

# Schroder Global Core Equity

## Strategy Fact Sheet – 3Q11

### Strategy overview

Global Core Equity is based upon combining fundamental data and well-researched behavioral insights, while also placing considerable emphasis upon portfolio construction and genuine diversification of risk. The portfolio is exceptionally well diversified and constructed with the aim of outperforming the benchmark across all major market environments. We believe our approach should represent a core investment for investors aiming to efficiently outperform global equity indices with low index relative risk.

### Key features

The key strength of our investment approach is the proven ability to produce consistent, repeatable performance while taking limited index-relative risk. The strategy seeks to generate positive excess returns in the future as a result of:

- 1. A Fundamental basis** Our stock selection starts with two key fundamentals: Value and Quality. We measure Value on both an absolute and relative basis while Quality is captured through analyzing the underlying building blocks of a company, namely profitability, stability and financial strength.
- 2. Behavioral analysis** After evaluating company fundamentals we use a 'decision tree' approach to produce a final stock ranking. We believe our approach more closely matches how many investors actually evaluate companies to arrive at investment decisions.
- 3. Efficient risk management** We carefully manage top-down risks, such as market direction, currency or sectors, which are on average inherently difficult to forecast consistently. We diversify the portfolio across over 300 stocks, while efficiently managing multiple themes and investment strategies.
- 4. Forward looking research** We believe in innovation not extrapolation. We are always looking to develop new research insights according to changing market conditions and when analyzing past relationships we seek to understand both their rationale and context.

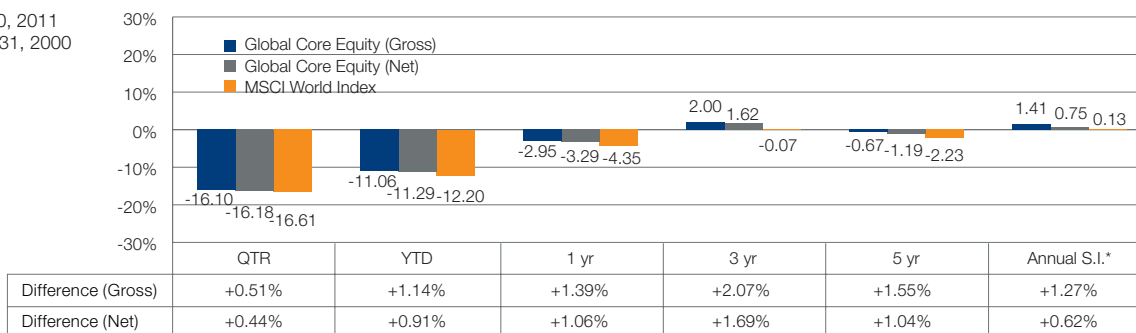
### Team highlights

- Over 11 years track record in managing global equity portfolios
- Team manages \$23.4 billion in assets\*
- Investment philosophy is based upon combining fundamental data and well-researched behavioral insights
- Considerable emphasis is placed on construction and genuine diversification of risk

\*as of June 30, 2011

### Composite performance

As of September 30, 2011  
\*Inception January 31, 2000



	YTD 2011	2010	2009	2008	2007
<b>Gross</b>	-11.06%	14.09%	32.38%	-38.63%	8.18%
<b>Net</b>	-11.29%	13.70%	31.92%	-39.07%	7.37%
<b>Benchmark</b>	-12.20%	11.76%	29.99%	-40.71%	9.04%
<b>Difference (Gross)</b>	+1.14%	+2.33%	+2.39%	+2.08%	-0.86%
<b>Difference (Net)</b>	+0.91%	+1.93%	+1.93%	+1.64%	-1.67%

Past performance is not necessarily a guide to future performance. The value of an investment can go down as well as up and is not guaranteed. Please refer to the disclosures at the end of the document for important information about the composite, including the definition of the Benchmark. Performance for periods greater than 1 year is annualized. Please see the disclosures at the end of this document for more details about the composite creation date.

