SCHRODER UK MID CAP FUND PLC

DISCLOSURE OF INFORMATION UNDER THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

This document is issued in order to comply with the provisions of the Financial Conduct Authority's Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the UK (Directive), which require that certain information be disclosed to investors before investment in the Company. In the event that there is a material change to the information contained in this document, it will be updated and re-published. Information that is required under the Directive to be disclosed to investors without delay will also be disclosed through a regulatory news service as appropriate.

Investment Strategy and Objectives

Full details of the investment objective of the Company and its investment policy may be found in the Annual Report and Accounts. Details of the investment techniques employed by the Company are contained within the investment policy.

Material changes to the investment policy require shareholder approval, which would be sought at either an Annual General Meeting or at a separate General Meeting convened for that purpose.

Investment Restrictions

Full details of the key investment restrictions imposed on the Alternative Investment Fund Manager, Schroder Unit Trusts Limited (SUTL/AIFM), may be found in the Annual Report and Accounts.

Leverage

Leverage is a way for the Company to increase its exposure through borrowing of cash or securities and/or the use of financial derivative instruments.

The Directors expect that, with the objective of maximising returns to Shareholders, some form of gearing may be employed by the Company from time to time, but they do not anticipate gearing levels in excess of 25 per cent. of Shareholders' funds.

The Company may employ leverage by the use of derivatives and other non-fully funded instruments which may be used only in accordance with the investment policy. In each case, leverage may be obtained on an unsecured or collateralised basis. Borrowings are obtained from the relevant lender which may be a bank or other financial institution. Leverage obtained through the use of derivatives and other non-fully funded instruments is obtained from the relevant counterparty.

The Company may employ leverage including leverage embedded in derivatives where the AIFM deems it appropriate to do so in order to continue to implement the Company's investment policy and to seek to achieve the Company's investment objective.

Leverage is expressed as a ratio ('leverage ratio') between the exposure of the Company and its net asset value. The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of the Company, the gross method and the commitment method as summarized in the below table.

Leverage ratio	Exposure calculation methodology
'Gross leverage ratio'	The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.
'Commitment leverage ratio'	The exposure calculated under the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the Company supplement each other and provide a distinct representation of leverage.

Gross leverage is a conservative way of representing leverage as it does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Company.

- allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Company risk.

As a result, a Company that exhibits a high level of gross leverage is not necessarily riskier than a Company that exhibits a low level of gross leverage.

Commitment leverage is a more accurate representation of the true leverage of the Company as it allows for hedging and netting arrangements under certain conditions.

By convention, the leverage ratio is expressed as a fraction. A leverage ratio of 1 or below means that the Company is unleveraged, whereas a leverage ratio above 1 indicates that the Company is leveraged.

Maximum levels of leverage for the Company

Leverage ratio	**Maximum leverage ratio**
'Gross leverage ratio'	2.0
'Commitment leverage ratio'	2.0

These maximum levels have been set by the AIFM in order to satisfy its obligations under the Directive. The AIFM expects that under normal market conditions the typical level of leverage to be substantially lower than the maximums stated above. In addition the gross leverage methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management.

The AIFM may change the maximum level of leverage from time to time. Any changes will be disclosed to shareholders in accordance with the Directive.

Appointment of AIFM and Delegations

SUTL provides portfolio management, risk management and company secretarial services and has been appointed as the AIFM in accordance with an AIFM Agreement. The AIFM agreement 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.

Full details of the appointment of the AIFM, including fees charged to the Company and termination provisions are provided in the Report of the Directors in the Annual Report and Accounts and, in the Half-Year Report in circumstances where such fees have changed during the reporting period.

SUTL has delegated investment management to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

SUTL has in place appropriate professional indemnity cover.

Appointment of Depositary

The Company has appointed HSBC Bank plc as Depositary.

Under the Depositary Agreement, HSBC Bank plc is responsible*, inter alia*, for the custody of financial instruments and cash monitoring.

No arrangements have been made with the Depositary to contractually discharge itself of liability in accordance with Article 21(13) of the Directive. Should there be any changes with respect to depositary liability, these will be notified through a regulatory news service without delay.

Auditor

The Company has appointed Ernst & Young LLP to provide statutory audit services.

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.

Fees

Full details of the fees paid to the AIFM may be found in the Annual Report and Accounts in the Report of the Directors. Details of all other expenses incurred in running the Company are provided in the notes to the Accounts in the Annual Report and Accounts.

The Ongoing Charges for each financial year (representing the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year and calculated in accordance with guidance issued by the AIC in May 2012) are provided in the Financial Highlights Section of the Annual Report and Accounts.

Pricing Methodology

The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy 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.

Valuation Procedure

The Company's net asset value is calculated every working day in accordance with UK Generally Accepted Accounting Practice and based on the latest closing prices of the relevant markets. A net asset value per share is then calculated in accordance with industry standards and accepted practices and released to the London Stock Exchange through a regulatory news service.

Procedures and Conditions for the Issue and Sale of shares

The Company seeks authority each year to issue up to 5% of the issued share capital, including any shares being held in treasury, for potential re-issue on a non pre-emptive basis. Any shares issued under this authority may only be issued at a premium to the prevailing net asset value at the time of issue.

Shares are purchased and sold through intermediaries as they are listed on the London Stock Exchange.

Historical Performance

Historic performance information may be found in the Annual Report and Accounts under the "Financial Highlights" Section of the Report and on the web at www.schroders.co.uk.

Preferential Treatment of Investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity Risk Management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

None of the assets of the Company are subject to special arrangements arising from their illiquid nature.

AIFM Remuneration Disclosures

SUTL has no employees but is a wholly owned subsidiary of Schroders plc (Schroders).

Schroders' remuneration philosophy aims to reward performance and attract and retain talented employees. Schroders seeks to encourage enterprise whilst ensuring alignment with its objectives, avoiding unnecessary or excessive risk and meeting regulatory requirements. To maintain Schroders' position as an employer of choice, it offers competitive terms and conditions across all aspects of remuneration, including salaries, benefits, pensions, paid leave and variable remuneration, with an appropriate balance of fixed and variable remuneration. Schroders defers significant portions of variable remuneration awards to provide higher-paid employees with potential upside but also downside risk through the link to the Schroders' share price and a range of Schroders' investment funds.

Remuneration strategy across Schroders is governed by the Remuneration Committee, a committee of the Schroders Board. The Remuneration Committee has established an AIFM Remuneration Policy designed to ensure the requirements of the AIFM Remuneration Code in the UK Financial Conduct Authority handbook are met proportionately for all AIFM Remuneration Code Staff, following the effective implementation date. The Remuneration Committee is responsible for overseeing the implementation of this Policy on behalf of the Board of the AIFM, SUTL.

SUTL became authorised as an AIFM on 22 July 2014. As its first full performance period following such authorisation will be from 1 January 2016, SUTL will not be in a position to report total remuneration paid to staff to whom the AIFM Remuneration Code applies until 2016.

Periodic and Regular Disclosure under the Directive

The following information will be disclosed to shareholders on a semi-annual basis by way of the Half-Year and Annual Reports which are made available to shareholders:

a) the percentage of any of the Company's assets that are subject to special arrangements arising from their illiquid nature;

b) any 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 AIFM; provided that 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 AIFM to manage those risks; and

d) the total amount of leverage employed by the Company.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

a) the maximum level of leverage which the AIFM 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.