

Schroder Absolute Return EMD and Currency Fund

Fund Overview

Summary

Schroder Absolute Return EMD and Currency Fund (Investor share symbol **SARNX** and Advisor share symbol **SARVX**) invests in emerging market debt (“EMD”) securities and in currencies of countries anywhere in the world and other investments providing exposures to those currencies.

Approach

- Absolute Return
- Active management
- Index unconstrained
- Long only, no leverage
- Fundamental research driven
- Invests in external and local debt, as well as directly in currencies
- Medium-term time horizon

Targeting absolute returns with limited volatility, the Fund aims to generate positive returns over each 12-month rolling period - regardless of market conditions.

Firm highlights

- Schroders manages \$283.9 billion in assets worldwide
- Asset management is our sole business
- Over 345 portfolio managers and analysts globally
- Dedicated to proprietary research - fundamental and quantitative
- Truly global reach: 32 offices in 25 countries

Team highlights

- Highly focused, dedicated team of EMD specialists based in London
- Head of team has 25 years investment experience
- The strategy is managed by a team of four key investment professionals with an average of 17 years investment experience
- The team manages \$8.2 billion in EMD assets globally
- Extensive experience managing EMD absolute return mandates

The Schroders “difference”

- The EMD Fund focuses on absolute returns as the primary goal
- Principles of both risk control and return maximization operate concurrently
- Portfolio construction emphasizes fundamental, quantitative, technical and sentiment analysis
- Extensive in-house research is applied across all EMD countries and debt sectors within those countries
- Tactically managed with the ability to hold up to 40% in cash

Investment objective

Schroder Absolute Return EMD and Currency Fund seeks a positive absolute return from capital growth and income.

Fund information

	Investor Shares	Advisor Shares
Ticker Symbol	SARNX	SARVX
CUSIP	808090633	808090641
Inception Date	12/15/11	12/15/11

All data and statistics as of September 30, 2011

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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Schroders

Please consider a fund's investment objectives, risks, charges and expenses carefully before investing. For a free prospectus or summary prospectus, which contains this and other information on any Schroders fund, visit www.schroderfunds.com, call your financial advisor or call (800) 730-2932. Read the summary prospectus carefully before investing.

Investment philosophy

Our investment philosophy for EMD is as follows:

Absolute Return Focus

Following in-depth country analysis, the team actively allocates to selected countries within the universe, across a range of sectors and securities in order to achieve high quality absolute returns.

Active Management

We believe that EMD is an underdeveloped, inefficient asset class in which the rewards for expert, active management are high.

Diversification

We believe opportunities for diversification are greater in EMD than in any other sector of the bond markets. Schroders' EMD strategy seeks to exploit all such opportunities, investing in as broad a range of assets as permitted.

Investment process – overview

Global conditions for EMD are discussed quarterly; a broad investment framework covering major themes in the market is then created, encompassing the following:

- Global and regional outlooks (Asia, Eastern Europe, Latin America, Middle East / Africa)
- Long-term sovereign, currency and corporate risk models (quantitative analysis)
- Long-term technical analysis
- Long-term sentiment analysis

1. **Country analysis** is carried out weekly and forms the core of the investment process. Our investment universe is comprised of over 50 countries. Major countries are reviewed at least once a year, minor ones less frequently.

Four types of analysis are applied to each country. Countries are compared consistently (a) over time; and (b) against each other.

The EMD team undertakes comprehensive country analysis, employing four separate and independent levels of analysis: Fundamental, Quantitative, Technical and Sentiment. The Fundamental analysis is the most important. The Quantitative, Technical and Sentiment analyses are used to support the fundamental views.

2. **Fundamental Analysis**

Each week the relevant country analyst prepares a report on a country which focuses on political, economic and market developments and outlook. Frequently, the report follows a country research visit. Economic and market forecasts are prepared for external and local debt and for the exchange rate. These are forecast on both a three and 12 month horizon, and are the central output of this analysis.

3. **Quantitative Analysis**

A country risk model is updated for all countries in our investment universe at the start of each quarter and whenever an individual country is reviewed. The model aims to provide an objective input into the inevitably more subjective fundamental analysis. Countries are scored on a scale from -12 to +12 reflecting the country risk based on six key factors:

- Growth Dynamics
- Hot money Indicator
- Credit Cycle
- Sovereign External Liquidity
- Banking System External Liquidity
- Competitiveness

4. **Technical Analysis**

The team makes extensive use of chart analysis: the volatile and frequently momentum-driven nature of many emerging markets makes both long- and short-term analysis of price patterns a valuable tool.

5. **Sentiment Analysis**

Sentiment Analysis attempts to discover how other market participants are positioned and/or are likely to change their positions in the future. Accurate readings can support our own assessment of risk / opportunity in markets.