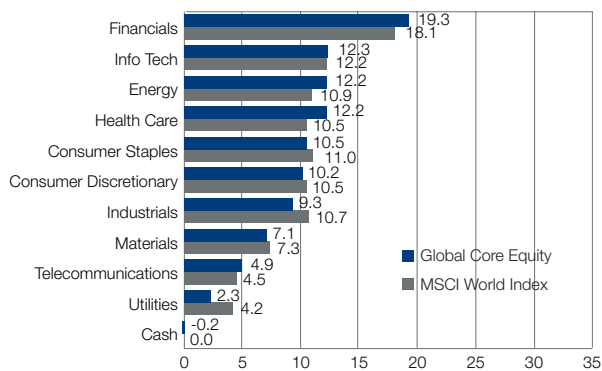
All data and statistics as of September 30, 2011

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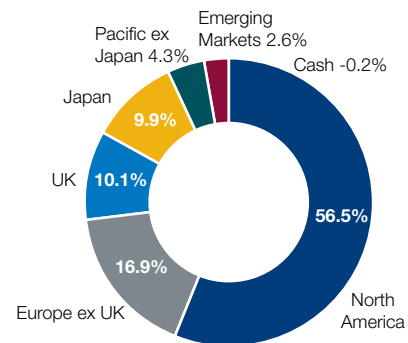
# Schroders

## Sector allocation (%)



Source: Schroders, MSCI as of September 30, 2011.

## Regional allocation (%)



Source: Schroders, MSCI as of September 30, 2011.

Sectors/Regions listed are shown for illustrative purposes and are not to be considered a recommendation to buy or sell.

## Portfolio & risk statistics

	Global Core Equity	MSCI World Index
Number of holdings	967	1,629
Weighted average market cap (\$billions)	63.8	64.1
Price to earnings ratio (trailing 12 month)	10.6	12.5
Price to earnings ratio (forward 12 month)	10.2	11.4
Price to book (trailing 12 month)	1.9	2.0
Return on equity (5 years)	20.2	17.4
Tracking error (since inception)	1.12	-
Dividend yield	3.1	2.9
Beta (3 years)	1.00	-

Source: Schroders, MSCI as of September 30, 2011. Inception date January 31, 2000

## Top ten holdings

	Country	% of Total Market Value
1. Apple Incorporated	United States	1.60
2. Exxon Mobil Corporation	United States	1.57
3. International Business Machines Corporation	United States	1.03
4. Chevron Corporation	United States	0.98
5. Microsoft Corporation	United States	0.97
6. Johnson & Johnson	United States	0.83
7. AT&T Incorporated	United States	0.81
8. Nestle SA	Switzerland	0.80
9. HSBC Holdings PLC	United Kingdom	0.67
10. Roche Holdings AG-Genuss	Switzerland	0.66
<b>Total</b>		<b>9.92</b>

Source: Schroders, as of September 30, 2011.

Securities listed are shown for illustrative purposes and are not to be considered a recommendation to buy or sell.

## Quarterly Commentary

### Market Review

Global equities recorded their worst quarterly decline since 2008 during the third quarter with the MSCI World Index declining by 16.61%. An escalation in the Eurozone debt crisis combined with fears of a double-dip recession led to a broad based retreat from risk assets. The sell-off progressively engulfed equities, commodities, Emerging Market currencies as well as high yield credit whilst the yields on US Treasuries, UK Gilts and German bunds fell to new lows.

Regionally, the US and Japan were the more defensive equity markets while Europe and Emerging Markets suffered. A sell-off in Emerging Market currencies accentuated an already dire quarter. The US Dollar rose almost 6% on a trade weighted basis during September while the Japanese Yen and Sterling also proved to be relative safe havens.

Sector and region performance during September echoed that of the quarter overall with the defensive sectors (Utilities, Telecoms, Staples and Health Care) posting the best relative performance – Utilities even managed to generate a positive absolute local currency return during September. Resources, Financials (especially Europe) and Industrial stocks were the laggards. The strong top-down nature of markets evidenced through both region and sector returns led to stocks taking a back seat: correlations were high and the only notable theme was the underperformance of small cap stocks.

### Performance and Strategy

Global Core outperformed the benchmark net of fees the third quarter. As would be expected, given the low relative risk nature of the strategy, good stock selection within sectors was the primary driver of excess returns but this was particularly pronounced within the Defensives sectors - Telecoms, Health Care and Consumer Staples - and within Consumer Discretionary. Our underweight towards Industrials was also beneficial.

The main detractors from performance were Resources, notably Materials, and the Technology sector, especially Hardware and Semiconductors.

Regionally, positive stock selection in North America and Japan continued to benefit the portfolio. Meanwhile, stock selection in the

UK detracted from performance although this was offset by positive performance from our allocation to Continental Europe.

