

# Schroder Mutual Funds

**October 31, 2009 Annual Report**

Tax-Exempt Fixed Income Funds

Schroder Municipal Bond Fund (in liquidation)

Schroder Short-Term Municipal Bond Fund (in liquidation)



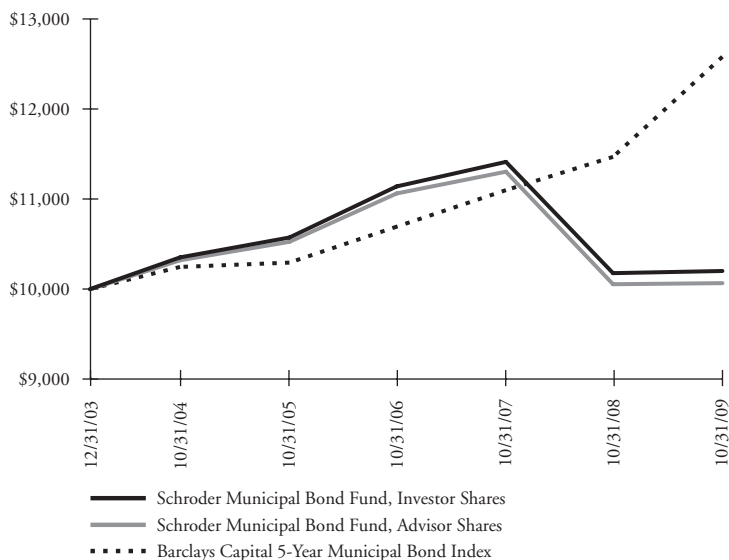
# Schroder Municipal Bond Fund (in liquidation)

## MANAGEMENT DISCUSSION AND ANALYSIS

As of October 31, 2009, the Schroder Municipal Bond Fund had few remaining portfolio securities, as it was nearing the completion of the liquidation process, which began on October 14, 2008. The performance information shown below reflects the performance of only the remaining portfolio securities during this period, and therefore the returns and the comparisons to the benchmark are not meaningful.

As of mid-November, all of the investment securities in the Municipal Bond Fund have been sold. The Fund made its final dividend payment on November 13, 2009 and the final liquidating distribution on November 17, 2009. Including these final distributions, approximately 99% of the net asset value of the Municipal Bond Fund as of October 14, 2008 has been returned to shareholders. The aggregate distribution including dividend payments made through the liquidation process is in excess of 101% of the net asset value of the Municipal Bond Fund as of October 14, 2008.

**Comparison of Change in the Value of a \$10,000 Investment in the Schroder Municipal Bond Fund — Investor and Advisor Shares vs. the Barclays Capital 5-Year Municipal Bond Index**



The Barclays Capital 5-Year Municipal Bond Index is a rules-based, market-value-weighted unmanaged index of debt obligations issued by municipalities with an approximate maturity of five years.

## PERFORMANCE INFORMATION

	One Year Ended October 31, 2009	Five Years Ended October 31, 2009	Annualized Since Inception (a)
Schroder Municipal Bond Fund —			
Investor Shares	0.24%	(0.29)%	0.34%
Advisor Shares	0.12%	(0.50)%	0.12%

(a) From commencement of Fund operations on December 31, 2003.

*“Total Return” shown above is calculated including reinvestment of all dividends and distributions. Subsequent to October 14, 2008, when the Fund entered into liquidation, dividends and distributions have been treated as cash items for purposes of the above total return calculation. Results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns for certain periods reflect fee waivers and/or reimbursements in effect for that period; absent fee waivers and reimbursements, performance would have been lower. Results represent past performance and do not indicate future results. The value of an investment in the Fund and the return on investment both will fluctuate and redemption proceeds may be higher or lower than an investor’s original cost.*

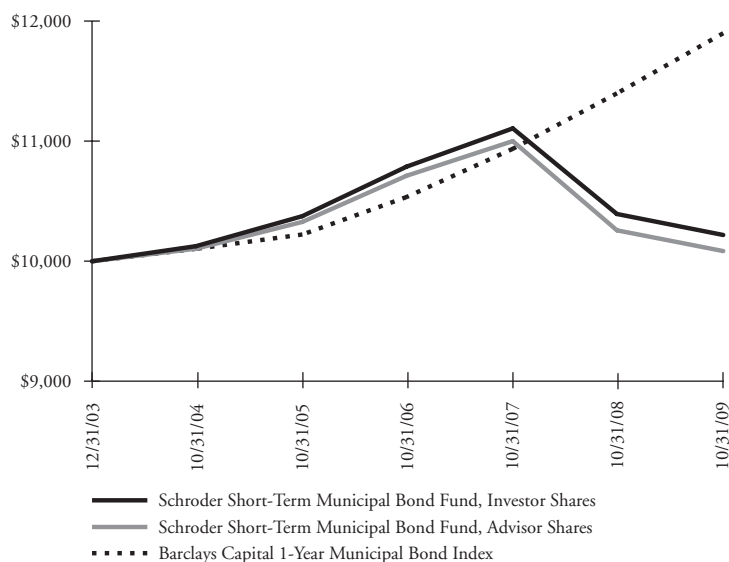
## Schroder Short-Term Municipal Bond Fund (in liquidation)

### MANAGEMENT DISCUSSION AND ANALYSIS

As of October 31, 2009, the Schroder Short-Term Municipal Bond Fund had few remaining portfolio securities, as it was nearing the completion of the liquidation process, which began on October 14, 2008. The performance information shown below reflects the performance of only the remaining portfolio securities during this period, and therefore the returns and the comparisons to the benchmark are not meaningful.

As of mid-December, all of the investment securities in the Short-Term Municipal Bond Fund have been sold. The Fund made its final dividend payment on December 15, 2009 and the final liquidating distribution on December 17, 2009. Including these final distributions, approximately 97% of the net asset value of the Short-Term Municipal Bond Fund as of October 14, 2008 has been returned to shareholders. The aggregate distribution including dividend payments made through the liquidation process is in excess of 99% of the net asset value of the Short-Term Municipal Bond Fund as of October 14, 2008.

**Comparison of Change in the Value of a \$10,000 Investment in the Schroder Short-Term Municipal Bond Fund — Investor and Advisor Shares vs. the Barclays Capital 1-Year Municipal Bond Index**



The Barclays Capital 1-Year Municipal Bond Index is a rules-based, market-value-weighted index of debt obligations issued by municipalities with short-term maturities.

### Performance Information

	One Year Ended October 31, 2009	Five Years Ended October 31, 2009	Annualized Since Inception (a)
Schroder Short-Term Municipal Bond Fund —			
Investor Shares	(1.69)%	0.18%	0.37%
Advisor Shares	(1.69)%	(0.04)%	0.14%

(a) From commencement of Fund operations on December 31, 2003.

“Total Return” shown above is calculated including reinvestment of all dividends and distributions. Subsequent to October 14, 2008, when the Fund entered into liquidation, dividends and distributions have been treated as cash items for purposes of the above total return calculation. Results do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns for certain periods reflect fee waivers and/or reimbursements in effect for that period; absent fee waivers and reimbursements, performance would have been lower. Results represent past performance and do not indicate future results. The value of an investment in the Fund and the return on investment both will fluctuate and redemption proceeds may be higher or lower than an investor’s original cost.

