

Schroder Asia Pacific Fund

Overview

The Schroder Asia Pacific Fund invests in a broad range of quality stocks drawn from Asia Pacific ex Japan. Established in 1995 the Fund provides investors with broad exposure to a dynamic mix of opportunities from 10 countries. The Fund is managed by Schroders' large and experienced Asia Pacific investment team comprising of 39 portfolio managers and analysts* based across 6 countries* in the region with emphasis on bottom-up research with a top-down macro-economic and risk control overlay.

Key features

- Strong regional investment presence – recognising that diverse cultural and language barriers of the countries in the region require a strong local presence to enable successful investing.
- Highly experienced professional investment team – 39 investment professionals with an average of over 16 years industry experience.*
- Investing in quality businesses with robust business models, good corporate governance and strong management teams to drive shareholder returns.

* As at 31 Dec 2014

Portfolio summary

Investment objective	To outperform the MSCI AC Asia ex-Japan Index by 2–3% after fees per annum over the longer term
Style	Growth bias
No. securities[^]	50–70
Expected tracking error	3–8% p.a.
Minimum stock capitalisation	US\$500m
Currency	Typically unhedged

[^] Investment guidelines are internal only subject to change without notice.

Investment process



Schroders believes that equity markets are not fully efficient and that these inefficiencies are particularly exploitable in the Asian region because of:

- Insufficient research coverage of Asian companies.
- Inconsistencies in accounting standards and regulation.
- Insufficient understanding of market fundamentals.
- Capital flow restrictions.

Our investment teams exploit market inefficiencies through applying of extensive, rigorous and proprietary research aimed at identifying mispriced opportunities. The investment process is summarised as follows:

Screen stock universe

Stock selection begins with the application of quantitative and qualitative screens to the entire stock universe to filter out stocks that are clearly inadmissible to the portfolio by virtue of liquidity, size constraints, weak business models or lack of corporate transparency.



Investment process (cont.)

Shareholder return classification

Bottom up stock research involves the classification of our universe of investable stocks into one of four categories, which attempt to define the growth prospects of the company.

Valuation and stock grading

After determining a fair value for each stock, analysts grade their stocks from 1 to 4 in their sector of coverage with a '1' grade reflecting a strong belief that the stock will outperform and a '4' grade a strong conviction that the stock will underperform.

Stock selection

A specialist portfolio management team selects the best stock candidates to outperform investment benchmarks primarily relying on internal research inputs and stock gradings from analysts.

Sector and country overlay

A risk control overlay in the final stage of portfolio construction considers top down macroeconomic, industry and political risk factors that may not have been explicitly taken into account during bottom-up analysis.

Model portfolio

Risk is monitored and actively managed with the use of Schroders' proprietary risk analysis and reporting tool – Portfolio Risk and Investment Strategy Manager.

What are the risks?

The main risks specific with investing in this Fund are market risk, equities risk, risks associated with investing in small and less developed markets and risks with international investing such as movements in exchange rates or imposition of exchange controls which might inhibit expatriation of capital. Schroders actively reassesses and manages risk at every stage of the investment process. As with any equity based strategy, the Fund may from time to time deliver negative returns in the short to medium term. For further details about the risks of investing in this Fund please refer to the Product Disclosure Statement.

Fund features

Inception date	April 1995
Valuation	Normally every business day
Management costs (ICR)	1.37% p.a.
Buy/sell spread	0.35% on application; 0.35% on redemption
Entry/exit fees	Nil
Distributions	Usually the last business day of June and December
mFund code	SCH42

Contact details

Please call Client Services on **1300 136 471**
or email us at **info.au@schroders.com**
Or visit us at **www.schroders.com.au**

Investment in the Schroder Asia Pacific Fund may be made on an application form in the current Product Disclosure Statement (PDS) which is available from Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFS Licence 226274) website www.schroders.com.au. The information contained in this flyer is general information only. It does not contain and should not be taken as containing any financial product advice or financial product recommendations. Before acting on the information contained in this flyer you should obtain a copy of the PDS and consider the appropriateness of the information in regard to your objective, financial situation and needs before making any decision about whether to invest, or continue to hold. The repayment of capital and performance of the Fund is not guaranteed by Schroders or any company in the Schroders Group. Opinions constitute our judgement at the time of issue and are subject to change. Past performance is not an indicator of future performance. Investment guidelines represented are internal only and are subject to change without notice.. For security reasons telephone calls may be recorded.

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