

Schroder Global Value Fund & Schroder Global Value Fund (Hedged)

Overview

Global Value is an index unconstrained global equity strategy that aims to generate long-term returns before fees in excess of traditional capitalisation weighted global equity indices by investing in a diversified portfolio of equity and equity related securities of companies

worldwide excluding Australia using a Value-based investment strategy.

Returns provide diversification benefits to typical global equity benchmarks or other global equity managers and as a result the strategy is suitable as a primary investment

or complementary blend for existing Core, Growth or Value global equity funds which follow a benchmark constrained and/or concentrated investment approach. Global Value is available in both unhedged and hedged options.

Schroder Global Value Fund

Unhedged option where underlying foreign currency exposure is typically unhedged against the Australian dollar so movements in the Australian dollar will impact Fund returns.

Schroder Global Value Fund (Hedged)

Hedged option where the impact of movements of the Australian dollar on fund returns are minimised by hedging the foreign currency exposure back to Australian dollars.

Key features

Value style

The portfolio comprises attractively priced companies with strong fundamentals designed to outperform in the long run.

Embracing breadth

Exploiting opportunities from more than 10,000 stocks globally.

Non market cap stock weights

Stock weights are determined by fundamentals and not by a stock's size in an index.

Bottom up index unconstrained strategy

Our bottom-up, index-unaware process does not impose inefficient index-based sector/region constraints, enabling us to look beyond the index and invest wherever we find the best opportunities.

Focus on risk management and portfolio construction

A highly diversified portfolio minimises stock specific risk whilst retaining a high degree of conviction.

What makes us different?

Our unconstrained approach and broad opportunity set of over 10,000 stocks allows us to find attractive investment opportunities across most market cycles. If we do not see Value in a country or sector we won't invest there.

The Fund is quite different to the majority of global equity approaches:

- No minimum benchmark constraints forcing us to hold industries, countries or stocks we do not like. We only select attractively priced companies with better fundamentals.
- Unconstrained but highly diversified portfolio with a large number of holdings to minimise stock specific risk.
- We invest wherever we find Value - including emerging markets, mid or small cap stocks.
- Typically the strategy has a higher exposure to mid cap stocks than most other global equity managers.

Portfolio summary

Performance objective

Long run excess returns before fees in excess of global equity indices

Tracking error (ex-post)

Not targeted but typically within a range of 4-5% p.a.

Style

Value, all capitalisation, unconstrained

No. securities

Typically > 500

Currency exposure

Hedged or unhedged options

Investment process

Our investment process can be summarised in three stages:

Stage 1: Global Value Rank

We begin by ranking a global universe of over 15,000 companies from across more than 40 countries (including both developed and emerging) in terms of their Value. This involves assessing companies on a range of valuation metrics based on dividends, earnings, cash flow, assets and sales to construct the Global Value Rank. Our investment universe is the cheapest third of the Global Value Rank.

Stage 2: Stock Selection

In deciding how much of each stock to

own, a focus on business Quality (as measured by Profitability, Stability and Financial Strength) helps us to maximise our exposure to those stocks which are both attractively valued and good quality and to avoid 'value traps'. Other considerations in scaling position sizes include measures of risk, liquidity and volatility. In order to ensure proper diversification, we apply a maximum position size limit to individual stocks and construct a highly diversified portfolio.

Stage 3: Portfolio Construction

Portfolio construction is bottom-up, driven by stock selection. Portfolio managers assess the portfolio every day and

re-balance according to the opportunities available. Our portfolio managers are responsible for controlling the overall risk budget of our funds, ensuring an efficient trade-off between potential risks and rewards. Exceptional diversification is one of our most important tools, maximising exposure to return opportunities across sectors, countries and market capitalisation while minimising stock-specific risk. Portfolio managers ensure that the portfolio is sufficiently diversified, typically invested across in excess of 500 stocks. Portfolio managers implement every trade decision and as experienced investors, provide an important overlay in terms of awareness of future opportunities and risks in global markets.

What are the risks?

It is important to understand the risks associated with investing in the Fund. The main risk associated with investing in both the hedged and unhedged Funds is equities risk. The unhedged Schroder Global Value Fund also involves currency risk. Please refer to the PDS for a full description of the risks associated with these Funds.

As with any equity based strategy, negative returns may occur especially over the short-to-medium term. In addition, performance may be very different to a capitalisation weighted global benchmark as the investment strategy does not attempt to track a benchmark.

Who should invest?

This Fund is likely to be appropriate for a consumer seeking capital growth for a small or core component of their portfolio, with a high or very high risk and return profile.

This Fund is unlikely to be suitable for a consumer seeking capital preservation or with a short investment timeframe.

Fund features

	Schroder Global Value Fund (Hedged)	Schroder Global Value Fund
Currency exposure	Hedged	Unhedged
Inception date	1 September 2005	26 July 2005
Pricing	Daily	Daily
Minimum investments	\$20,000	\$20,000
Management fees and costs*	0.75% p.a.	0.75% p.a.
Buy/sell spread	Estimated to be 0.23% of the application amount on application and 0.18% of the withdrawal amount on withdrawal.	Estimated to be 0.20% of the application amount on application and 0.15% of the withdrawal amount on withdrawal.
Entry/exit fees	Nil	Nil
Distributions	Normally last business day of June and December	Normally last business day of June and December
APIR code	SCH0032AU	SCH0030AU

* Additional fees and costs may apply. Please refer to the product disclosure statement for further information.

Please call Client Services on 1300 136 471

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Or visit us at www.schroders.com.au

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