

Schroder

GAIA Sloane Robinson

Emerging Markets

Schroder GAIA Sloane Robinson Emerging Markets is the third fund to sit on the GAIA UCITS compliant hedge fund platform.

Why invest?

- A long/short fund that aims to deliver absolute returns over the medium to longer term
- Invests primarily in the emerging markets, which have excellent growth potential due to the development of domestic infrastructure and consumptive activities reflecting the rapidly expanding middle class
- Backed by a high pedigree research team of 37 investment professionals (73 employees in total)
- Unconstrained approach at a country, sector, currency and market exposure level
- Managed by award-winning manager Sloane Robinson LLP with substantial experience in emerging markets*.

Source: Sloane Robinson LLP as at 30 December 2011.

**Sloane Robinson has won numerous awards including management firm of the year (2008) at the EuroHedge awards which celebrates the best performing risk-adjusted hedge funds in Europe. In 2009 they picked up the emerging market fund of the year, having been nominated in 4 of the past 5 years.*

Who is Sloane Robinson LLP?

- An experienced London-based asset manager originally founded in 1993 by Hugh Sloane and George Robinson
- The firm has total assets of \$4.7 billion with two-thirds of this exposure to emerging markets
- Proven track record in emerging markets equities
- Comprehensive and pragmatic approach to risk management
- Sloane Robinson LLP is authorised and regulated by the Financial Services Authority.

Source: Sloane Robinson LLP as at 30 December 2011.

Investment process

Sloane Robinson's focus is on three main areas of competence:

- **Fundamental stock selection**
This involves a focus on the present value of future cash flows by considering the likely future cash flows of a given business and determination of the appropriate discount rate to apply. Diversification is targeted across independent and uncorrelated investment themes
- **Active balance sheet management**
This involves the consideration of macro and micro trends, and 'tactical versus strategic' positioning. Cash is an integral part of the investment strategy and raising levels of cash is the favoured first line of defence during periods of uncertainty
- **Derivative overlays**
Typically for hedging, but possible for investment purposes.

"Our central aim is to achieve and preserve above average real capital returns by participating as fully as possible in market upside, while seeking to preserve capital during periods of uncertainty."

Richard Chenevix-Trench, Fund Manager



Schroders

Investment style

Generation of ideas

- Not a black box, but a marriage of both external and internal research
- Determination of future revenue and profitability
- Determination of appropriate discount rate to apply (very important factor in the emerging markets)
- Includes corporate management meetings and industry knowledge.

Thematic exposures

(a collection of similar risked ideas i.e. penetration/growth of Asian mobile telephones)

- Identification of one opportunity leading to consideration of others i.e. competitor businesses, participants in supply chain, etc.
- A top-down macro view of a specific opportunity set.

