in treasury	**9,036**	9,036	9,036

7. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the 35,851,190 (31 March 2018 and 30 September 2018: same) shares in issue, excluding shares held in treasury.

8. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 March 2019, all investments in the Company's portfolio were categorised as Level 1 in accordance with the criteria set out in paragraph 34.22 (amended) of FRS 102. That is, they are all valued using unadjusted quoted prices in active markets for identical assets (31 March 2018 and 30 September 2018: same).

9. Events after the interim period that have not been reflected in the financial statements for the interim period

The directors have evaluated the period since the interim date and have not noted any events which have not been reflected in the financial statements.

Notes

Notes

www.schroders.co.uk/ukmidcap

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Eric Sanderson (Chairman)
Clare Dobie
Andrew Page
Robert Rickman
Robert Talbut

Advisers

Alternative Investment Fund Manager ("Manager")

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*Calls to this number are free of charge from UK landlines.

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.

Independent auditor

KPMG LLP
319 St Vincent Street
Glasgow G2 5AS

AIFM Directive disclosures

Certain pre-sale, regular and periodic disclosures required by the Alternative Investment Fund Managers ("AIFM") Directive may be found on its webpages.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on its webpages.

Dealing codes

ISIN: GB0006108418
SEDOL 0610841
Ticker: SCP

Global Intermediary Identification Number (GIIN)

9GN3DU.99999.SL.826

Legal Entity Identifier (LEI)

549300SOEWCYZTK2SP87

The Company's privacy notice is available on its webpage.

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