

# Schroder Global Emerging Markets Fund

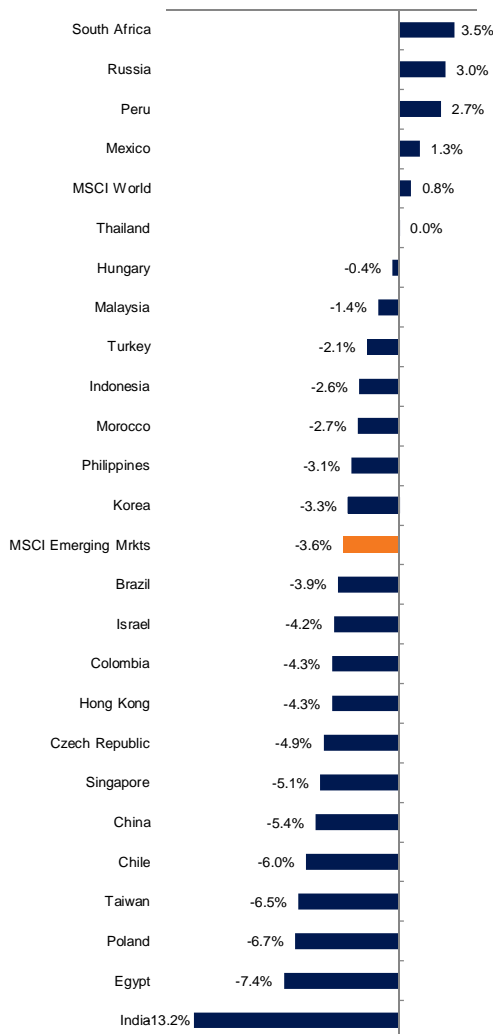
## Total return %

Schroder Global Emerging Markets Fund (post-fee)	-2.45	-4.94	-15.87	-15.84	4.10	-1.43
Schroder Global Emerging Markets Fund (pre-fee)	-2.34	-4.61	-15.28	-14.23	5.77	0.06
MSCI Emerging Market Index	-3.61	-5.88	-16.40	-17.41	6.19	-0.97
<b>Relative performance (post-fee)</b>	<b>1.10</b>	<b>1.00</b>	<b>0.50</b>	<b>1.60</b>	<b>-2.10</b>	<b>-0.40</b>

	1 mth	3 mths	6 mths	1 yr	3 yrs pa	Inception pa
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Inception date of the Schroder Global Emerging Markets Fund is October 2006  
Past performance is not a reliable indicator of future performance  
Please refer to [www.schroders.com](http://www.schroders.com) for post-tax returns

## MSCI EM net index return by major country %



## Portfolio review

The MSCI Emerging Markets Index fell by 3.6%, while the Schroder Global Emerging Markets Fund (post-fee) fell by 2.5%, outperforming by 1.1% for the month.

The fund was ahead of the benchmark in November. Country allocation and stock selection were both positive. Our underweight in India and overweight in Russia added value. This was partially offset by our underweight in South Africa. Stock selection was positive in China (o/w China Resources Power and China Mobile), Korea (o/w Samsung Electronics and LG Household & Healthcare) and Taiwan (u/w HTC and o/w Taiwan Mobile).

## Market review

Global equity markets continued to sell off as sentiment remained affected by the ongoing sovereign debt crisis in the eurozone and the lack of a decisive policy response. Meanwhile, in the US, the Joint Select Committee on Deficit Reduction was unable to reach an agreement, raising the risk that stimulus measures such as the payroll tax cut and extended unemployment benefits could expire. However, forward-looking US economic data releases provided some encouragement, with the Conference Board's index of leading economic indicators rising 0.9% month on month in October, well ahead of consensus expectations. The MSCI Emerging Markets index underperformed the MSCI World index, reflecting the continued 'risk off' environment. However, equities rallied strongly at the end of the month as developed world central banks announced a co-ordinated programme of action to reduce the risk of a credit crunch in the banking sector.

The EMEA emerging markets outperformed broader emerging markets. South Africa outperformed, supported by an increase in the gold price and robust domestic consumption, although Moody's downgraded the country's sovereign ratings outlook to 'negative', citing political and growth concerns. Russia outperformed, aided by resilience in Brent crude oil prices and GDP growth of 4.8% year on year in Q3, up from 3.4% in Q2. Hungary outperformed, with the market benefiting from a strong rally at the end of November. However, the government announced that it would re-open talks with the IMF, while Moody's downgraded Hungary's sovereign debt to non-investment grade. On the policy front, the central bank raised interest rates to support the forint. Turkey outperformed, aided by a broad-based rally at the end of the month. However, weakness in the lira as well as inflation and current account concerns weighed on sentiment. The Czech Republic underperformed, due to weakness in the local currency and a weakening growth outlook. Poland underperformed, with sentiment hit by the eurozone crisis and ongoing fears over FX loans in the consumer sector. Egypt underperformed as political uncertainty weighed on the market following further unrest in Cairo's Tahrir Square.

The Latin markets performed broadly in line with their emerging peers. Peru outperformed, aided by resilience in gold prices and associated precious metal mining stocks. Mexico outperformed, supported by the relatively defensive composition of the local index and expectations of policy easing in Q1 next year. Brazil performed broadly in line with its emerging peers, although the Real suffered a sell-off. On the policy front, the central bank removed some of the increases in capital requirements for new consumer loans and also announced that a planned increase in the minimum amount of credit card payments would be cancelled. Colombia underperformed; the central bank raised interest rates in response to inflation concerns. Chile also underperformed, with sentiment hit by further weakness in copper prices and a stronger-than-expected monthly inflation print for October.