## Schroder Municipal Bond Fund (in liquidation)

### Schedule of Investments October 31, 2009

Principal Amount \$	Value \$	Shares	Value \$																																																																						
<b>MUNICIPAL BONDS — 84.9%</b>																																																																									
<b>California — 44.1%</b>																																																																									
600,000	Livermore, Multi-Family Housing Redevelopment Agency RB, Series A, FNMA (1) 0.190%, 07/15/39	420,915	SEI Tax Exempt Trust—Institutional Tax Free Portfolio Class A, 0.070% <u>420,915</u>																																																																						
500,000	San Bernardino County, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.230%, 05/15/29	600,000	<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$892,063) <u>892,063</u>																																																																						
600,000	State Affordable Multi-Family Housing Agency RB, Series A, FNMA (1) 0.190%, 09/15/33	500,000	<b>TOTAL INVESTMENTS — 102.0%</b> (Cost \$5,318,006) <u>5,317,508</u>																																																																						
600,000	Vacaville, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.210%, 05/15/29	600,000	<b>OTHER LIABILITIES IN EXCESS OF OTHER ASSETS — (2.0)%</b> <u>(105,910)</u>																																																																						
	<u>2,300,000</u>		<b>NET ASSETS — 100.0%</b> <u><u>\$5,211,598</u></u>																																																																						
<b>Colorado — 9.6%</b>																																																																									
500,000	State Housing & Finance Authority RB, FNMA (1) 0.260%, 02/15/28	500,000	On October 14, 2008, the Board of Trustees voted to close the Schroder Municipal Bond Fund and to commence the orderly liquidation of the Fund's assets. (See Note 11 in Notes to Financial Statements.)																																																																						
<b>Florida — 9.6%</b>																																																																									
500,000	State Multi-Family Housing Finance Corporation RB, Series C, FHLMC (1) 0.250%, 07/01/35	500,000	The following is a summary of inputs used as of October 31, 2009 in valuing the Fund's investments carried at value:																																																																						
<b>Georgia — 9.6%</b>																																																																									
500,000	Gwinnett County, Multi-Family Housing Authority RB, FNMA (1) 0.260%, 06/15/25	500,000	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Level 1</th> <th style="text-align: center; border-bottom: 1px solid black;">Level 2</th> <th style="text-align: center; border-bottom: 1px solid black;">Level 3</th> <th style="text-align: center; border-bottom: 1px solid black;">Total</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Investments in Securities</b></td> </tr> <tr> <td colspan="5"><b>Municipal Bonds</b></td> </tr> <tr> <td>California</td> <td style="text-align: right;">\$ —</td> <td style="text-align: right;">\$2,300,000</td> <td style="text-align: right;">\$—</td> <td style="text-align: right;">\$2,300,000</td> </tr> <tr> <td>Colorado</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>Florida</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>Georgia</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> <td style="text-align: right;">—</td> <td style="text-align: right;">500,000</td> </tr> <tr> <td>Tennessee</td> <td style="text-align: right;">—</td> <td style="text-align: right;">600,000</td> <td style="text-align: right;">—</td> <td style="text-align: right;">600,000</td> </tr> <tr> <td>Washington</td> <td style="text-align: right;">—</td> <td style="text-align: right;">25,445</td> <td style="text-align: right;">—</td> <td style="text-align: right;">25,445</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>4,425,445</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>4,425,445</u></td> </tr> <tr> <td colspan="5"><b>Short-Term Investments</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>892,063</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>892,063</u></td> </tr> <tr> <td colspan="5"><b>Total Investments in Securities</b></td> </tr> <tr> <td></td> <td style="text-align: right;"><u><u>\$892,063</u></u></td> <td style="text-align: right;"><u><u>\$4,425,445</u></u></td> <td style="text-align: right;"><u><u>\$—</u></u></td> <td style="text-align: right;"><u><u>\$5,317,508</u></u></td> </tr> </tbody> </table>		Level 1	Level 2	Level 3	Total	<b>Investments in Securities</b>					<b>Municipal Bonds</b>					California	\$ —	\$2,300,000	\$—	\$2,300,000	Colorado	—	500,000	—	500,000	Florida	—	500,000	—	500,000	Georgia	—	500,000	—	500,000	Tennessee	—	600,000	—	600,000	Washington	—	25,445	—	25,445		<u>—</u>	<u>4,425,445</u>	<u>—</u>	<u>4,425,445</u>	<b>Short-Term Investments</b>						<u>892,063</u>	<u>—</u>	<u>—</u>	<u>892,063</u>	<b>Total Investments in Securities</b>						<u><u>\$892,063</u></u>	<u><u>\$4,425,445</u></u>	<u><u>\$—</u></u>	<u><u>\$5,317,508</u></u>
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600,000	Hendersonville, Industrial Development Board RB, FNMA (1) 0.250%, 02/15/28	600,000																																																																							
25,943	<b>Washington — 0.5%</b> Nooksack Indian Tribe RB (3) 5.500%, 02/23/11	25,445																																																																							
	<b>TOTAL MUNICIPAL BONDS</b> (Cost \$4,425,943) <u>4,425,445</u>																																																																								
<b>Shares</b>																																																																									
<b>SHORT-TERM INVESTMENTS (2) — 17.1%</b>																																																																									
448,197	BlackRock Institutional Muni Fund Portfolio, 0.170%	448,197																																																																							
22,951	JPMorgan Tax Free Money Market Fund, 0.060%	22,951																																																																							
			RB — Revenue Bond Guaranteed as to principal and interest by the organization identified below: FHLMC — Federal Home Loan Mortgage Corporation FNMA — Federal National Mortgage Association																																																																						

## *Schroder Short-Term Municipal Bond Fund (in liquidation)*

### Schedule of Investments October 31, 2009

Principal Amount \$	Value \$	Principal Amount \$	Value \$
<b>MUNICIPAL BONDS — 79.4%</b>		<b>Louisiana — 4.3%</b>	
<b>California — 38.5%</b>		115,000	State Public Facilities Authority RB, Multi-Family Housing, River View, FHLMC (1) 0.260%, 04/01/36
150,000	ABAG Finance Authority for Nonprofit Corporations RB, Amber Project, Series A, FNMA (1) 0.200%, 12/15/32		<u>115,000</u>
	150,000	<b>Pennsylvania — 4.5%</b>	
100,000	Hayward, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.200%, 06/15/25	120,000	Allegheny County, Hospital Development Authority RB, FNMA (1) 0.240%, 07/15/28
	100,000		<u>120,000</u>
150,000	Hemet, Multi-Family Housing Authority RB, Series A, FHLMC (1) 0.200%, 01/01/25		<b>Tennessee — 7.4%</b>
	150,000	100,000	Hendersonville, Industrial Development Board RB, FNMA (1) 0.250%, 02/15/28
150,000	Livermore, Multi-Family Housing Redevelopment Agency RB, Series A, FNMA (1) 0.190%, 07/15/39	100,000	Nashville & Davidson County, Metropolitan Government, Industrial Development Board RB, FNMA (1) 0.240%, 02/15/34
	150,000		<u>100,000</u>
100,000	Riverside County, Multi-Family Housing Authority RB, Series C, FNMA (1) 0.210%, 01/15/27		<u>100,000</u>
	100,000		200,000
115,000	Rohnert Park, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.210%, 06/15/25	100,000	<b>Texas — 3.7%</b>
	115,000	100,000	Tarrant County, Housing Finance Corporation RB, FNMA (1) 0.260%, 02/15/36
150,000	San Bernardino County, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.200%, 02/15/27		<u>100,000</u>
	150,000	1,500,000	<b>Virginia — 4.3%</b>
125,000	Vacaville, Multi-Family Housing Authority RB, Series A, FNMA (1) 0.210%, 05/15/29		Poplar Hill, Community Development Authority COP, Series A (2)(3)(5) 0.000%, 09/01/34
	<u>125,000</u>		<u>117,000</u>
	1,040,000		<b>TOTAL MUNICIPAL BONDS</b> (Cost \$3,525,000)
			<u>2,142,000</u>
<b>Florida — 16.7%</b>		<b>Shares</b>	
100,000	Marion County, Housing Finance Authority RB, Paddoc Project, FNMA (1) 0.240%, 10/15/32	271,934	<b>SHORT-TERM INVESTMENTS (4) — 26.8%</b>
	100,000		BlackRock Institutional Muni Fund Portfolio, 0.170%
100,000	Orange County, Multi-Family Housing Finance Authority RB, FNMA (1) 0.250%, 06/01/25	202,809	JPMorgan Tax Free Money Market Fund, 0.060%
	100,000	249,248	SEI Tax Exempt Trust—Institutional Tax Free Portfolio Class A, 0.070%
150,000	State Multi-Family Housing Finance Authority RB, Island Club Project, Series A, FHLMC (1) 0.270%, 07/01/31		<u>249,248</u>
	150,000		<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$723,991)
100,000	Volusia County, Multi-Family Housing Finance Authority RB, Fishermans Landing Apartments, FNMA (1) 0.240%, 01/15/32		<u>723,991</u>
	<u>100,000</u>		<b>TOTAL INVESTMENTS — 106.2%</b> (Cost \$4,248,991)
	450,000		<u>2,865,991</u>
			<b>OTHER LIABILITIES IN EXCESS OF OTHER ASSETS — (6.2)%</b>
			<u>(167,017)</u>
			<b>NET ASSETS — 100.0%</b>
			<u>\$2,698,974</u>

On October 14, 2008, the Board of Trustees voted to close the Schroder Short-Term Municipal Bond Fund and to commence the orderly liquidation of the Fund's assets. (See Note 11 in Notes to Financial Statements.)