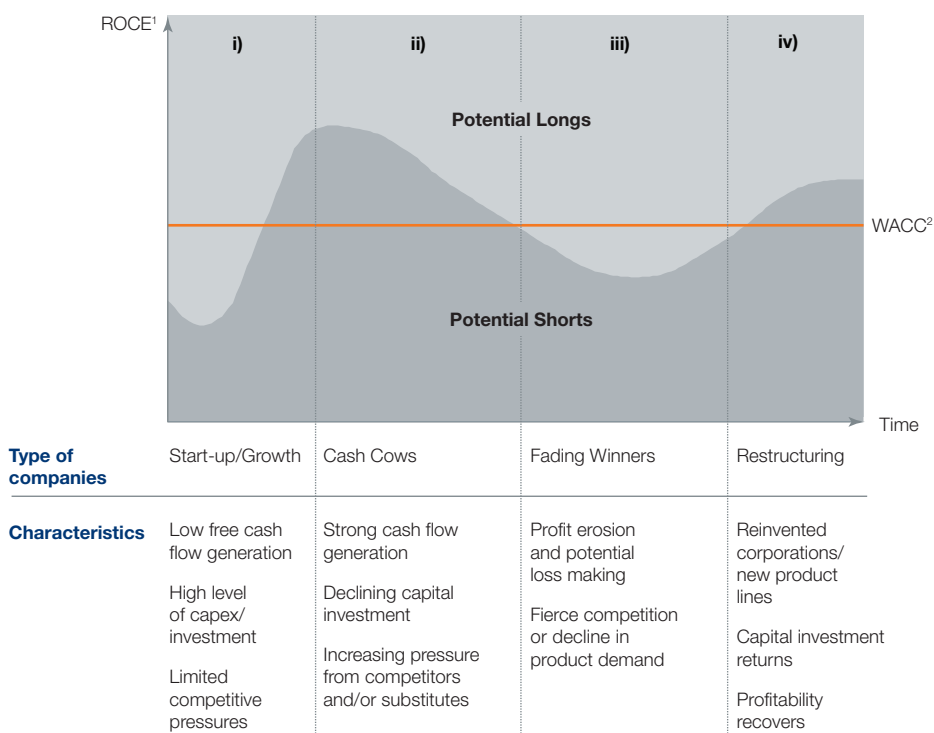
Process

- Presentation of written research to the investment team (at specific weekly meetings) where ideas are discussed and debated in detail
- Formal setting of price targets and stop losses (review points as opposed to hard triggers)
- Manager has sole responsibility for the establishment and sizing of a position.

Investment Process and Risk Control

The typical Business Life Cycle

Sloane Robinson is typically seeking to invest long into those companies likely to produce a return on capital employed (ROCE) in excess of market expectation and short those likely to disappoint.



Source: Sloane Robinson LLP as at 30 December 2011.

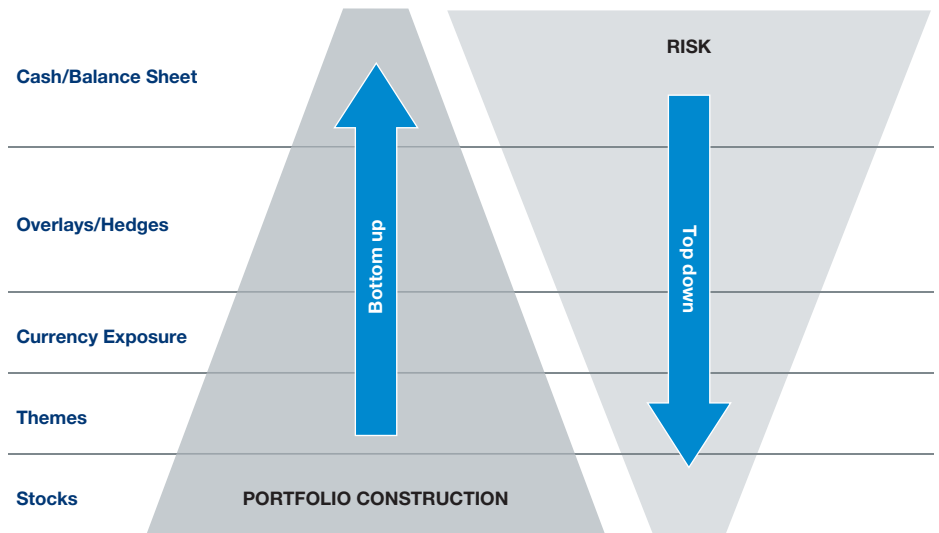
1 Return on capital employed.

2 Weighted average cost of capital.

Investment Process and Risk Control

Risk and opportunity considered simultaneously

Portfolios are constructed from a bottom-up perspective, but risk is considered from a top-down balance sheet perspective all the way down to individual positions held.



Risk monitoring: daily analytics, weekly risk meeting, and proprietary analytic systems.

Source: Sloane Robinson LLP as at 30 December 2011.