Unless otherwise stated figures are as at November 2011  
Benchmark is the MSCI Emerging Market Index  
Please note numbers may not total 100 due to rounding

## Top 10 Holdings %

Holding	%
Samsung Electronic	5.78
Gazprom	3.21
China Mobile Ltd	3.18
Vale S.A.	2.49
Hyundai Motor Co	2.39
Taiwan Semicon Man	2.26
Ind & Com Bk China	1.94
Petrol Brasileiros	1.93
Cnooc Ltd	1.91
China Const Bk	1.90
<b>Total</b>	<b>27.01</b>

## Market cap split %

	%
<500 million	0.1
>=500<1000 million	0.3
>=1000<2000 million	4.0
>=2000<5000 million	8.4
>=5000 million	84.0
Cash	3.2

## Country exposure versus the benchmark %

	Fund	Benchmark
BRAZIL	15.52	15.12
CHILE	--	1.68
CHINA	21.48	17.34
COLOMBIA	--	0.90
CZECH REPUBLIC	--	0.34
EGYPT	1.10	0.33
HUNGARY	0.29	0.29
INDIA	4.18	6.95
INDONESIA	2.90	2.91
KOREA	19.06	14.96
MALAYSIA	3.46	3.37
MEXICO	2.74	4.65
MOROCCO	--	0.16
PERU	0.62	0.61
PHILIPPINES	0.62	0.66
POLAND	1.17	1.48
QATAR	0.66	--
RUSSIA	10.07	6.65
SOUTH AFRICA	3.14	7.55
TAIWAN	6.91	10.89
THAILAND	4.76	1.87
TURKEY	1.33	1.30
Cash	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

## Sector exposure versus the benchmark %

	Fund	Benchmark
Consumer Discretionary	10.90	8.08
Consumer Staples	7.08	7.79
Energy	17.27	14.65
Financials	22.87	23.32
Health Care	0.62	1.02
Industrials	5.52	6.50
Information Technology	12.76	12.81
Materials	8.87	13.73
Telecommunication Services	8.94	8.52
Utilities	1.96	3.60
[Cash]	3.20	--
<b>Total</b>	<b>100</b>	<b>100</b>

\* The above data was sourced from FactSet which uses bottom up methodology whereby constituents of both the index and the fund are priced at the same point in time thus removing timing differences. FactSet returns do not take into account Transaction costs or Management fees. FactSet assumes trades go through at closing prices rather than the actual price that may have been traded at during the day. The accounting data used by FactSet is un-audited, whereas the data used for actual fund performance is audited, therefore any subsequent cleaning of data will not be reflected in FactSet.

\* Unless otherwise stated figures are as at the end of November 2011

\* Benchmark is the MSCI Emerging Market Index

### Fund objective

To outperform the MSCI Emerging Markets Index (net dividends reinvested) after fees over 3 year rolling periods.

### Key features

- Opportunities in developing countries around the world, which are typically characterised by a stronger growth potential than mature economies, offering the opportunity for premium returns but with higher risk attached

- Diversification advantages within a broad investment portfolio

- Experienced team consisting of 34 investment professionals with an average of 13 years of investment experience\*

- Disciplined process targeting added value equally from country allocation and stock selection with active risk management throughout the process

- Strong proprietary stock research database which provides our investment professionals with instant access by intranet to both internal and external research.

\*as at December 2010

### Fund details

APIR code	SCH0034AU
Fund size (AUD)	\$316,229,404
Redemption unit price	\$0.6759
Fund inception date	October 2006
Buy / sell spread	0.50%/0.50%
Management costs	1.40%
Minimum investment	\$50,000
Distribution frequency	Normally June and Dec

Unless otherwise stated figures are as at November 2011  
Benchmark is the MSCI Emerging Market Index

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Some performance differences between the Fund and the benchmark may arise because the fund performance is calculated at a different valuation point from the benchmark.

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Asian emerging markets underperformed the wider emerging bloc. Despite recent severe flooding, Thailand outperformed, with the market aided by expectations of interest rate cuts (the central bank cut the repo rate by one-quarter of a percentage point at the end of the month) and increased government expenditure to help rebuild following the floods. Malaysia outperformed, with the market benefiting from its relatively defensive status. Indonesia outperformed, supported by robust GDP growth of 6.5% year on year in Q3. The Philippines outperformed modestly, reflecting its perceived relative insensitivity to global macro concerns. However, inflation was stronger than expected at 5.3% year on year in October. Korea performed broadly in line with its emerging market peers; the central bank kept interest rates on hold in order to help support growth but October's export data was weaker than expected. China underperformed; inflation concerns continued to ease as CPI softened to 5.5% year on year in October. However, further signs of weakness in property markets provided a headwind. On the policy front, the authorities reduced reserve requirement ratios for the banking sector at the end of the month – the first easing since 2008. Taiwan underperformed; sentiment was adversely affected by the deteriorating global growth outlook. India underperformed, in part reflecting weakness in the rupee, as inflation concerns continued to weigh, while industrial production growth for September disappointed already subdued expectations.

### Outlook

There were few changes to strategy. Taiwan remains underweight in line with the model recommendation although the size of the position was moderated owing to reasonable valuations. Similarly Mexico remains underweight in line with the model recommendation although the degree of the underweight was reduced due to a strong earnings outlook. We remain neutral in Hungary following an inter-meeting move from a small overweight and Poland was taken from neutral to underweight owing to elevated Eurozone concerns and on-going equity issuance overhang. The allocation to cash remains unchanged, although we will continue to take advantage of opportunities to invest the cash as and when they occur.