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## *Schroder Short-Term Municipal Bond Fund (in liquidation)*

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### Schedule of Investments *(concluded)* October 31, 2009

The following is a summary of inputs used as of October 31, 2009 in valuing the Fund's investments carried at value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments in Securities</b>				
Municipal Bonds				
California	\$ —	\$1,040,000	\$ —	\$1,040,000
Florida	—	450,000	—	450,000
Louisiana	—	115,000	—	115,000
Pennsylvania	—	120,000	—	120,000
Tennessee	—	200,000	—	200,000
Texas	—	100,000	—	100,000
Virginia	—	—	117,000	117,000
	<u>—</u>	<u>2,025,000</u>	<u>117,000</u>	<u>2,142,000</u>
Short-Term Investments	<u>723,991</u>	<u>—</u>	<u>—</u>	<u>723,991</u>
Total Investments in Securities	<u>\$723,991</u>	<u>\$2,025,000</u>	<u>\$117,000</u>	<u>\$2,865,991</u>

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

Balance as of October 31, 2008	\$ —
Realized gain (loss)	—
Change in unrealized appreciation (depreciation)	—
Net purchases (sales)	—
Net transfers in and/or out of Level 3	<u>117,000</u>
Balance as of October 31, 2009	<u>\$117,000</u>

- (1) Variable rate security with put option feature — Rate disclosed is as of October 31, 2009.
- (2) Security considered illiquid. On October 31, 2009, the value of this security amounted to \$117,000, representing 4.3% of the net assets of the Fund. This security has been restructured and in accordance with its amended loan agreement is not currently paying interest.
- (3) Security is taxable.
- (4) The rate shown represents the 7-day current yield as of October 31, 2009.
- (5) Security is fair valued. (See Note 2 in Notes to Financial Statements.)

ABAG — Association of Bay Area Governments

COP — Certificate of Participation

RB — Revenue Bond

Guaranteed as to principal and interest by the organization identified below:

FHLMC — Federal Home Loan Mortgage Corporation

FNMA — Federal National Mortgage Association

## Schroder Mutual Funds

### Statements of Assets and Liabilities (in liquidation) October 31, 2009

	<u>Municipal Bond Fund</u>	<u>Short-Term Municipal Bond Fund</u>
<b>ASSETS</b>		
Investments in securities, at value — Note 2 .....	\$ 5,317,508	\$ 2,865,991
Receivable for securities sold .....	132,461	—
Interest receivable .....	2,787	369
TOTAL ASSETS .....	<u>5,452,756</u>	<u>2,866,360</u>
<b>LIABILITIES</b>		
Investment Advisory fees payable — Note 3 .....	92,361	87,438
Income distributions payable .....	24,512	1,104
Payable to custodian .....	22,951	—
Sub-administration fees payable — Note 3 .....	1,894	374
Distribution fees payable — Note 3 .....	1,079	148
Trustees' fees payable — Note 4 .....	688	606
Accrued expenses and other liabilities .....	97,673	77,716
TOTAL LIABILITIES .....	<u>241,158</u>	<u>167,386</u>
NET ASSETS .....	<u>\$ 5,211,598</u>	<u>\$ 2,698,974</u>
<b>NET ASSETS</b>		
Capital paid-in .....	\$ 103,873,994	\$ 27,156,423
Undistributed net investment income .....	148,743	22,929
Accumulated net realized loss on investments .....	(98,810,641)	(23,097,378)
Net unrealized depreciation on investments .....	(498)	(1,383,000)
NET ASSETS .....	<u>\$ 5,211,598</u>	<u>\$ 2,698,974</u>
Investor Shares:		
Net assets .....	\$ 5,066,537	\$ 2,604,825
Total shares outstanding at end of year .....	50,241,891	13,733,539
Net asset value, offering and redemption price per share (net assets ÷ shares outstanding) .....	\$ 0.10	\$ 0.19
Advisor Shares:		
Net assets .....	\$ 145,061	\$ 94,149
Total shares outstanding at end of year .....	1,476,629	509,292
Net asset value, offering and redemption price per share (net assets ÷ shares outstanding) .....	\$ 0.10	\$ 0.18
Cost of securities .....	\$ 5,318,006	\$ 4,248,991

## Schroder Mutual Funds

### Statements of Operations (in liquidation) For the Year Ended October 31, 2009

	Municipal Bond Fund	Short-Term Municipal Bond Fund
<b>INVESTMENT INCOME</b>		
Interest income .....	\$ 9,965,871	\$ 2,822,389
Dividend income .....	150,554	44,574
<b>TOTAL INCOME</b> .....	<u>10,116,425</u>	<u>2,866,963</u>
<b>EXPENSES</b>		
Investment Advisory fees — Note 3 .....	805,472	242,818
Sub-administration fees — Note 3 .....	221,997	66,188
Trustees fees — Note 4 .....	28,712	9,793
Distribution fees — Note 3 .....	14,359	5,046
Legal fees .....	246,829	131,808
Transfer agent fees .....	103,550	87,535
Insurance .....	91,099	43,540
Printing expenses .....	38,716	11,764
Audit fees .....	34,422	33,187
Custodian fees .....	26,345	9,899
Pricing fees .....	22,359	14,871
Registration fees .....	13,534	9,991
Other .....	33,198	19,934
<b>TOTAL EXPENSES</b> .....	1,680,592	686,374
Expenses waived by Investment Advisor — Note 3 .....	(805,472)	(242,818)
Distribution fee suspension — Note 3 .....	(9,400)	(3,247)
Reimbursement from Investment Advisor .....	(330)	(104,613)
<b>NET EXPENSES</b> .....	<u>865,390</u>	<u>335,696</u>
<b>NET INVESTMENT INCOME</b> .....	<u>9,251,035</u>	<u>2,531,267</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized loss on investments sold .....	(92,153,074)†	(21,040,226)†
Net change in unrealized appreciation on investments .....	83,573,402	16,208,966
<b>NET REALIZED AND UNREALIZED LOSS</b> .....	<u>(8,579,672)</u>	<u>(4,831,260)</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b> .....		
	<u>\$ 671,363</u>	<u>\$ (2,299,993)</u>

† Includes realized losses from in-kind transactions (See Note 5 in Notes to Financial Statements).

## Schroder Mutual Funds

### Statements of Changes in Net Assets (in liquidation) For the Years Ended October 31,

	Municipal Bond Fund		Short-Term Municipal Bond Fund	
	2009	2008	2009	2008
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
<b>From Operations:</b>				
Net investment income . . . . .	\$ 9,251,035	\$ 25,609,754	\$ 2,531,267	\$ 7,478,856
Net realized loss on investments sold . . . . .	(92,153,074)†	(7,040,673)	(21,040,226)†	(2,230,520)
Change in unrealized appreciation (depreciation) on investments . . . . .	83,573,402	(78,189,547)	16,208,966	(15,995,732)
Net increase (decrease) in net assets resulting from operations . . . . .	671,363	(59,620,466)	(2,299,993)	(10,747,396)
<b>Dividends and Distributions to Shareholders:</b>				
<b>Net investment income:</b>				
Investor Shares . . . . .	(8,859,202)	(24,947,015)	(2,448,858)	(7,174,501)
Advisor Shares . . . . .	(255,154)	(635,969)	(82,522)	(253,188)
Total dividends . . . . .	(9,114,356)	(25,582,984)	(2,531,380)	(7,427,689)
<b>Distributions for liquidation:</b>				
Investor Shares . . . . .	(414,064,862)	—	(121,424,601)	—
Advisor Shares . . . . .	(12,167,424)	—	(4,262,771)	—
Total distributions . . . . .	(426,232,286)	—	(125,687,372)	—
<b>Share Transactions:</b>				
<b>Investor Shares:</b>				
Sales of shares . . . . .	—	227,253,661	—	62,838,217
Reinvestment of distributions . . . . .	—	22,339,034	—	5,772,824
Redemption of shares . . . . .	—	(395,323,773)	—	(150,238,892)
Redemption of shares in-kind . . . . .	(70,153)	—	(5,649,789)	—
Total decrease from Investor Share transactions . . . . .	(70,153)	(145,731,078)	(5,649,789)	(81,627,851)
<b>Advisor Shares:</b>				
Sales of shares . . . . .	—	4,278,468	—	1,543,715
Reinvestment of distributions . . . . .	—	575,381	—	207,281
Redemption of shares . . . . .	—	(8,151,211)	—	(7,536,583)
Total decrease from Advisor Share transactions . . . . .	—	(3,297,362)	—	(5,785,587)
Net decrease in net assets from share transactions . . . . .	(70,153)	(149,028,440)	(5,649,789)	(87,413,438)
Total decrease in net assets . . . . .	(434,745,432)	(234,231,890)	(136,168,534)	(105,588,523)
<b>Net Assets</b>				
Beginning of Year . . . . .	439,957,030	674,188,920	138,867,508	244,456,031
End of Year . . . . .	\$ 5,211,598	\$439,957,030	\$ 2,698,974	\$138,867,508
Undistributed net investment income . . . . .	\$ 148,743	\$ 658,360	\$ 22,929	\$ 73,366

† Includes realized losses from in-kind transactions (see Note 5 in Notes to Financial Statements).