### Outlook

The portfolio remains highly diversified reflecting a broad range of opportunities across the market. Our portfolios are structured to outperform across a broad range of market environments. Multiple investment strategies are spread across a large number of small stock positions to capture broad themes and limit stock-specific risk while top down risks are carefully managed. The strategy's investment policy includes:

- We are finding a range of valuations in Defensive areas. The largest sector overweight remains Health Care despite the recent outperformance. Elsewhere, in Consumer Staples, opportunities are more mixed: Food and Drink companies continue to look relatively expensive. Within the dividend yield-based defensive sectors, we prefer Telecoms over Utilities.
- We remain slightly overweight Resources stocks especially large cap integrated oil stocks and we continue to prefer Mining within Materials.
- We are reducing the overweight in Technology as these stocks have performed relatively well. The portfolio is underweight cyclical stocks outside Technology, although we continue to increase our exposure to some out-of-favor Retail stocks within Consumer Discretionary. The portfolio remains underweight Industrial stocks which we believe to be expensive.
- Within Financials we are overweight Insurance and increasing our exposure to Banks. At a regional level, we are increasingly underweight Pacific ex-Japan Financials and are overweight European financials. We remain more lowly weighted in property stocks compared with the index. Given the high level of volatility within global financials, we continue to believe that the Financials sector will provide plenty of return opportunities.

Global Core remains highly risk managed regionally with most of the tracking error risk taken at a stock and style level. This has enabled the strategy to deliver an index-plus return with a low level of risk producing a long-term information ratio in excess of 1.

Source: Schroders

### Important Information

#### Schroders plc

Schroders is a global asset management company with \$328.7 billion under management as of June 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 335 portfolio managers and analysts covering the world's investment markets, we offer our clients a comprehensive range of products and services.

Further information about Schroders can be found at [www.schroders.com/us](http://www.schroders.com/us).

#### Disclaimer

Portfolio data and risk characteristics based on a sample account. Details may vary from account to account.

This document does not constitute an offer to sell or any solicitation of any offer to buy securities or any other instrument described in this document. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of facts obtained from third parties. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions. Schroders has expressed its own views and opinions in this document and these may change. Past performance is not necessarily a guide to future performance. The value of investments can go down as well as up and is not guaranteed.

Sectors/securities illustrate examples of types of sectors/securities in which the strategy invested and may not be representative of the strategy's current or future investments.

Portfolio sectors/securities and allocations are subject to change at any time and should not be viewed as a recommendation to buy/sell.

The opinions stated in this document include some forecasted views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that any forecasts or opinions will be realized.

Schroder Investment Management North America Inc. is an indirect wholly owned subsidiary of Schroders plc and is a SEC registered investment adviser and registered in Canada in the capacity of Portfolio Manager with the Securities Commission in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec, and Saskatchewan providing asset management products and services to clients in Canada. This document does not purport to provide investment advice and the information contained in this newsletter is for informational purposes and not to engage in a trading activities. It does not purport to describe the business or affairs of any issuer and is not being provided for delivery to or review by any prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution.

Schroder Investment Management North America Inc. ("SIMNA Inc.") is an investment advisor registered with the U.S. SEC. It provides asset management products and services to clients in the U.S. and Canada including Schroder Capital Funds (Delaware), Schroder Series Trust and Schroder Global Series Trust, investment companies registered with the SEC (the "Schroder Funds"). Shares of the Schroder Funds are distributed by Schroder Fund Advisors LLC, a member of the FINRA. SIMNA Inc. and Schroder Fund Advisors LLC are indirect, wholly-owned subsidiaries of Schroders plc, a UK public company with shares listed on the London Stock Exchange.

## Risk

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets.

### QEP - Global Core

As of: December 31, 2010

The QEP - Global Core Composite (the "Composite") is comprised of all Schroder Investment Management (UK & US), fully discretionary accounts which seek to achieve overall returns above the MSCI World (Net Dividends Reinvested) index in sterling terms through flexible global investment management. None of the accounts in the Composite uses leverage. In Jul 2004 the name of the Composite changed from ISU-Global to the QEP-Global. In July 2008, the name of the composite changed from QEP-Global to QEP Global Core. These changes do not affect the Composite history, investment decisions or strategy used.

### Composite Construction

New accounts are included from the beginning of the first full month of management on a discretionary basis. Terminated accounts are excluded from the end of the last full month of discretionary management.

The composite currency is Pound Sterling

Composite Inception Date: 01/31/2000

Composite Creation Date: 03/11/2003

### Definition of the Firm

The Firm is defined as all accounts managed by Schroder Investment Management in the UK and US, by wholly owned subsidiaries of Schroders PLC. Prior to January 1, 2007 SIM London & SIM North America existed as two separate Firms which were compliant & verified as separate entities until December 31, 2006. The consolidation of these two Firms was made as part of a move towards creating one global Firm. Composite and Firm assets reported prior to January 1, 2007 represent those of the legacy firm which managed the product.

