

Schroder Global Emerging Markets Fund

Total return %

Schroder Global Emerging Markets Fund (post-fee)	-1.05	0.25	-14.62	-17.65	2.94	-1.61
MSCI Emerging Market Index	-1.00	-1.00	-15.55	-18.44	5.59	-1.15
Relative performance (post-fee)	-0.05	1.25	0.93	0.79	-2.65	-0.46
Schroder Global Emerging Markets Fund (pre-fee)	-0.93	0.61	-14.01	-16.08	4.58	-0.12
MSCI Emerging Market Index	-1.00	-1.00	-15.55	-18.44	5.59	-1.15
Relative performance (pre-fee)	0.07	1.61	1.54	2.36	-1.01	1.03

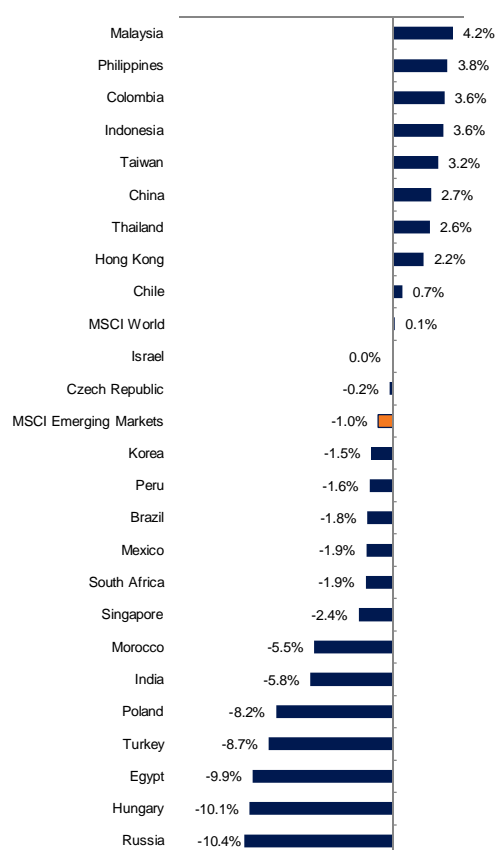
	1 mth	3 mths	6 mths	1 yr	3 yrs pa	Inception pa
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Inception date of the Schroder Global Emerging Markets Fund is October 2006

Past performance is not a reliable indicator of future performance

Please refer to www.schroders.com for post-tax returns

MSCI EM net index return by major country



Portfolio review

The MSCI Emerging Markets Index fell by 1%, while the Schroder Global Emerging Markets Fund (post-fee) increased by 0.3%, outperforming by 1.3% for the quarter.

The fund was ahead of the benchmark for the 3 months to December. Both country allocation and stock selection were positive. Our underweights to India and Taiwan, which underperformed, and our overweights to China and Thailand, which outperformed all added value. This was partially offset by our overweight to Egypt, which underperformed and underweight to South Africa, which outperformed, and our relatively high cash position.

Stock selection was positive in Taiwan (u/w HTC and Mediatek, o/w Taiwan Mobile), Korea (o/w Samsung Electronics) and Indonesia (o/w Semen Gresik). This was partially offset by selection in Russia (o/w X5 Retail), China (o/w China Mobile, u/w Bank of China), Brazil (o/w CCR, u/w Itausa), Thailand (o/w Kasikornbank) and Egypt (o/w EFG Hermes and Commercial International Bank).

Market review

Global equities were extremely volatile in the fourth quarter of 2011 as the deterioration in the eurozone sovereign debt crisis provided a significant drag on sentiment. Equities rallied at the start of the quarter on hopes that EU policymakers would unveil a strong policy response to the crisis and thus reduce systemic risks. However, November saw renewed concerns about the eurozone following signs of contagion in Italy while Greece's prime minister surprised the market and his fellow EU policymakers by calling for a referendum on the country's €130 bailout package. December's EU summit did little to produce a definitive solution to the crisis, resulting in fears that the eurozone could slip into recession in 2012. In contrast to the problems in the eurozone, US data releases continued to show signs of an improvement, with consumer confidence in particular showing a strong rise. Emerging market equities, as measured by the MSCI Emerging Markets index, produced positive returns over the fourth quarter of 2011, driven by October's rally. However, they underperformed the MSCI World index, reflecting a continued 'risk off' environment in equity markets as a result of the macroeconomic problems in the eurozone.

The Latin American region outperformed broader emerging markets in Q4. Peru outperformed, aided by strength in copper-related names, although more recently sentiment has suffered due to regional protests against mining projects. Mexico outperformed, with market sentiment boosted by the more defensive nature of the index and the improving tone of US economic data releases. Brazil outperformed, supported by policy easing and news that the government has abolished the IOF tax on foreign investors trading in Brazilian equities. Chile outperformed, aided by a strong domestic economy and Q3 GDP growth of 4.8% year on year. The strong underlying fundamentals of the economy also attracted investors in a period of heightened risk aversion. Colombia underperformed. In contrast to the policy easing seen in some other emerging markets, the Colombian central bank raised interest rates in response to inflation concerns.