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## Schroder Mutual Funds

### Financial Highlights (in liquidation)

For the Years Ended October 31,

Selected Per Share Data and Ratios for a Share Outstanding Throughout each Year

	Net Asset Value, Beginning of Year	Net Investment Income	Net Realized and Unrealized Gains (Losses)	Total from Investment Operations	Dividends from Net Investment Income	Distributions from Net Realized Gain	Distributions for Liquidations
<b>Municipal Bond Fund</b>							
Investor Shares							
2009 .....	\$ 8.50	\$0.18	\$(0.16)	\$ 0.02	\$(0.18)	\$ —	\$(8.24)
2008 .....	9.94	0.40	(1.44)	(1.04)	(0.40)	—	—
2007 .....	10.10	0.40	(0.16)	0.24	(0.40)	—	—
2006 .....	9.97	0.40	0.12	0.52	(0.39)	—	—
2005 .....	10.12	0.36	(0.15)	0.21	(0.36)	—	—
Advisor Shares							
2009 .....	\$ 8.50	\$0.17	\$(0.16)	\$ 0.01	\$(0.17)	\$ —	\$(8.24)
2008 .....	9.94	0.37	(1.44)	(1.07)	(0.37)	—	—
2007 .....	10.10	0.38	(0.16)	0.22	(0.38)	—	—
2006 .....	9.97	0.37	0.13	0.50	(0.37)	—	—
2005 .....	10.11	0.34	(0.14)	0.20	(0.34)	—	—
<b>Short-Term Municipal Bond Fund</b>							
Investor Shares							
2009 .....	\$ 8.88	\$0.17	\$(0.32)	\$(0.15)	\$(0.17)	\$ —	\$(8.37)
2008 .....	9.87	0.37	(0.98)	(0.61)	(0.38)	—	—
2007 .....	9.96	0.39	(0.10)	0.29	(0.38)	—	—
2006 .....	9.92	0.35	0.04	0.39	(0.35)	—	—
2005 .....	9.97	0.29	(0.05)	0.24	(0.29)	—	—
Advisor Shares							
2009 .....	\$ 8.87	\$0.16	\$(0.32)	\$(0.16)	\$(0.16)	\$ —	\$(8.37)
2008 .....	9.87	0.35	(1.00)	(0.65)	(0.35)	—	—
2007 .....	9.96	0.36	(0.09)	0.27	(0.36)	—	—
2006 .....	9.92	0.32	0.04	0.36	(0.32)	—	—
2005 .....	9.97	0.27	(0.05)	0.22	(0.27)	—	—

(a) Total returns would have been lower had certain Fund expenses not been waived or reimbursed during the periods shown (See Note 3 in Notes to Financial Statements).

(b) For the period November 1, 2008 through December 31, 2008, the total expense cap was 0.80%. Effective January 1, 2009, the total expense cap was changed to 0.55%.

(c) Dividends and distributions have been treated as cash items for purposes of the total return calculation.

Amounts designated as “—” are \$0 or rounded to \$0.

<u>Total Distributions</u>	<u>Net Asset Value, End of Year</u>	<u>Total Return(a)</u>	<u>Net Assets, End of Year (000)</u>	<u>Ratio of Expenses to Average Net Assets (Including Waivers, Excluding Offsets)</u>	<u>Ratio of Expenses to Average Net Assets (Excluding Waivers and Offsets)</u>	<u>Ratio of Net Investment Income to Average Net Assets (Including Waivers)</u>	<u>Portfolio Turnover Rate</u>
\$ (8.42)	\$ 0.10	0.24%(c)	\$ 5,067	0.43%	0.83%	4.59%	—%
(0.40)	8.50	(10.83)	427,404	0.55	0.71	4.14	11
(0.40)	9.94	2.45	656,027	0.55	0.63	4.09	6
(0.39)	10.10	5.36	244,919	0.55	0.77	4.06	15
(0.36)	9.97	2.14	96,114	0.55	0.93	3.70	27
\$ (8.41)	\$ 0.10	0.12%(c)	\$ 145	0.51%(b)	1.08%	4.51%	—%
(0.37)	8.50	(11.05)	12,553	0.80	0.96	3.90	11
(0.38)	9.94	2.19	18,162	0.80	0.88	3.83	6
(0.37)	10.10	5.10	14,797	0.80	1.01	3.79	15
(0.34)	9.97	1.99	8,375	0.80	1.18	3.52	27
\$ (8.54)	\$ 0.19	(1.69)% (c)	\$ 2,605	0.55%	1.12%	4.17%	—%
(0.38)	8.88	(6.42)	134,349	0.55	0.87	3.95	19
(0.38)	9.87	2.96	233,532	0.55	0.67	3.92	21
(0.35)	9.96	3.97	187,268	0.55	0.77	3.55	24
(0.29)	9.92	2.47	131,062	0.55	0.85	3.03	36
\$ (8.53)	\$ 0.18	(1.69)% (c)	\$ 94	0.64% (b)	1.38%	4.09%	—%
(0.35)	8.87	(6.75)	4,519	0.80	1.11	3.70	19
(0.36)	9.87	2.70	10,924	0.80	0.92	3.69	21
(0.32)	9.96	3.71	3,735	0.80	1.01	3.29	24
(0.27)	9.92	2.21	3,112	0.80	1.10	2.80	36

**Notes to Financial Statements (in liquidation)  
October 31, 2009****NOTE 1 — ORGANIZATION**

Schroder Series Trust (“SST”) is an open-end series management investment company registered under the Investment Company Act of 1940, as amended. SST was organized as a business trust under the laws of The Commonwealth of Massachusetts on May 6, 1993. SST has an unlimited number of authorized shares, which are divided into seven separate series. Included in this report are Schroder Municipal Bond Fund and Schroder Short-Term Municipal Bond Fund (collectively, the “Funds”), diversified portfolios that commenced operations on December 31, 2003. The financial statements for other Schroder Mutual Funds are presented separately.

The Board of Trustees voted to close the Funds as of the close of business on October 14, 2008 and to commence the orderly liquidation of the Funds’ assets. Shares of the Funds are no longer being offered for sale while the Funds proceed to liquidate and distribute their assets in an orderly manner. Each of the Funds distributed liquidation proceeds over time as it was able to sell portfolio securities at reasonable prices. The Funds made such distributions periodically until each Fund’s portfolio had been fully liquidated. (See Note 11.)

As of October 31, 2009, the following liquidating distributions (on a per-share basis) had been made by the Funds:

<b>Payable date</b>	<b>Schroder Municipal Bond Fund</b>	<b>Schroder Short-Term Municipal Bond Fund</b>
November 25, 2008	\$0.55	\$0.45
December 29, 2008	\$0.74	\$0.69
January 27, 2009	\$0.64	\$0.93
February 24, 2009	\$1.31	\$1.44
March 26, 2009	\$0.98	\$1.12
April 27, 2009	\$0.66	\$0.87
May 26, 2009	\$0.93	\$1.05
June 25, 2009	\$1.57	\$0.64
July 28, 2009	\$0.08	\$0.36
August 26, 2009	\$0.32	\$0.62
September 25, 2009	\$0.26	\$0.20
October 27, 2009	\$0.20	\$ —

In connection with their liquidations, the Funds adopted the liquidation basis of accounting, which among other things, requires the Funds to record assets and liabilities at their net realizable value and to provide estimated costs of liquidating the Funds to the extent that they are reasonably determinable.

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

The following is a summary of significant accounting policies followed by the Funds, which are in conformity with accounting principles generally accepted in the United States of America.

**FINANCIAL ACCOUNTING STANDARDS BOARD (“FASB”) ACCOUNTING STANDARDS CODIFICATION:** The FASB issued FASB ASC 105 (formerly FASB Statement No. 168), *The “FASB Accounting Standards Codification”™ and the Hierarchy of Generally Accepted Accounting Principles* (“ASC 105”). ASC 105 established the FASB Accounting Standards Codification™ (“Codification” or “ASC”) as the single source of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification became non-authoritative.

### **Notes to Financial Statements (in liquidation) (continued)** **October 31, 2009**

Following the Codification, the FASB did not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it issued Accounting Standards Updates, which served to update the Codification, provided background information about the guidance and provided the basis for conclusions on the changes to the Codification.

GAAP is not intended to be changed as a result of the FASB's Codification project, but it changed the way the guidance is organized and presented. As a result, these changes have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Funds implemented the Codification as of October 31, 2009.

