

Schroder Asian Growth Fund

Monthly Fund Update

Fund Performance

In SGD Terms	1 month (%)	3 months (%)	6 months (%)	Year-To-Date (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	Since Inception (% p.a.)^
Fund	-4.00	-1.63	-11.62	-12.25	-10.15	2.80	24.67	8.67
Benchmark*	-5.27	-4.52	-16.86	-15.55	-13.85	-1.14	17.02	5.35

Source: Schroders, Morningstar, as at 30th November 2011. Please note that past performance is not indicative of future returns. Performance above reflects that of the Fund's SGD Share Class, on a bid-to-bid basis.

^ Since inception returns are measured from 31st May 1991; fund was incepted on 8th May 1991.

* MSCI AC Far East ex Japan Index.

Market Commentary

In November, a wave of negative macro news and risk aversion drove global equity markets lower as further signs of a slowdown in China, continued worries over the European debt crisis and the US super committee failing to agree on a plan to reduce deficit all weighed on market sentiment. Asian equity markets gave up most of October's gains and underperformed developed markets.

Over the month, the MSCI AC Far East ex Japan Index (-5.27% in SGD terms) underperformed the MSCI World Index (-0.08% in SGD terms).

Across the region, Thailand (-0.88%), Malaysia (-2.23%) and Indonesia (-3.42%) held up the best over the month (in SGD terms). The Thai market benefitted from the stronger performance in its Consumer Staples and Telecoms sectors, while the Energy, Consumer Discretionary and Telecoms sectors in Malaysia boosted its broad market performance. Indonesian equity market performance was lifted by gains across its Utilities, Consumer Discretionary and Consumer Staples sectors.

On the other hand, Taiwan (-7.32%) and China (-6.24%) were the weakest markets across the region (in SGD terms). In Taiwan, the market was weighed down by its Financial, Materials and Industrial sectors while in China, overall market performance was dragged down by weakness across sectors including Financials, Information Technology, Healthcare, Materials and Industrials.

Across sectors, defensives like Utilities and Telecoms were relatively the strongest performing, while Financials, Materials and Industrials were the weakest over the month.

Performance Commentary

The Fund outperformed its benchmark over the month of November 2011, primarily attributable to positive stock selection in **Hong Kong**, **Korea** and **Taiwan**, although stock picks in **Singapore** offset relative outperformance slightly.

In Hong Kong, overweights in defensive names such as *Jardine Strategic*, *Television Broadcasts* and *First Pacific* benefitted performance, while holdings in *Swire Pacific* added to relative value as the stock bounced from oversold levels and outperformed the falling market. In Korea, the overweight in *Samsung Electronics* contributed positively on the back of booming smartphone sales, as new product launches helped the company gain market share. Another key contributor was the nil exposure to Taiwanese counter *HTC Corp* as the stock underperformed following the loss of the patent case to Apple Inc in the US and on the back of intensified competition. Conversely, outperformance was mitigated slightly by the overweight in *China High Precision Automation*, as the stock was suspended from trading. Holdings in Singapore counter *Noble Group*, detracted as well, on the back of the company's dreadful results and CEO resignation.

The market outlook and portfolio strategy

We continue to think that the structural problems in Europe are unsolved and the outlook for growth in Western economies is very weak in coming quarters, with recession a real risk in many countries. However, we remain

comfortable with the macro fundamentals in most countries in Asia and at current levels we continue to see attractive value in many, but given the unfinished business in Europe and the US, we should be prepared for continued volatility in markets. Very difficult political compromises need to be made, which by their nature cannot be rushed, and hence this process of push and pull between markets and politicians could extend for some time.

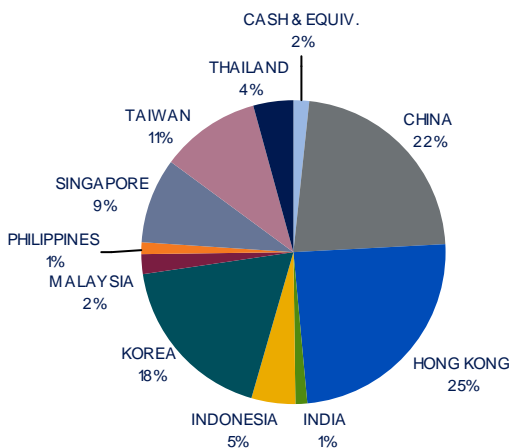
We have been fairly cautious about the medium term outlook for global growth for some time and the portfolio remains underweight in those industries most closely geared into the Western economic cycle - i.e. energy, materials, shipping. We have also had a more cautious view on much of the Chinese banking sector - where the portfolio is also underweight - in particular the second tier names that are most vulnerable to the current policy tightening and any deterioration in credit quality.

More generally, the portfolio is underweight direct 'China' exposure with a preference for more domestic Hong Kong blue-chips as we continue to see an accommodative policy stance in Hong Kong - given the low HK\$/US\$ interest rate picture - and a favourable supply picture for both commercial and residential property, which should put something of a floor under capital values in the city. Although we may start to see some selective easing of credit and administrative controls in China, now that GDP growth is clearly slowing and the headline CPI has peaked, we expect this to be gradual and the pressure to remain on the more politically sensitive property market.

We continue to use the on-going volatility to add to our highest conviction ideas and also to buy into new names which we think may be unfairly punished in a sell-off, particularly those with a strong domestic focus to their operations where we can see robust growth drivers that can overcome the inevitable headwinds from slower Western growth.

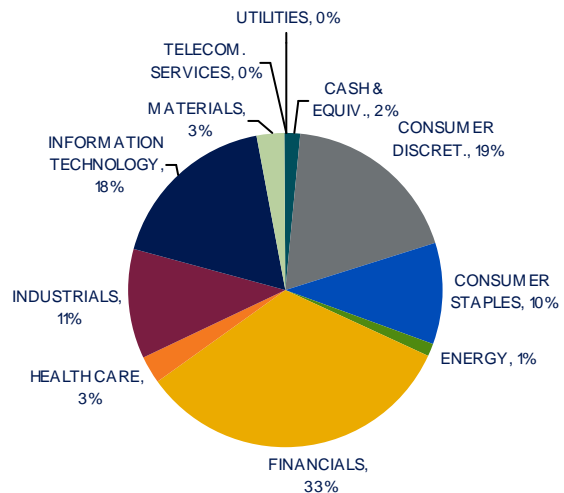
Asset Allocation

Country Breakdown of Fund*



*As at 30th November 2011

Sector Breakdown of Fund*



*As at 30th November 2011

This report includes some views on the specific underlying securities of the fund, but the views are not necessarily indicative of the future or likely performance of the underlying securities of the fund.

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