

## Schroder UK Mid Cap (SCP)

28/11/2025

### Results analysis from Kepler Trust Intelligence

Schroders UK Mid Cap (SCP) has released its results for the financial year ending 30/09/2025. Over the year, the trust delivered a 10.8% NAV total return (TR), versus its benchmark, the FTSE 250 ex-Investment Trusts Index, which returned 6.7%. Over the same period, SCP delivered a share price TR of 18%.

The portfolio's allocation to the industrial sector was the largest contributor to performance over the financial year, driven notably by the overweight position in the aerospace and defence sub-sector. At the stock level, Chemring, Babcock International and QinetiQ were also important contributors to performance.

The trust's discount narrowed from 12.3% to 7.0% over the year. The board repurchased 269,000 shares during the period, equivalent to c. 0.8% of the shares in issue at the start of the financial year. Since the end of SCP's financial year, the board has repurchased c. 1.2% of the shares in issue, with the discount currently standing at 7.6% (as at 26/11/2025).

The proposed final dividend of 16.1p, combined with the interim dividend of 6.3p, brings the full-year dividend to 22.4p. This represents a c. 4.2% increase year-on-year and would mark a fifth consecutive year of dividend growth and results in a prospective yield of c. 3.3%. With revenue return per share of 25.03p - a c. 22% year-on-year increase - the dividend is fully covered.

Harry Morley, the new chair of the board, said: "Looking ahead, the board remains confident in the long-term opportunity presented by UK mid-caps. This part of the market continues to offer a compelling blend of structural growth potential, corporate resilience and valuation support."

#### Kepler View

Schroder UK Mid Cap (SCP) has returned to outperformance in its latest annual results. Managers Jean Roche and Andy Brough have successfully captured the resurgence in defence-related stocks, with names such as Chemring, Babcock International, and QinetiQ among the largest contributors to the trust's outperformance. The managers have maintained their overweight exposure to the aerospace and defence sector, albeit at a more modest level, viewing it as a way to gain exposure to advanced technology and innovation with less valuation risk than many technology sub-sectors. We think this industry is well positioned for long-term structural growth, as European nations have committed to increased defence spending since the outbreak of the war in Ukraine in 2022.

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