**VALUATION OF INVESTMENTS:** Securities traded in over-the-counter markets are valued at the most recent reported sales price or, if none, mid-market price for unlisted securities with readily available market quotations. Prices used for valuations generally are provided by independent pricing services. Except as noted below with regard to below investment grade instruments, fixed income securities with remaining maturities of more than 60 days are valued on the basis of valuations provided by pricing services that determine valuations for normal institutional size trading units of fixed income securities, or through obtaining independent quotes from market makers. Below investment grade instruments ("high yield debt") will ordinarily be valued at prices supplied by a Fund's pricing service based on the mean of bid and asked prices supplied by brokers or dealers. Short-term investments, having a maturity of 60 days or less, are valued at amortized cost, a form of fair valuation which approximates market value, pursuant to procedures adopted by the Funds' Board of Trustees ("Trustees"). Other securities and assets for which market quotations are not readily available are valued in accordance with Fair Value Procedures established by the Funds' Trustees. The Funds' Fair Value Procedures are implemented through a Fair Value Committee (the "Committee") designated by the Funds' Trustees. Some of the more common reasons that may necessitate that a security be valued using Fair Value Procedures include: the security's trading has been halted or suspended; the security has been de-listed from a national exchange; the security's primary trading market is temporarily closed at a time when under normal conditions it would be open; or the security's primary pricing source is not able or willing to provide a price. When a security is valued in accordance with the Fair Value Procedures, the Committee will determine the value after taking into consideration relevant information reasonably available to the Committee.

As of November 1, 2008, the Funds adopted Statement of Financial Accounting Standards No. 157 — Fair Value Measurements, which has been codified into ASC Topic 820 ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosure surrounding the various inputs that are used in determining the fair value of the Funds' investments. These inputs are summarized into the three broad levels listed below.

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Fair value measurement classifications are summarized in each Fund's Schedule of Investments.

**FEDERAL INCOME TAXES:** It is the intention for each Fund to qualify as a "regulated investment company" by complying with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying, the Funds would not be subject to Federal income taxes to the extent that, among other things, they distribute substantially all of their taxable income, including realized capital gains, for the fiscal year. In addition, as a result of distributing substantially all of their net investment income during each calendar year, capital gains and certain other amounts, if any, the Funds would not be subject to a Federal excise tax.

**Notes to Financial Statements (in liquidation) (continued)**  
**October 31, 2009**

The Funds evaluate tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether it is "more-likely than-not" (i.e., greater than 50-percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. The Funds did not record any tax provision in the current period. However, management's conclusions regarding tax positions taken may be subject to review and adjustment at a later date based on factors including, but not limited to, examination by tax authorities (i.e., the last 3 tax year ends, as applicable), on-going analysis of and changes to tax laws, regulations and interpretations thereof.

As of and during the year ended October 31, 2009, the Funds did not have a liability for any unrecognized tax benefits. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the year, the Funds did not incur any interest or penalties.

**INVESTMENT TRANSACTIONS:** Investment security transactions are recorded as of trade date. Realized gains and losses on sales of investments are determined on the basis of identified cost.

**INVESTMENT INCOME:** Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Discounts and premiums on fixed income securities are accreted and amortized using the effective interest method. Distributions received on securities that represent a return of capital or capital gain are recorded as a reduction of costs of investments and/or as a realized gain. The Funds estimate the components of distributions received that may be considered non-taxable distributions or capital gain distributions.

**EXPENSES:** Expenses are recorded on an accrual basis. Many of the expenses of the Funds can be directly attributable to a specific Fund. Expenses not directly attributable to a specific Fund are allocated among the Funds (including, for this purpose, other open-end investment companies distributed by Schroder Advisors) based on relative average net assets or another appropriate methodology. Class specific expenses are borne by that class. Fund expenses are pro-rated to the respective classes based on relative net assets.

**CLASSES OF SHARES:** Income, realized and unrealized gains and losses of a Fund are prorated to the respective classes of shares based on relative net assets.

**DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS:** Dividends to shareholders from net investment income were declared daily and distributed monthly and distributions to shareholders from net realized capital gains, if any, were declared and distributed at least annually. Distributions were recorded on the ex-dividend date.

**WHEN-ISSUED SECURITIES:** Each Fund may have purchased securities on a when-issued, delayed delivery, or forward commitment basis. These transactions involved a commitment by the Fund to purchase a security for a predetermined price or yield, with payments and delivery taking place more than seven days in the future, or after a period longer than the customary settlement period for that type of security. These transactions may have increased the overall investment exposure for a Fund and involved a risk of loss if the value of the securities declines prior to the settlement date.

**NOTE 3 — INVESTMENT ADVISORY FEES, ADMINISTRATION AGREEMENTS AND DISTRIBUTION PLANS**

The Funds have entered into investment advisory agreements with Schroder Investment Management North America Inc. ("SIMNA"). Under these agreements, SIMNA provides investment management services and is entitled to receive for its services compensation, payable monthly, at an annual rate of 0.40% of the average daily net assets of each Fund taken separately. Effective October 15, 2008, SIMNA voluntarily agreed to waive its advisory fee for each Fund.

On January 4, 2004, SST entered into an amended administration and accounting agreement with SEI Investments Global Fund Services ("SEI"). Effective November 1, 2004, under the agreement with SEI, the Funds, along with certain other related open-end series management investment companies managed by SIMNA, paid fees to SEI based on the combined average daily net assets of all such funds according to the following annual rates: 0.115% on the first \$600 million of such assets, 0.11% on the next \$400 million of such assets, 0.09% on the next \$1 billion of such assets and 0.07% on assets in excess of \$2 billion. Each Fund pays its pro rata portion of such expenses. Effective June 1, 2008, the combined funds pay fees to SEI based on the combined average daily net assets of all the combined funds according to the following annual rates: 0.095% on the first \$1 billion of such assets; 0.085% on the next \$1 billion of such assets, 0.07% on the next \$1 billion of such assets, 0.06% on the next \$2 billion of such assets, and 0.05% on assets in excess of \$5 billion.

**Notes to Financial Statements (in liquidation) (continued)**  
**October 31, 2009**

In order to limit the expenses of the Investor Shares of certain Funds, the Funds' advisor has contractually agreed to pay or reimburse the applicable Fund for other Fund expenses through February 28, 2010 to the extent that the total annual fund operating expenses of a Fund (other than acquired fund fees and expenses, interest, taxes, and extraordinary expenses) allocable to each Fund's Investor Shares exceed the following annual rates (based on the average daily net assets attributable to each Fund's Investor Shares): Schroder Municipal Bond Fund, 0.55%, Schroder Short-Term Municipal Bond Fund, 0.55%. In order to limit the expenses of the Advisor Shares of certain Funds, the Funds' advisor has contractually agreed to pay or reimburse the applicable Fund for other Fund expenses through February 28, 2010 to the extent that the total annual fund operating expenses of a Fund (other than acquired fund fees and expenses, interest, taxes, and extraordinary expenses) allocable to each Fund's Advisor Shares exceed the following annual rates (based on the average daily net assets attributable to each Fund's Advisor Shares): Schroder Municipal Bond Fund, 0.55% and Schroder Short-Term Municipal Bond Fund, 0.55% (0.80% for each Fund prior to January 1, 2009).

The Funds have adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act that allows each Fund to pay distribution and other fees with respect to its Advisor Shares. Under the Plan, a Fund may make payments at the following annual rates: of up to 0.25% of the daily net assets attributable to the Advisor Shares, to compensate Schroder Fund Advisors, Inc. ("Schroder Advisors"), a wholly owned subsidiary of SIMNA for distribution services and certain shareholder services with respect to the Funds' Advisor Shares. Effective January 1, 2009, the Funds suspended payments with respect to the Distribution Plan.

**NOTE 4 — TRANSACTIONS WITH AFFILIATES**

**TRUSTEES' FEES:** The Funds pay no compensation to Trustees who are interested persons of the Trusts, SIMNA or Schroder Advisors. For their services as Trustees of all open-end investment companies distributed by Schroder Advisors for the year ended October 31, 2009, Trustees who are not interested persons of the Funds, SIMNA or Schroder Advisors received an annual retainer of \$25,000 and \$2,500 per meeting attended in person or \$1,000 per meeting attended by telephone. Members of an Audit Committee for one or more of such Funds received an additional \$1,000 per meeting, with the Audit Committee chair receiving a \$5,000 retainer. Payment of Trustee fees is allocated 50% equally to each of SST, Schroder Capital Funds (Delaware) and Schroder Global Series Trust and the remaining 50% to the Funds based on their respective amount of assets. Payment of meeting fees were allocated only among those Funds to which the meeting related.

Officers of the Funds are also officers of SIMNA and Schroder Advisors. Such officers are paid no fees by the Funds for serving as officers of the Funds.

**NOTE 5 — INVESTMENT TRANSACTIONS**

Proceeds from sales and maturities of investments, excluding short-term securities for each Fund, for the year ended October 31, 2009 were as follows:

	<u>Sales and Maturities</u>
Schroder Municipal Bond Fund . . . . .	\$349,052,626
Schroder Short-Term Municipal Bond Fund . . . . .	102,321,961

There were no purchases of investments for the year ended October 31, 2009.

Redemptions in-kind reflect the valuation of the underlying securities in accordance with the Funds' valuation policy. The asset price used to effect the redemption is the respective asset price used to calculate the net asset value of the shares redeemed. For the year ended October 31, 2009, the Schroder Municipal Bond Fund and Schroder Short-Term Municipal Bond Fund realized losses from in-kind redemptions of \$16,487 and \$460,300, respectively.