### GIPS Compliance and Verification

Schroder Investment Management (UK & US) claims compliance with the Global Investment Performance Standards GIPS® and has prepared and presented this report in compliance with the GIPS standards. Schroder Investment Management (UK & US) has been independently verified for the periods January 1, 1996 to December 31, 2010. The verification report(s) are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firms policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

### Calculation Methodology

The portfolio returns are time-weighted rates of return that are adjusted for cash flows. Portfolio returns are combined using beginning of period asset weights to produce the composite return. Periodic returns are geometrically linked to produce annual returns.

Dividends on equities are recognized net of irrecoverable withholding tax. Since January 1999 dividends have been recognized as of the ex-dividend date having previously been recognized on a cash basis. Performance results are presented before the deduction of management fees and custodian fees but after trading expenses.

The dispersion of annual returns is measured by the asset weighted standard deviation of portfolio returns represented within the composite for the full year provided a minimum of 5 portfolios are available.

Derivative instruments may be used for efficient portfolio management and currency management. Such instruments have not been used to leverage portfolios included in the composite.

Fee Schedule - The fee scale applied to the composite is 0.35% p.a.

The exchange rates used are provided by WM. Each currency is valued at 4 pm on the last business day of the month.

Additional information regarding policies for valuing portfolios, calculating and reporting returns and a description of all composites are available on request.

### Notes

The Composite returns presented represent past performance and are not necessarily representative of future returns which may vary.

### Composite Performance Results

Composite: QEP - Global Core

Benchmark: MSCI World (Net Dividends Reinvested)

Currency: US Dollar

Gross Returns as of: Dec-31-2010

Firm: SIM-UKNA

Year	Gross Composite Return	Net Composite Return	Benchmark Return	Composite Risk <sup>1</sup>	Benchmark Risk <sup>2</sup>	Number of Portfolios (throughout period)	Account Dispersion <sup>2</sup>	Market Value at end of Period (\$)	Average Account Value at end of Period (\$)	Percentage of Firm Assets	Total Firm Assets (\$) <sup>4</sup>
2010	14.09%	13.70%	11.76%	20.33%	20.52%	4 (3)	n/a	1,689,114,525	422,278,631	0.83%	202,946,283,267
2009	32.38%	31.92%	29.99%	23.38%	23.45%	4 (4)	n/a	1,374,408,462	343,602,115	0.85%	161,183,088,770
2008	-38.63%	-39.07%	-40.71%	23.57%	23.81%	4 (4)	n/a	891,912,569	222,978,142	0.99%	89,646,473,692
2007	8.18%	7.37%	9.04%	9.10%	9.42%	4 (4)	n/a	1,674,484,357	418,621,089	1.04%	161,124,537,714
2006	20.64%	19.74%	20.07%	7.23%	7.30%	4 (3)	n/a	1,741,971,672	435,492,918	4.90%	35,533,229,886
2005	10.08%	9.26%	9.49%	8.07%	8.20%	4 (4)	n/a	1,305,813,991	326,453,498	4.48%	29,123,758,149
2004	15.59%	14.73%	14.72%	8.15%	8.16%	4 (3)	n/a	904,729,587	226,182,397	3.25%	27,861,264,909
2003	33.66%	32.66%	33.11%	12.63%	12.31%	3 (3)	n/a	638,502,146	212,834,049	2.35%	27,165,162,499
2002	-18.92%	-19.53%	-19.89%	19.43%	19.35%	3 (2)	n/a	377,675,766	125,891,922	1.69%	22,354,464,000
2001	-15.68%	-16.31%	-16.82%	18.59%	18.18%	2 (1)	n/a	400,654,207	200,327,104	1.29%	30,975,119,000
2000	n/a	n/a	n/a	n/a	n/a	1 (n/a)	n/a	23,929,073	23,929,073	0.06%	38,355,527,000
Annualized 3 Year	-2.50%	-2.96%	-4.85%	23.84%	24.05%						47,492,361,000
Annualized 5 Year	3.88%	3.28%	2.43%	19.15%	19.38%						
Annualized 7 Year	6.35%	5.69%	5.10%	16.71%	16.91%						
Annualized 10 Year	3.47%	2.78%	2.31%	17.04%	17.12%						
Annualized S.I. <sup>3</sup>	2.60%	1.91%	1.35%	16.74%	16.87%						

1 Annualized standard deviation of gross monthly returns

2 Asset weighted standard deviation of annual gross returns of accounts that have been in the composite for the entire year

3 Since Inception

4 Since December 31, 2003 Total Firm Assets include non-fee paying accounts. 2003 Total Firm Assets value has been restated due to the inclusion of those non-fee paying accounts.

Total Firm Assets from 2007 incorporate the UK & US firm merger as detailed in the Definition of the Firm  
N/A - Information is not statistically meaningful due to an insufficient number of portfolios for the entire year