Co-Managers

Richard Chenevix-Trench,
Partner, CIO

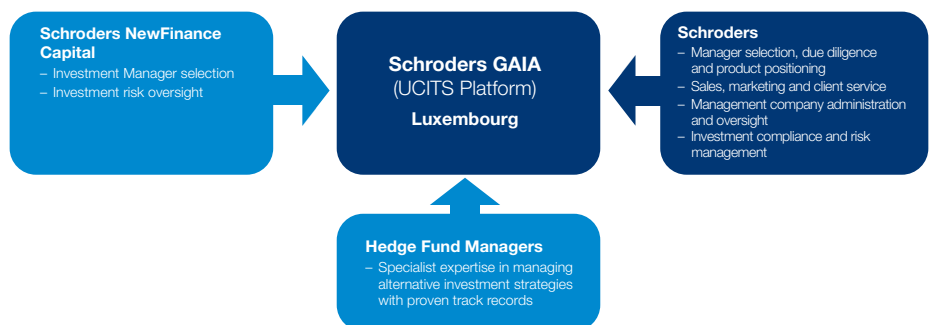
Christopher Morrell,
Portfolio Manager,
Research Analyst

Richard joined Sloane Robinson in 1995 and has been CIO since 2000. Within the firm he is the head of the Emerging Markets and Asian strategies. Richard began his career at Warburg Securities as a research analyst for the Asian region. In 1986 he joined Baring Asset Management in Hong Kong as director of their Asia Pacific division with responsibility for Asian equities. In 1991 he moved to London to establish the Emerging Markets investment division. Richard graduated from Imperial College, London with a degree in Biochemistry.

Christopher joined Sloane Robinson in March 2010 with a focus on the emerging markets. Having joined the industry in 1987 he spent the first 9 years in Tokyo initially at James Capel and subsequently at Merrill Lynch. For the next 6 years he was based in North America undertaking international equity sales before returning to London in 2002 as global head of emerging market equity sales. In 2006 he moved to JP Morgan Asset Management with responsibility for the management of a number of emerging market products.

How does GAIA work?

The product brings together the best of the traditional and alternative investment worlds. While the fund is managed by Sloane Robinson LLP, Schroders are responsible for all aspects of client servicing. Schroders provide full management company services and operational support through its Luxembourg product platform. Schroders NewFinance Capital will provide an additional layer of risk oversight, with the benefits of total portfolio transparency.



Fund facts

Investment approach	Long/short portfolio with primary focus on emerging market stock opportunities.
Dealing Frequency	Weekly, on each Wednesday or the next Business Day if a Wednesday is not a Business Day and on the last Business Day in a month.
Deal cut off	13.00 Luxembourg time, three business days preceding any dealing day
NAV publication	Daily on t+1
Fund Registration	Fund is registered in key European markets (where required, certain share classes include UK reporting status, German and Austrian tax reporting)

Risk considerations

The Fund will use financial derivative instruments as well as cash and cash equivalents to increase or reduce its market risk exposure. As the Fund is not managed against any specific emerging market index the Fund's correlation to emerging market indices will vary through time. The Fund will not hedge systematically market or currency risks. This may amplify the Fund's sensitivity to market movements and increase the volatility of the Fund's net asset value.

To access restricted markets, the Fund may invest into structured products (e.g. synthetic warrants, promissory notes, etc...) or over the counter financial derivative instruments, which create on top of the local market exposure a counterparty risk towards the issuers of the structured products or counterparties of the financial derivative instruments.

The Fund invests into securities which are traded and kept in custody in emerging markets. Settlement and security safekeeping practices may have lower standards than in developed countries, bearing the risk that cash and assets may be lost.

Emerging equity markets may be more volatile than equity markets of well established economies. Investments into foreign currencies entail exchange risks.

Key Information

**Source: Schroders 29 February 2012.*

*Initial charge: Percentages are stated with reference to the total subscription amount, which represents A and C Shares 3.09% and A1 Shares 2.04% of the Net Asset Value per Share. Investment Management & Distribution Fee: Percentages are stated with reference to the Net Asset Value of the Fund or the Net Asset Value per Share, as may be appropriate. *USD share classes BBA Libor USD 1 Month Act 360, GBP hedged share classes – BBA Libor GBP 1 Month Act 365, EUR hedged share classes – BBA Libor EUR 1 Month Act 360.*

Share Classes	A	A1	C
Minimum Investment/Holding Amount	US\$10,000	US\$50,000	US\$500,000
Initial charge	Up to 3%	Up to 2%	Up to 3%
Investment Management Fee	2.00%	2.00%	1.25%
Distribution fee	None	0.50%	None
Performance fee*	20% of the outperformance over USD 1 month Libor subject to a High Water Mark.		
Launch date	30 June 2010		

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