## Schroder Mutual Funds

### Notes to Financial Statements (in liquidation) (continued) October 31, 2009

#### NOTE 6 — FEDERAL INCOME TAXES

Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These book/tax differences are either temporary or permanent in nature.

Any permanent differences, which may result in distribution reclassifications, are primarily due to differing treatments for losses resulting from redemptions in-kind and different accretion methods for book and tax.

At October 31, 2009, the Funds reclassified the following permanent amounts between capital paid-in, undistributed net investment income and accumulated realized gain (loss):

	Decrease Undistributed Net Investment Income	Increase Accumulated Realized Gain (Loss)	Decrease Capital Paid-in
Schroder Municipal Bond Fund . . . . .	\$(646,296)	\$ 662,783	\$ (16,487)
Schroder Short-Term Municipal Bond Fund . . . . .	(50,324)	510,624	(460,300)

The tax character of dividends and distributions declared during the years ended October 31, 2009 and October 31, 2008 was as follows:

	Ordinary Income	Tax-Exempt Income	Total
Schroder Municipal Bond Fund			
2009 . . . . .	\$1,886,002	\$ 7,228,354	\$ 9,114,356
2008 . . . . .	2,706,147	22,876,837	25,582,984
Schroder Short-Term Municipal Bond Fund			
2009 . . . . .	290,404	2,240,976	2,531,380
2008 . . . . .	575,306	6,852,383	7,427,689

The Funds qualified to pay exempt interest dividends.

As of October 31, 2009, the components of accumulated losses on a tax basis were as follows:

	Undistributed Ordinary Income	Undistributed Tax-Exempt Income	Capital Loss Carryforward	Unrealized Depreciation	Other Temporary Differences	Total Accumulated Losses
Schroder Municipal Bond Fund . . . . .	\$ —	\$173,237	\$(98,810,640)	\$ (498)	\$(24,495)	\$(98,662,396)
Schroder Short-Term Municipal Bond Fund . . . . .	22,933	—	(23,097,375)	(1,383,000)	(7)	(24,457,449)

As of October 31, 2009, the Funds had net tax basis capital loss carryforwards, for Federal income tax purposes, that could have been applied against future taxable gains until their expiration date as follows:

	Amount	Expiration Dates October 31,
Schroder Municipal Bond Fund . . . . .	\$ 152,837	2012
	99,808	2013
	22,407	2015
	7,042,167	2016
	91,493,421	2017
Schroder Short-Term Municipal Bond Fund . . . . .	96,239	2012
	234,915	2013
	143,997	2014
	111,181	2015
	1,977,249	2016
	20,533,794	2017

As stated in Note 11, the Funds are in liquidation so the capital loss carryforwards will not be used.

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## Schroder Mutual Funds

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### Notes to Financial Statements (in liquidation) (continued) October 31, 2009

At October 31, 2009, the identified cost for Federal income tax purposes of investments owned by each Fund and their respective gross unrealized depreciation were as follows:

	<u>Identified Tax Cost</u>	<u>Gross Unrealized Depreciation</u>	<u>Net Unrealized Depreciation</u>
Schroder Municipal Bond Fund . . . . .	\$5,318,006	\$ (498)	\$ (498)
Schroder Short-Term Municipal Bond Fund . . . . .	4,248,991	(1,383,000)	(1,383,000)

#### NOTE 7 — PORTFOLIO INVESTMENT RISKS

*The Funds are currently in liquidation and are not making new investments, other than short-term investments in cash and cash equivalents or other instruments pending the distribution of liquidation proceeds. The following provides more detail about certain of the principal risks of the investments made by the Funds prior to their closure and liquidation and circumstances which could adversely affect the value of the Funds' shares or their investment return.*

Municipal bonds are investments of any maturity issued by states, public authorities or political subdivisions to raise money for public purposes; they include, for example, general obligations of a state or other government entity supported by its taxing powers to acquire and construct public facilities, or to provide temporary financing in anticipation of the receipt of taxes and other revenue. They also include obligations of states, public authorities or political subdivisions to finance privately owned or operated facilities or public facilities financed solely by enterprise revenues. Changes in law or adverse determinations by the Internal Revenue Service ("IRS") or a state tax authority could make the income from some of these obligations taxable.

The yields on municipal bonds depend on a variety of factors, including general money market conditions, effective marginal tax rates, the financial condition of the issuer, general conditions of the municipal bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The ratings of nationally recognized securities rating agencies represent their opinions as to the credit quality of the municipal bonds.

#### NOTE 8 — BENEFICIAL INTEREST

The following table shows the number of shareholders each owning of record, or to the knowledge of the Funds beneficially, 5% or more of shares of a Fund outstanding as of October 31, 2009 and the total percentage of shares of the Fund held by such shareholders. The table includes omnibus accounts that hold shares on behalf of several shareholders.

	<u>5% or Greater Shareholders</u>	
	<u>Number</u>	<u>% of Fund Held</u>
Schroder Municipal Bond Fund . . . . .	4	90.09%
Schroder Short-Term Municipal Bond Fund . . . . .	3	83.29

#### NOTE 9 — LINE OF CREDIT

The Funds, along with other related open-end series management investment companies managed by SIMNA, entered into a credit agreement on October 6, 2008 which enables them to participate in a \$25 million committed revolving line of credit with JPMorgan Chase Bank, N.A. Any advance under the line of credit is contemplated primarily for temporary or emergency purposes consistent with the investment objectives and fundamental investment restrictions of the borrower, or to finance the redemption of the shares of a shareholder of the borrower. Interest is charged to the Funds based on its borrowings at the current reference rate. The Funds pay their pro rata portion of an annual commitment fee of 0.15% on the total amount of the credit facility. The Funds did not have any borrowings under the credit agreement during the period from November 1, 2008 through December 31, 2008. As of December 31, 2008, the Funds' participation in the shared credit agreement was terminated.

**Notes to Financial Statements (in liquidation) (concluded)**  
**October 31, 2009**

**NOTE 10 — CAPITAL SHARE TRANSACTIONS**

Capital share transactions for the Funds were as follows:

	<b>Municipal Bond Fund</b>		<b>Short-Term Municipal Bond Fund</b>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Investor Shares:</b>				
Sales of shares . . . . .	—	23,587,567	—	6,490,409
Reinvestment of distributions . . . . .	—	2,341,947	—	600,495
Redemption of shares . . . . .	—	(41,644,502)	—	(15,609,219)
Redemption of shares in-kind . . . . .	(16,986)	—	(1,398,462)	—
Net decrease in Investor Shares . . . . .	<u>(16,986)</u>	<u>(15,714,988)</u>	<u>(1,398,462)</u>	<u>(8,518,315)</u>
<b>Advisor Shares:</b>				
Sales of shares . . . . .	—	446,188	—	158,839
Reinvestment of distributions . . . . .	—	60,313	—	21,529
Redemption of shares . . . . .	—	(857,188)	—	(777,553)
Net decrease in Advisor Shares . . . . .	<u>—</u>	<u>(350,687)</u>	<u>—</u>	<u>(597,185)</u>

**NOTE 11 — SUBSEQUENT EVENTS**

The Funds have evaluated the need for disclosures and/or adjustments resulting from subsequent events through December 23, 2009, the date the financial statements were issued. Based on this evaluation, no adjustments were required to the financial statements as of October 31, 2009. However, the following are details relating to subsequent events that have occurred since October 31, 2009. On November 17, 2009, the Municipal Bond Fund ceased operations and paid its final liquidation distributions of \$4,948,826 and \$141,609 for the Investor and Advisor class, respectively. On December 17, 2009 the Short-Term Municipal Bond Fund ceased operations and paid its final liquidation distributions of \$2,581,905 and \$93,302 for the Investor and Advisor class, respectively.

**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of  
Schroder Series Trust

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Schroder Municipal Bond Fund (in liquidation) and Schroder Short-Term Municipal Bond Fund (in liquidation) (constituting part of Schroder Series Trust) (collectively referred to as the "Funds") at October 31, 2009, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period then ended and the financial highlights for each of the years or periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Funds' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

See note 1 to the financial statements regarding the Funds' closure and change in its basis of accounting from the going concern basis to the liquidation basis of accounting in the prior year and the ongoing process of liquidation.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania  
December 23, 2009

### **Proxy Voting (Unaudited)**

A description of the Funds' proxy voting policies and procedures is available upon request, without charge, by visiting the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>, or by calling 1-800-464-3108 and requesting a copy of the applicable Fund's Statement of Additional Information or on the Schroder Funds website at <http://www.schroderfunds.com>, by downloading the Funds' Statement of Additional Information. Information regarding how the Funds voted proxies related to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request by calling 1-800-464-3108 and on the SEC's website at <http://www.sec.gov>.

