

Schroders

Monthly Fund Update

Schroder Multi-Asset Revolution

Market Summary and Portfolio Performance:

	1 month	3 months	6 months	1 Year	2 Years (annualised)	3 Years (annualised)	Since Inception (annualised)^
Fund Performance	0.45%	-1.83%	-0.35%	9.98%	-0.57%	-2.85%	1.90%
Reference Benchmark*	-1.64%	-7.71%	-6.73%	3.83%	-4.05%	-6.49%	-2.30%

Source: Schroders, as at 30 June 2010. Please note that past performance is not indicative of future returns. Performance of the fund is provided for Class A Acc shares, net dividends reinvested, bid-to-bid in SGD.

^ Since Inception: 7 July 2006. Fund was restructured using a Multi-Asset approach in July 2006 and was originally incepted in May 1998.

* 60% MSCI World NR + 40% Citi WGBI. Please note that the static benchmark is provided as a reference only. The Fund is managed with a dynamic approach to asset allocation and is not managed against a benchmark.

Global equities continued to slide in June as worries over the Euro-debt crisis and growing concerns of a double-dip recession led investors out of riskier assets. Signs of slowing growth across the world's key economies and a less bullish statement from the Fed on its assessment of the economic recovery saw the global equity markets selling off towards the end of June. Against this backdrop, the MSCI World fell 3% in USD terms over the month while the Asian markets managed to emerge stronger than global equities, with the MSCI AC Asia ex Japan eking out a gain of 1.7% in USD terms.

High levels of risk aversion saw a rally amongst the safe assets, with government bonds rising across the board. Gold continued to edge higher and rose 2% to US\$1242.25 as investors sought the metal for protection against economic uncertainty. On currencies, the dollar ended the month almost flat against the SGD from May's closing while the Euro fell slightly lower at S\$1.71. Meanwhile, the sterling rose 3% to S\$2.09 as UK released a belt-tightening budget, which could help secure the UK's AAA credit rating.

Despite the volatile month, the portfolio gained 0.45% with performance driven mostly by the holdings in sovereigns on the back of reduced risk appetite. Portfolio's diversification into gold also added significant value as the precious metal surged to new highs during the month. While the holdings in Asian equities delivered positive returns and contributed to portfolio performance, global equities and Japanese equities fell and detracted from portfolio's value. The Fund remains conservatively positioned in equities until further evidence develops to suggest the recovery is on a sustainable trajectory.



Portfolio Positioning

Markets appear to be approaching an important cross road. Economic data and equity earnings have remained supportive to date, but concern is growing that as the many government stimulus packages roll off, growth will again falter. The debt crisis in Europe highlights the difficulty governments may face in trying to allay concerns by simply declaring another stimulus package. The markets require more meaningful, long-term solutions. Given the high degree of uncertainty around earnings growth for equities, we are still cautious and underweight equities as our outlook remains for growth to disappoint in 2010.