Asian emerging markets, as measured by the MSCI EM Asia index, underperformed wider emerging markets. However, Malaysia outperformed, benefiting from its strong current account and strength in palm-oil-related names. Thailand outperformed, with a number of energy-related and banking names performing strongly. The central bank also cut interest rates to support consumer and business confidence following heavy flooding. The Philippines outperformed, supported by its perceived relative lack of sensitivity to the problems in the eurozone, easing inflation and hints from the central bank of potential policy easing in 2012.

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

Top 10 Holdings %

Holding	% NAV
Samsung Electronic	6.1
China Mobile Ltd	3.4
Gazprom	3.0
Hyundai Motor Co	2.5
Taiwan Semicon Man	2.4
Vale S.A.	2.2
Ind & Com Bk China	2.1
China Const Bk	2.0
Cnooc Ltd	2.0
Itau Unibanco Hold	2.0
Total	27.6

Market cap split %

<500 million	0.0
>=500<1000 million	0.3
>=1000<2000 million	4.3
>=2000<5000 million	8.7
>=5000 million	83.9
Cash	2.0

Country exposure versus the benchmark %

	Fund	Benchmark
BRAZIL	15.06	14.92
CHILE	0.00	1.78
CHINA	21.01	17.82
COLOMBIA	0.00	0.96
CZECH REPUBLIC	0.00	0.35
EGYPT	1.10	0.29
HUNGARY	0.00	0.28
INDIA	3.17	6.17
INDONESIA	2.95	2.98
KOREA	18.75	14.99
MALAYSIA	3.60	3.55
MEXICO	2.59	4.68
MOROCCO	0.00	0.15
PERU	0.61	0.67
PHILIPPINES	0.74	0.74
POLAND	0.77	1.36
QATAR	0.61	0.00
RUSSIA	9.32	6.33
SOUTH AFRICA	3.78	7.85
TAIWAN	7.36	10.93
THAILAND	5.40	1.95
TURKEY	1.23	1.25
Cash	1.97	0.00
Total	100	100

Sector exposure versus the benchmark %

	Fund	Benchmark
Consumer Discretionary	11.16	8.09
Consumer Staples	7.12	8.10
Energy	16.70	14.01
Financials	23.24	23.80
Health Care	0.67	1.02
Industrials	5.67	6.42
Information Technology	14.18	13.10
Materials	8.51	13.25
Telecommunication Services	8.80	8.50
Utilities	1.97	3.71
Cash	1.97	--
Total	100	100

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 38 investment professionals with an average of 12 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 September 2011

Fund details

Schroder Global Emerging Markets Fund

APIR code	SCH0034AU
Fund size (AUD)	\$312,885,931
Redemption unit price	\$0.6660
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 December 2011
Benchmark is the MSCI Emerging Market Index

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Commentary Continued

Indonesia outperformed, supported by strong domestic growth and pre-emptive policy easing from the central bank. China outperformed; economic data releases continued to indicate a moderation in growth, rather than a hard landing and the authorities implemented selective policy easing by reducing reserve requirements for the banking sector. South Korea outperformed, aided by strength in a number of electronics-related names, although the market weakened following the death of North Korean leader Kim Jong Il. Taiwan underperformed, reflecting global growth concerns and weaker-than-expected Q3 GDP growth. India underperformed significantly, with sentiment hit by inflation concerns and local currency weakness.

The EMEA markets underperformed broader emerging markets in Q4. However, South Africa outperformed, with retail names supported by a better-than-expected Q3 retail sales. Russia outperformed, aided by resilient Brent crude oil prices, although the equity market weakened in December following political unrest. The Czech Republic and Hungary underperformed, reflecting local currency weakness and the sentiment impact of the eurozone debt crisis. On the policy front, Hungary raised interest rates to support the forint. Poland underperformed, with commodity-related names hit by the announcement of additional taxation on the metals and mining (and potentially banking) sectors. Egypt underperformed as renewed political unrest and concern over the depletion of the country's international reserves weighed on sentiment. Turkey underperformed, reflecting inflation concern and worries over the financing of the country's large current account deficit.

Outlook

In short, the near-term outlook for emerging markets continues to be extremely difficult to predict with many different outcomes possible, but all primarily dependent on exogenous macro drivers. Europe remains the single largest risk as European politicians struggle to retain control of the euro project, but the outcome is far from certain. To quote Churchill: 'To build may have to be the slow and laborious task of years. To destroy can be the thoughtless act of a single day.'

However, by focusing on emerging fundamentals, we can see that a lot of bad news is already priced in to emerging market equity prices. Indeed, if there is progress in Europe, we would expect emerging markets to rally strongly. In the past when emerging markets have been this cheap they have usually rallied very strongly over the next 12 months. Even under our worst-case scenario, we estimate EM earnings would fall by around 20% to 30% which would leave the MSCI Emerging Markets index trading at about its long-term average. Obviously if the Eurozone were to break up then all equity markets would almost certainly trade lower and EM would be no different, but in our opinion it would provide a great buying opportunity for long-term investors.

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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