### **N-Q (Unaudited)**

The Funds file their complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov>, and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. During the liquidation, the Funds have been posting full Fund portfolio holdings on the Funds' website at [www.schroderfunds.com](http://www.schroderfunds.com) thirty days after the end of each month. This policy may be revised at any time.

### **Information Regarding Review and Approval of Investment Advisory Contracts (Unaudited)**

#### *Renewal of Investment Advisory Agreements for the Schroder Municipal Bond Fund and Schroder Short-Term Municipal Bond Fund*

The Advisory Agreements for the Schroder Municipal Bond Fund and Schroder Short-Term Municipal Bond Fund (the "Funds") are subject to annual approval by the Trustees of the Funds. Generally, the Trustees meet over the course of the year with investment advisory personnel from Schroder Investment Management North America Inc. ("SIMNA") and regularly review detailed information regarding the investment program and performance of each Fund. The Trustees met in June 2009 to consider the continuation of the Advisory Agreement in respect of the Funds for the following year, to meet the Funds' legal requirements, although the Funds continued in liquidation, and management fees were waived by SIMNA. Nevertheless, the Trustees considered a number of factors, to the extent they were applicable in light of the Funds' liquidations, though they did not identify one particular factor alone that they considered determinative. The Trustees considered the contractual fees charged by SIMNA to the Funds under the Advisory Agreements. The Trustees also considered the total expense ratio of the Funds. The Trustees did not consider any Lipper data since the Funds are in liquidation, but the Trustees did note that SIMNA agreed to waive its management fee in full until the Funds are fully liquidated.

The Trustees considered the profitability analysis with respect to the Funds for the years ended December 31, 2008 and December 31, 2007. This information showed the substantial costs to SIMNA of providing services to the Funds, and indicated that for calendar year 2008, SIMNA had a small net profit with respect to the Schroder Municipal Bond Fund and a net loss with respect to the Schroder Short-Term Municipal Bond Fund. As noted above, the Trustees also considered the fee waivers and/or expense limitations for the Funds. The Trustees noted that SIMNA's undertakings with respect to expense limitations and/or fee waivers are recognized by the Trustees in their review of SIMNA's advisory relationship with the Funds, while acknowledging that the focus of their review and determination is with respect to the contractual fee rates themselves.

In summary, the Trustees considered the nature, extent and quality of the services provided by SIMNA and the non-advisory services provided by affiliates of SIMNA during the Funds' liquidation process. In this regard, the Trustees took into account the experience of the Funds' portfolio management team and of SIMNA's senior management, and the time and attention devoted by each to the Funds. After considering all the information described above, the Trustees at the meeting, including a majority of the Trustees who are not "interested persons" (as that term is defined in the Investment Company Act of 1940, as amended) of the Funds or SIMNA, in concluding that each of the Fund's fees appeared reasonable, unanimously voted to approve the continuation of the Advisory Agreement in respect of each of the Funds during their liquidations.

## Disclosure of Fund Expenses (in liquidation) (Unaudited)

We believe it is important for you to understand the impact of fees regarding your investment. All mutual funds have operating expenses. As a shareholder of the Fund, you incur ongoing costs, which include, among others, costs for portfolio management, administrative services, and shareholder reports (like this one), and in the case of Advisor Shares, distribution (12b-1) fees\*. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund. A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your Fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table below illustrates your Fund's costs in two ways.

- **Actual expenses.** This section helps you to estimate the actual expenses after fee waivers that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the fourth column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your Fund under the heading "Expenses Paid During Period."

- **Hypothetical example for comparison purposes.** This section is intended to help you compare your Fund's costs with those of other mutual funds. It assumes that the Fund had a return of 5% before expenses during the year, and that it incurred expenses at the rate of which it in the past incurred expenses. In this case, because the return used is not the Fund's actual return, the results may not be used to estimate the actual ending balance of an account in the Fund over the period or expenses you actually paid. The example is useful in making comparisons because the SEC requires all mutual funds to calculate expenses in this table based on a 5% return. You can assess your Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Since the Funds are in liquidation, comparison to other funds may not be meaningful. Expenses incurred by the Funds in connection with their liquidation have been taken into account in the table.

Please note that the expenses shown in the table are meant to highlight and help you compare ongoing costs only and do not reflect any transactional costs although no such expenses are assessed by either Fund.

	Beginning Account Value 5/1/09	Ending Account Value 10/31/09	Net Annualized Expense Ratios	Expenses Paid During Period*
<b>Schroder Municipal Bond Fund</b>				
Actual Expenses				
Investor Shares	\$1,000.00	\$1,001.20	0.24%	\$1.21
Advisor Shares	1,000.00	1,000.00	0.24	1.21
Hypothetical Example for Comparison Purposes				
Investor Shares	\$1,000.00	\$1,024.00	0.24%	\$1.22
Advisor Shares	1,000.00	1,024.00	0.24	1.22
<b>Schroder Short-Term Municipal Bond Fund</b>				
Actual Expenses				
Investor Shares	\$1,000.00	\$ 989.80	0.55%	\$2.76
Advisor Shares	1,000.00	989.80	0.55	2.76
Hypothetical Example for Comparison Purposes				
Investor Shares	\$1,000.00	\$1,022.43	0.55%	\$2.80
Advisor Shares	1,000.00	1,022.43	0.55	2.80

\* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the account period, multiplied by 184/365 (to reflect the one-half year period).

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## Schroder Mutual Funds

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### Trustees and Officers (Unaudited)

Additional information regarding the Trustees is included in the Funds' Statement of Additional Information, which is available free of charge by calling (800) 464-3108.

<b>Name, Age and Address</b>	<b>Position(s) Held with the Trusts</b>	<b>Term of Office and Length of Time Served</b>
<b>Trustees</b>		
Peter S. Knight*, 58 875 Third Avenue, 22nd Fl. New York, NY 10022	Trustee (All Trusts)	Indefinite Since 1993 (SCF(D) and SST) Since 2003 (SGST)
Catherine A. Mazza†, 49 875 Third Avenue, 22nd Fl. New York, NY 10022	Trustee and Chairman (All Trusts)	Indefinite Since 2003 (SGST) Since 2006 (SCF(D) and SST)
William L. Means*, 73 875 Third Avenue, 22nd Fl. New York, NY 10022	Trustee (All Trusts)	Indefinite Since 1997 (SCF(D) and SST) Since 2006 (SGST)
James D. Vaughn*, 64 875 Third Avenue, 22nd Fl. New York, NY 10022	Trustee (All Trusts)	Indefinite Since 2003

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\* Also serves as a member of the Audit Committees for each Trust on which they serve.

† Trustee deemed to be an "interested person" of the Trusts as defined in the Investment Company Act are referred to as an "Interested Trustee." Ms. Mazza is an Interested Trustee due to her status as an officer and employee of Schroder Investment Management North America Inc., the Trust's investment advisor and its affiliates.

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## Schroder Mutual Funds

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Principal Occupation(s) During Past 5 Years	Number of Series in Fund Complex Overseen by Board Member <sup>(a)</sup>	Other Directorships Held by Board Member
Director, Schroder Credit Renaissance Fund, LP; Director, Schroder UK Long/Short Fund Ltd.; President, Generation Investment Management U.S. Formerly, Director, Schroder Japanese Long/Short Fund; Director, Schroder Alternative Strategies Fund; Managing Director, MetWest Financial (financial services); President, Sage Venture Partners (investing); and Partner, Wunder, Knight Forcsey & DeVierno (law firm).	10	Medicis; PAR Pharmaceuticals; Entremed; Generation Investment Management Global Equity Fund LLP.
Senior Vice President, Schroder Investment Management North American Inc. (“Schroders”); President and Director, Schroder Fund Advisors Inc. Formerly, President and Chief Executive Officer of Schroder Capital Funds (Delaware) and Schroder Series Trust.	10	None
Retired.	10	None
Retired. Formerly, Managing Partner, Deloitte & Touche USA, LLP — Denver (accounting).	10	AMG National Trust Bank.

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(a) The “Fund Complex” includes all series of Schroder Capital Funds (Delaware), Schroder Series Trust and Schroder Global Series Trust.