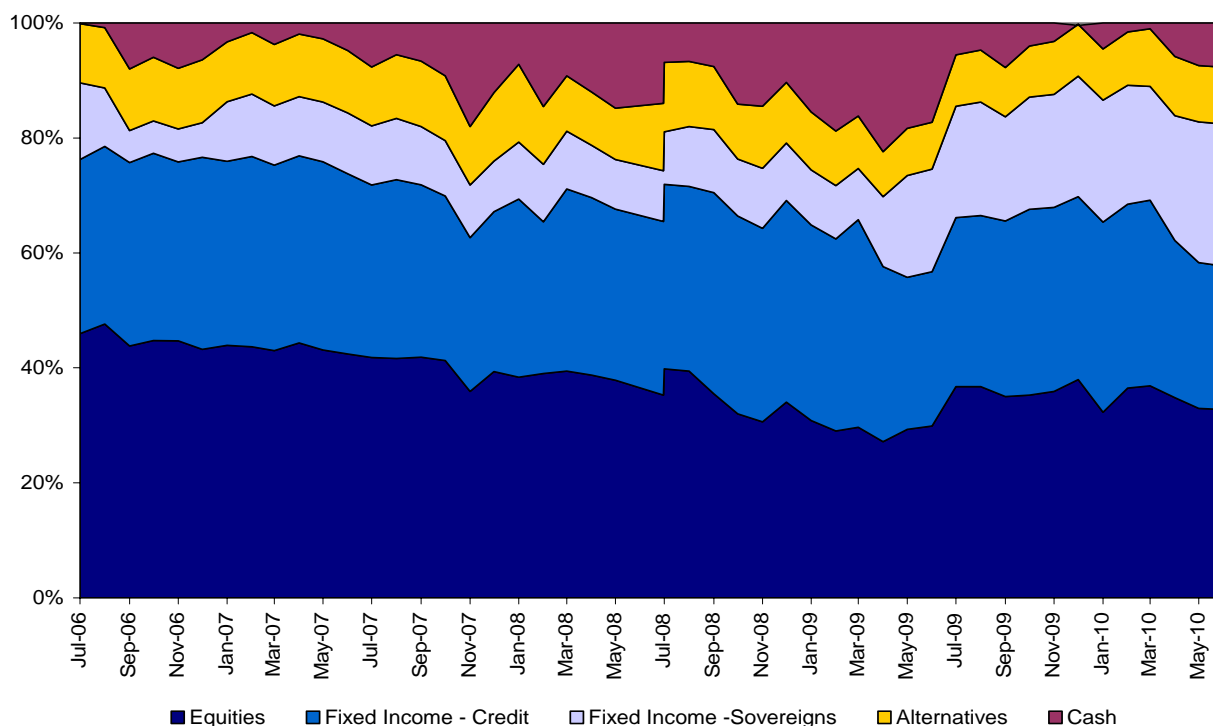
We still favour allocating risk to credit markets. With corporates having aggressively managed costs early in the crisis, balanced sheets are in good health and defaults are falling. Credit spreads have narrowed considerably but still reward investors for risk, particularly when compared to low cash rates.

Deflationary forces remain strong in the market, evidenced by the strong performance of government bonds. We remain concerned of the level of government bond issuance going forward and have subsequently allocated cautiously to this sector.

The forces of private sector de-leveraging and public sector reflation remain in opposition to each other, generating volatile price action in markets. In this environment, we are careful to diversify the risk across a number of return sources to reduce the impact of potentially adverse market reactions to the removal of the favorable liquidity environment that has been in place over 2009.

The fund continues to rank well in the peer surveys, top quartile over 1 Yr, 2 Yrs, 3 Yrs and since it was restructured in '06. The strong rally in equities since March 09 has seen the fund lag competitors. We would expect this as our more diversified approach to spending risk will not keep pace in a strong bull market. But as the longer track record demonstrates, the process is superior over a market cycle.

Monthly asset allocation since inception:



Source: Schroders, as at 30 June 2010

July 2010

Important Information:

This document is prepared by Schroder Investment Management (Singapore) Ltd and the opinions expressed are subject to change without notice. This document is published for information and general circulation only and does not have any regard to the specific investment objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from a financial adviser before purchasing units of the Fund. In the event that the investor chooses not to do so, he should consider whether the Fund is suitable for him. Past performance of the Fund or the manager, and any economic and market trends or forecast, are not necessarily indicative of the future or likely performance of the Fund or the manager. The value of units in the Fund, and any income accruing to the units from the Fund, may fall as well as rise. Investors should read the prospectus, available from Schroders or its distributors, before deciding to subscribe for or purchase units in the Fund.

The CPF interest rate for the Ordinary Account (OA) is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate.

The interest rate for the CPF Special, Medisave and Retirement Accounts (SMRA) will be pegged to the 12-month average yield of 10-year Singapore government securities plus 1%. For 2010, the minimum interest rate for the SMRA is 4.0% per annum. After 31 December 2010, the 2.5% per annum minimum interest rate, as prescribed by the CPF Act, will apply to the SMRA.

In addition, the CPF Board pays an extra interest rate of 1% per annum on the first \$60,000 of a CPF member's combined balances, including up to \$20,000 in the OA. The first \$20,000 in the Ordinary Account and the first \$30,000 in the Special Account are not allowed to be invested under the CPF Investment Scheme

(CPFIS). With effect from 31 July 2010, the first \$40,000 in the Special Account will not be allowed to be invested under the CPFIS

Investors should note that the applicable interest rate for each of the CPF accounts may be varied by the CPF Board from time to time.

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