



November 2011

Monthly Report

Schroder Global Smaller Companies Fund

Total return %

Schroder Global Smaller Companies Fund (post-fee)
S&P Developed Ex-Australia SmallCap
Relative performance (post-fee)
Schroder Global Smaller Companies Fund (pre-fee)

	1 mth	3 mths	1 yr	3 yrs pa	5 yrs pa	Inception pa
Schroder Global Smaller Companies Fund (post-fee)	0.9	1.0	-8.0	1.2	-4.6	6.0
S&P Developed Ex-Australia SmallCap	0.5	0.3	-5.9	2.3	-5.7	5.2
Relative performance (post-fee)	0.4	0.7	-2.1	-1.1	1.1	0.8
Schroder Global Smaller Companies Fund (pre-fee)	1.1	1.4	-6.9	2.5	-3.4	7.1

Inception Date: 28 Oct 1996

Please refer to www.schroders.com.au for post-tax returns
Past performance is not a reliable indicator of future performance

Top ten holdings %

	Portfolio ¹	Relative to Benchmark ²
Energen	1.2%	1.2%
Airgas	1.1%	1.1%
Questar	1.1%	1.1%
Silgan	1.1%	1.0%
Pharmaceutical Product Dev	1.1%	1.0%
Partnerre	1.0%	1.0%
SM Energy	1.0%	0.9%
Crown Holdings	1.0%	1.0%
Parametric Technology	0.9%	0.9%
Amdocs	0.9%	0.9%
Total	10.4%	

Performance for the month

The S&P Developed Ex-Australia SmallCap increased by 0.5%, while the Schroder Global Smaller Companies Fund (post-fee) increased by 0.9%, outperforming by 0.4% for the month.

Having rallied through most of October, volatility returned to the markets in November with global markets losing ground. Political and economic turmoil in Greece and Italy was the main driver of market sentiment during the first half of the month. The proposal for a referendum on austerity measures in Greece and Italian 10 year government bonds reaching unsustainable levels hurt market sentiment and led to the resignation of both countries' leaders. Growing pressure from the bond markets on "core" European countries and a "failed" bond auction in Germany added to the fear of contagion in the second half of the month. In the US, meanwhile, the so-called supercommittee failed to reach a deal on budget cuts. Coordinated central bank action to inject liquidity into markets and China's decision to ease monetary policy saw global markets rally sharply at the end of the month.

Smaller companies underperformed their large cap peers during November. Although small caps outperformed in the financials sector, this was offset by underperformance in the consumer sectors and energy. Regionally, small caps suffered most in Continental Europe and North America.

Volatility % p.a.

	Portfolio ¹	Benchmark ²
12 months	10.6	10.4
2 years	9.8	10.6
3 years	11.0	13.4
5 years	13.0	14.4

The portfolio made a positive return (pre-fee) of 1.1% and outperformed the index which returned 0.5%. Stock selection drove outperformance from both a sector and regional perspective.

The main driver of outperformance was stock selection in North America and the UK. In North America, selection in the materials sector helped most (**Airgas**, **Yamana Gold**). Airgas is one of the most consistent growth companies in the specialty chemical sector with earnings on track for more than 20% growth in 2012. North American financials also boosted performance, with **Verisk Analytics** the largest outperformer, having reported strong Q3 results, beating consensus revenue and showing solid organic growth. In the UK, stock selection in industrials had a positive contribution (**Hamworthy**). Hamworthy's shares rallied after a Finnish marine engineering group said it was in advanced talks to buy the company.

On a stock-by-stock basis, the strongest contributor for the portfolio as a whole was Airgas. The main laggard was **Hyundai Development** on the back of weaker than expected third-quarter earnings.

¹ The 'Portfolio' is the Schroder Global Smaller Companies Fund

² Benchmark is the S&P Developed Ex-Australia SmallCap

Unless otherwise stated all figures are as at the end of November 2011
Please note numbers may not total 100 due to rounding

Fund objective

To outperform the S&P Developed SmallCap World Index (ex Australia) after fees over the medium to long term.

Key features

- Large team of dedicated smaller companies analysts located regionally around the world combined with an experienced portfolio management team.
- Robust investment process and risk management framework.
- Access to the global smaller companies markets which are difficult for individual investors to access directly.
- Financial strength of the Schroders Group, with over 30 years history of investing in smaller companies worldwide.

Activity and portfolio strategy

Over the month, we increased our exposure to North America, especially in the region's materials sector. This included buying **Minerals Technologies** which produces performance-enhancing minerals used in paper and other products. We also added to Pacific ex Japan in the consumer sectors and IT. Our new purchase in the region was discretionary stock **Techtronic Industries**, a manufacturer of electrical and professional industrial products such as power tools. These buys were funded in part by reducing our European exposure, especially in industrials where we sold **Solar A/S**.

Fund details

APIR code	SCH0008AU
Fund size (AUD)	\$125,562,532
Redemption unit price	0.6806
Fund inception date	October 1996
Buy / sell spread	0.50%/0.50%
Minimum investment	\$50,000
Distribution frequency	Normally twice yearly - June and Dec
Management costs (p.a.)	1.25%

Unless otherwise stated all figures are as at the end of November 2011
Benchmark is the S&P Developed Ex-Australia SmallCap

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Investment in the Schroder Global Smaller Companies Fund ('the Fund') may be made on an application form in the Product Disclosure Statement dated 1 February 2011, available from the Manager, Schroder Investment Management Australia Limited (ABN 22 000 443 274 AFSL 226473) ("Schroders").

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