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## *Schroder Mutual Funds*

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### Trustees and Officers (Unaudited)

<b>Name, Age and Address</b>	<b>Position(s) Held with the Trusts</b>	<b>Term of Office and Length of Time Served</b>
<b>Officers</b>		
Mark A. Hemenetz, 53 875 Third Avenue, 22nd Fl. New York, NY 10022	President and Principal Executive Officer	Indefinite Since 2004
Alan M. Mandel, 52 875 Third Avenue, 22nd Fl. New York, NY 10022	Treasurer and Principal Financial and Accounting Officer	Indefinite Since 1998 (SST and SCF(D)); Since 2003 (SGST)
Stephen M. DeTore, 58 875 Third Avenue, 22nd Fl. New York, NY 10022	Chief Compliance Officer	Indefinite Since 2005
William Sauer, 46 875 Third Avenue, 22nd Fl. New York, NY 10022	Vice President	Indefinite Since 2008
Carin F. Muhlbaum, 47 875 Third Avenue, 22nd Fl. New York, NY 10022	Vice President	Indefinite Vice President since 1998 (SST and (SCF(D)); Vice President since 2003 (SGST)
Abby Ingber, 46 875 Third Avenue, 22nd Fl. New York, NY 10022	Chief Legal Officer and Secretary/Clerk	Indefinite Chief Legal Officer since 2006 Secretary/Clerk since 2007
Angel Lanier, 48 875 Third Avenue, 22nd Fl. New York, NY 10022	Assistant Secretary	Indefinite Since 2005

**Principal  
Occupation(s)  
During Past 5 Years**

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Chief Operating Officer Americas,  
Schroder Investment Management North  
America Inc. (“Schroders”); Chairman  
and Director, Schroder Fund Advisors Inc.  
Formerly, Executive Vice President and  
Director of Investment Management, Bank  
of New York.

Head of Fund Administration, Schroders;  
Director, Schroder Fund Advisors, Inc.

Chief Compliance Officer, Schroders; Senior Vice  
President and Director, Schroder Fund Advisors Inc.  
Formerly, Deputy General Counsel, Gabelli Asset  
Management, Inc.; Associate General Counsel  
Gabelli Asset Management, Inc.; Assistant  
Director, Office of Examination Support, U.S.  
Securities and Exchange Commission.

Head of Investor Services, Schroders. Formerly  
Vice President, The Bank of New York.

General Counsel, and Chief Administrative Officer,  
Schroders; Senior Vice President, Director,  
Secretary and General Counsel, Schroder Fund  
Advisors Inc.

Deputy General Counsel, Schroders, formerly,  
Senior Counsel, TIAA-CREF.

Legal Assistant, Schroders; Assistant Vice President,  
Schroder Fund Advisors Inc. Formerly, Associate,  
Schroders.

**Notice to Shareholders of Schroder Municipal Bond Fund**

For shareholders that do not have an October 31, 2009 tax year end, this notice is for informational purposes only.  
For shareholders with an October 31, 2009 tax year end, please consult your tax advisor as to the pertinence of this notice.  
For the tax year ended October 31, 2009, the Fund is designating the following items with regard to distributions paid during the year, excluding liquidating distributions paid by the Fund during the year.

<u>Fund</u>	<u>Ordinary Income Distribution (Tax Basis)</u>	<u>Tax-Exempt Interest (Tax Basis)</u>	<u>Total Distributions (Tax Basis)</u>	<u>Interest Related Dividends (1)</u>
Schroder Municipal Bond Fund	17.33%	82.67%	100.00%	17.57%

For shareholders that do not have a November 17, 2009 tax year end, this notice is for informational purposes only.  
For shareholders with a November 17, 2009 tax year end, please consult your tax advisor as to the pertinence of this notice.  
For the tax period ended November 17, 2009, the Fund is designating the following items with regard to distributions paid during the period, excluding liquidating distributions paid by the Fund during the period.

<u>Fund</u>	<u>Ordinary Income Distribution (Tax Basis)</u>	<u>Tax-Exempt Interest (Tax Basis)</u>	<u>Total Distributions (Tax Basis)</u>	<u>Interest Related Dividends (1)</u>
Schroder Municipal Bond Fund	0.00%	100.00%	100.00%	0.00%

- (1) The percentage in this column represents the amount of "Interest Related Dividends" as created by the American Jobs Creation Act of 2004 and is reflected as a percentage of net investment income distributions that is exempt from U.S withholding tax when paid to foreign investors.

The information reported herein may differ from the information and distributions taxable to the shareholders for the calendar year ending December 31, 2009. Complete information will be computed and reported in conjunction with your 2009 Form 1099-DIV.

**Notice to Shareholders of Schroder Short-Term Municipal Bond Fund**

For shareholders that do not have an October 31, 2009 tax year end, this notice is for informational purposes only. For shareholders with an October 31, 2009 tax year end, please consult your tax advisor as to the pertinence of this notice. For the tax year ended October 31, 2009, the Fund is designating the following items with regard to distributions paid during the year, excluding liquidating distributions paid by the Fund during the year.

<u>Fund</u>	<u>Ordinary Income Distribution (Tax Basis)</u>	<u>Tax-Exempt Interest (Tax Basis)</u>	<u>Total Distributions (Tax Basis)</u>	<u>Interest Related Dividends (1)</u>
Schroder Short-Term Municipal Bond Fund	9.56%	90.44%	100.00%	8.45%

For shareholders that do not have a December 17, 2009 tax year end, this notice is for informational purposes only. For shareholders with a December 17, 2009 tax year end, please consult your tax advisor as to the pertinence of this notice. For the tax period ended December 17, 2009, the Fund is designating the following items with regard to distributions paid during the period, excluding liquidating distributions paid by the Fund during the period.

<u>Fund</u>	<u>Ordinary Income Distribution (Tax Basis)</u>	<u>Tax-Exempt Interest (Tax Basis)</u>	<u>Total Distributions (Tax Basis)</u>	<u>Interest Related Dividends (1)</u>
Schroder Short-Term Municipal Bond Fund	100.00%	0.00%	100.00%	8.76%

- (1) The percentage in this column represents the amount of "Interest Related Dividends" as created by the American Jobs Creation Act of 2004 and is reflected as a percentage of net investment income distributions that is exempt from U.S withholding tax when paid to foreign investors.

The information reported herein may differ from the information and distributions taxable to the shareholders for the calendar year ending December 31, 2009. Complete information will be computed and reported in conjunction with your 2009 Form 1099-DIV.

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## *Privacy Statement*

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In the course of doing business with Schroders and the Schroder Mutual Funds, you share nonpublic personal and financial information (“nonpublic personal information”) with us. Schroders respects your right to privacy. We understand that you have entrusted us with this private information and we recognize the importance of protecting unnecessary or unauthorized access to it.

### **I. Information That We Collect**

We may collect nonpublic personal information about you when you communicate or transact business with us or with our service providers in writing, electronically, or by telephone. For example, we collect nonpublic personal information (such as name, address, account and other investment information) about you from the following sources:

- Applications or forms completed by you; and
- Your transactions and account positions with us, our affiliates, or others (including, for example, your own broker or custodian).

### **II. Information That We Disclose**

We do not sell or rent your nonpublic personal information to any third parties.

We may disclose your nonpublic personal information to third parties in the following limited circumstances:

- We may disclose some or all of your nonpublic personal information to companies that help us maintain, process or service your transactions or account(s) or financial products or services effected by or through us, including companies that perform administrative, accounting, transfer agency, custodial, brokerage or proxy solicitation services for us.
- We may disclose some or all of your nonpublic personal information, such as account and transaction data, to companies which assist us in marketing or client servicing. These companies will use this information only for the services for which we hired them, are not permitted to use or share this information for any other purpose and are required to protect the confidentiality and security of this information.
- We may disclose or report some or all of your nonpublic personal information if you request or authorize us to do so, for institutional risk control, or in other circumstances where we believe in good faith that disclosure is required or permitted under law.

### **III. Our Security Procedures**

We maintain physical, electronic, and procedural safeguards that comply with federal standards to protect your nonpublic personal information. Within Schroders, access to such information is limited to those employees who need it to perform their jobs, such as servicing your accounts, resolving problems, or informing you of new products or services. Finally, our Code of Ethics, which applies to all employees, restricts the use of customer information and requires that it be held in strict confidence.

We observe these policies with respect to current and former Schroders customers and shareholders of the Schroder Mutual Funds.

If you identify any inaccuracy in your personal information or you need to make a change to that information, please contact us in writing so that we may promptly update our records.

This Privacy Policy applies to the Schroder Mutual Funds, Schroder Fund Advisors Inc. and Schroder Investment Management North America Inc.

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**Investment Advisor** Schroder Investment Management North America Inc.  
875 Third Avenue, 22nd Floor  
New York, NY 10022

**Trustees** Catherine A. Mazza (*Chairman*)  
Peter S. Knight  
William L. Means  
James D. Vaughn

**Distributor** Schroder Fund Advisors Inc.  
875 Third Avenue, 22nd Floor  
New York, NY 10022

**Transfer & Shareholder  
Servicing Agent** Boston Financial Data Services, Inc.

**Custodian** JP Morgan Chase Bank

**Counsel** Ropes & Gray LLP

**Independent Registered Public  
Accounting Firm** PricewaterhouseCoopers LLP

The information contained in this report is intended for the general information of the shareholders of the Trust. This report is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus which contains important information concerning the Trust.

**Schroder Series Trust**  
**P.O. Box 8507**  
**Boston, MA 02266**  
**(800) 464-3108**

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