



November 2010

Monthly Report

Schroder Hybrid Securities Fund

Total return %

Schroder Hybrid Securities Fund (pre-fee)	0.45	3.64	6.45	11.19	5.22	5.70
Schroder Hybrid Securities Fund (post-fee)	0.39	3.44	6.04	10.34	4.42	4.90
RBA Cash Rate*	0.39	1.15	2.30	4.36	4.20	4.07
Relative performance (post-fee)	0.00	2.29	3.74	5.98	0.22	0.83

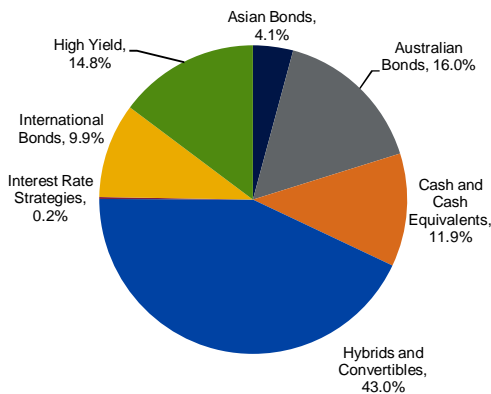
	1 mnth	3 mths	6 mths	1 yr	3 yrs pa	5 yrs pa
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* 1 and 3 month return is the RBA Cash Rate, 1, 3 and 5 years based on a blend of RBA Cash Rate (3 month period) and UBSA Credit Index.

Past performance is not a reliable indicator of future performance

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

Asset allocation %



Portfolio statistics

Duration	0.83 yrs
Yield to maturity	8.74%

Sector exposure %

Asset	Allocation
Banks	23.85
Diversified financial	15.96
Insurance	4.69
REITS	2.97
Investment companies	2.91
Real Estate	0.96
Consumer, Non-cyclical	10.30
Communications	7.22
Consumer, Cyclical	5.76
Energy	5.22
Basic Materials	4.79
Industrial	4.51
Other	3.73
Government	3.70
Utilities	2.24
Diversified	0.86
Technology	0.33

Commentary

Over the course of the month financial market participants shifted their focus from the US to Europe. On 3 November the Federal Open Market Committee (FOMC) announced a plan to purchase additional Treasury securities worth up to USD\$600 billion. The FOMC decision was already well-telegraphed and only slightly higher than the market's expectation. By mid-November market attention had turned to Europe and in particular Ireland, where a looming bank crisis led the Irish government to seek assistance from the EFSF (European Financial Stability Facility). There is intense focus on sovereign risk in Portugal and Spain and risk aversion has increased more generally. This has happened in spite of some improvement in US economic data. US consumer confidence, personal income and consumption are recovering although the housing market remains weak. Elsewhere, core European countries continued to recover as evidenced by strength in the business surveys released in the past month. In China inflation has printed higher and policy makers are responding by hiking reserve requirements, raising interest rates and imposing price controls. In Australia, GDP growth slowed in the third quarter as consumption eased and dwelling investment fell but overall the recovery remains on track.

Over the month the yield curves in the US and Europe steepened as yields ended the month generally higher. Government bond yields ended the month higher in Australia as well. Global credit spreads widened over the month as risk aversion associated with sovereign risks in Europe broadened.

Portfolio review

The Schroder Hybrid Securities Fund ('The Fund') produced a return of 0.39% (post-fee) in November. In the year to November the Fund returned 10.34% (post-fee). Whilst global investment grade and high yield markets produced negative returns, Australian hybrids produced a positive outcome to result in an overall positive return over the month.

In terms of specific securities the hybrid issued by Paperlinx was a modest positive contributor to the Fund's performance in November as the market continues to gain more confidence in the modest growth in the global economy and consequent demand for paper products.

The hybrid issued by Fairfax Media was also a positive contributor to the Fund's performance in November as management stated they consider the most likely option for them to take at the April 2011 step up date is to redeem the hybrid for cash at par. Fairfax key financial metrics are showing steady improvement as advertising expenditure continues to grow.

Outlook and strategy

Heightened risk aversion arising from sovereign risk in peripheral Europe has introduced some downside risk to the global economic outlook. Nevertheless the risk of a US double dip recession has been greatly reduced in recent months. Against this backdrop we remain constructive on credit.

In Australia, while the outlook still supports higher cash rates over the medium term, the RBA is likely to leave rates unchanged in the months ahead.

The Fund has a duration of 0.83 years of which duration contribution in Australia is close to 0. The Fund remains diversified across a range of credit markets globally with a core of Australian hybrids.

Unless otherwise stated figures are as at the end of November 2010
Benchmark is the RBA Cash Rate
Please note numbers may not total 100 due to rounding

Fund objective

To outperform the RBA Cash Rate and deliver income through investment in hybrid and debt securities with a focus on preserving investor capital.

Key features

- Absolute return focus
- Well diversified portfolio of hybrid and other income securities
- Active investment process
- Focus on risk adjusted returns
- Strong domestic and global credit research teams
- Product transparency

Fund details

Schroder Hybrid Securities Fund

APIR code	SCH0103AU
Fund size (AUD)	\$654,197,465
Redemption unit price	\$1.0344
Fund inception date	August 2002
Buy / sell spread	0.15%/0.15%
Management costs	0.75%
Minimum initial investment	\$50,000
Distribution frequency	Normally quarterly

Top ten holdings %

Orica Ltd (AUD 6.600, 30/11/11)	3.5
Woolworths Ltd (AUD 5.955, Perpetual)	3.5
Southern Cross Airports Ltd (AUD 6.680, 1/01/12)	2.8
Ramsay Health Care Ltd (AUD 7.857, Perpetual)	2.4
Insurance Australia Grp (AUD 0.000, Perpetual)	2.1
Fairfax Media Ltd (AUD 5.186, Perpetual)	1.9
Dexus Rents Ltd (AUD 6.180, Perpetual)	1.9
Sky City Investment Aus Ltd (AUD 0.000, Perpetual)	1.6
Swisse Re (AUD 6.458, Perpetual)	1.5
AXA SA Paris (AUD 6.260, Perpetual)	1.4
Total	22.6

Maturity profile %

0-1 year	26.1
1-3 years	11.8
3-5 years	14.0
5 years +	48.1

Security profile %

Floating rate	63.2
Fixed rate	36.4
Other	0.4

Regional exposure %

Australia	68.2
USA	24.5
Europe ex UK	3.7
UK	1.8
Emerging Markets	1.3
Asia inc Japan ex EM	0.4

Holdings by composite broad credit rating %

AAA	8.2
AA	17.6
A	14.4
BBB	33.4
BB	11.1
B	12.4
CCC and below	2.9
Not Rated	0.0

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Source: Schroders

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