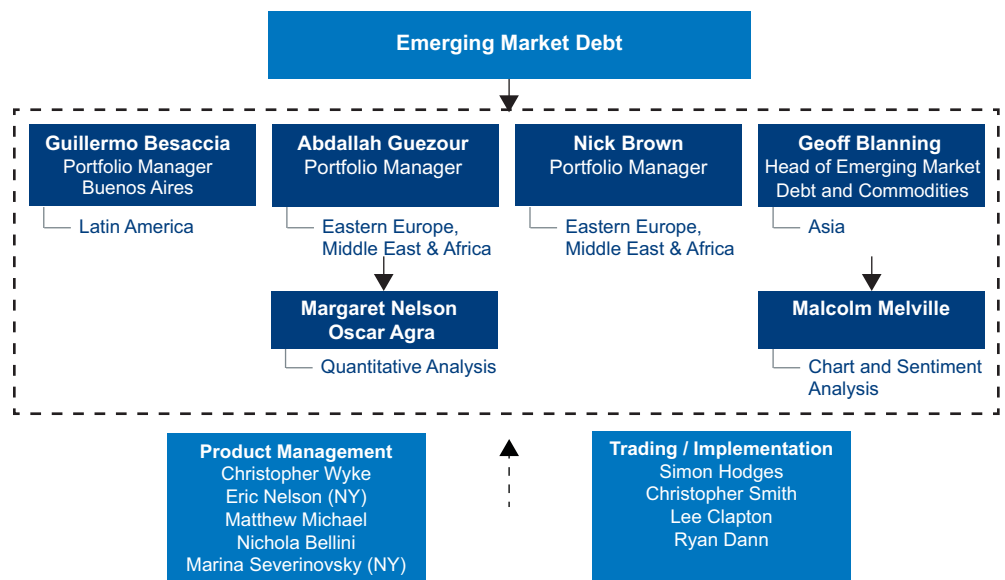
At the final stage of the analysis, the EMD team agrees to three and 12 month total return forecasts for each investable asset. Given the risks involved, a minimum expected return of 10% (in US\$) is required to initiate a position in a sovereign bond (15% for a corporate bond). Assuming such returns are forecast, investments are made subject to the team's portfolio construction discipline.

Portfolio Construction

Disciplined portfolio construction techniques, consistently applied, play a significant role in Schroders' strategy. Schroders has developed a unique approach to portfolio construction adapted specifically to EMD. Principles of both risk control and return maximization operate concurrently.

Team

Semi-autonomous team with over 17 years average investment experience



Source: Schroders as of September 2011.

Risk management

Schroders' Absolute Return EMD and Currency Fund focuses on high absolute returns as the primary goal. This ensures that the risk of loss for every security is analyzed thoroughly, using fundamental, quantitative, technical and sentiment analysis, before any purchase is considered.

- Schroders employs strict diversification rules, and maximum investment limits by region, country and individual security. Countries are tiered (Tier I, II, III) by liquidity so that country limits can be set based on the size of the country's bond and currency markets.
- Schroders avoids the common investment practice of 'averaging down'. (Sentiment shifts can often drive asset prices quickly to levels far beyond those commonly perceived as 'fair value'; in such circumstances, large 'losing' positions take up a disproportionate amount of management time)
- Technical analysis is extensively employed to optimize buy / sell decisions
- Downside volatility is protected by a disciplined use of cash when appropriate
- No limits on credit quality
- Use of a portfolio stop-loss discipline
- The limits set are "realistic" to the effect that over a market cycle many of them could be reached

Why Schrodgers for Absolute Return EMD and Currency Fund

- The absolute return mentality of the investment style, with its focus on participating in the attractive returns available in the asset class while seeking to preserve capital.
- The flexibility of our investment management style, enabling the team to compare and take advantage of the opportunities available in all emerging markets.
- A comprehensive and proven investment process which uses four types of analysis.
- A highly extensive country visit program, in which the fund managers / analysts regularly carry out in-depth visits to all relevant countries in their respective regions, which they have been covering in significant depth for many years.
- A team-based approach with highly experienced fund managers / analysts who have worked together in a variety of market environments over many years.
- An investment and risk process specifically designed to optimize risk adjusted returns from the asset class.

Fees and expenses of the fund

Fee and Expenses (%) as of December 15, 2011

Gross:	2.28 (Investor Shares)	2.53 (Advisor Shares)
Net:	1.15 (Investor Shares)	1.40 (Advisor Shares)

In order to limit the Fund's expenses, the Fund's adviser has contractually agreed through February 28, 2013 to pay or reimburse the Fund to the extent that Total Annual Fund Operating Expenses (other than Acquired Fund Fees and Expenses, other indirect acquired fund expenses, interest, taxes, and extraordinary expenses ("Excluded Costs")) for the Fund's Investor Shares exceed 1.15% of Investor Shares' average daily net assets and for the Fund's Advisor Shares exceed 1.40% of Advisor Shares' average daily net assets.

Risks

Principal Risks. It is possible to lose money on an investment in the Fund. The Fund will be affected by the investment decisions, techniques, and risk analyses of the Fund's investment team, and there is no guarantee that the Fund will achieve its investment objective. The values of investments held by the Fund may fluctuate in response to actual or perceived issuer, political, market, and economic factors influencing the financial markets generally, or relevant industries or sectors within them. Fluctuations may be more pronounced if the Fund invests substantially in one country or group of countries or in companies with smaller market capitalizations.

Other principal risks of investing in the Fund include: **Portfolio Turnover, Emerging Market Securities, Foreign Investment, Currency, Interest Rate, Credit/High-Yield, Non-Diversification, Valuation Risk, Inflation/Deflation Risk, Derivatives, Liquidity Risk and Convertible Securities.** Please see the prospectus for a more detailed description of the principal risks associated with the Fund.

Important Information

Schrodgers plc

Schrodgers is a global asset management company with \$283.9 billion under management as of September 30, 2011. Our clients are major financial institutions including banks and insurance companies, public and private pension funds, endowments and foundations, high net worth individuals, financial intermediaries and retail investors. Our aim is to apply our specialist asset management skills in serving the needs of our clients worldwide and in delivering value to our shareholders. With one of the largest networks of offices of any dedicated asset management company and over 345 portfolio managers and analysts covering the world's investment markets, we offer our clients a comprehensive range of products and services.

Further information about Schrodgers can be found at www.schroderfunds.com

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No managed account can guarantee that it will achieve its return objective.

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