

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	1.60%	-1.04%	2.70%	7.33%	0.26%	-2.37%	2.26%
Reference Benchmark*	3.54%	-2.38%	-1.01%	2.00%	-2.03%	-5.10%	-1.41%

Source: Schroders, as at 30 July 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.

July saw the markets again recover following a vicious sell-off at the end of June amid better-than-expected US 2Q corporate earnings and relief over the results of the European stress tests. European risk assets rallied sharply against this backdrop, with other risk assets rallying in tandem. Over the month of July, the MSCI World gained 8% while the MSCI AC Asia ex Japan rose 6% in USD terms.

Credit spreads tightened over the month on improved risk appetite with the global high yield sector delivering one of its best months' returns since September. Performance in the global sovereign markets was also positive, with investors still remaining concerned over a possible double-dip recession as the Fed Reserve Chairman Ben Bernanke commented on the US economic outlook as "unusually uncertain". Gold, on the contrary, dived 6% on profit-taking and closed the month at US\$1181.00.

On currencies, the dollar weakened against the SGD and closed the month at S\$1.36 while the EUR strengthened over 3% to S\$1.77 on easing concerns about the European sovereign debt crisis.

The Fund rose 1.6% on the back of improved risk appetite which saw almost all underlying asset classes delivering positive returns and contributing to performance. July saw global equities outperforming Asian equities, led by the sharp rally in European risk assets. Against this backdrop, portfolios with higher weightings in Asia (including the Fund) underperformed. Through the month of July, we increased our exposure to global equities (2% in global equities and 1% in global property) which added value to portfolio returns. The overall performance was however detracted by the losses from Gold although the negative impact was reduced as we trimmed our position in Gold during mid of the month.



Portfolio Positioning

The rally in July provided a welcome respite for risk assets but the ongoing concerns remains. Given the massive stimulus packages and extremely stimulating monetary policy, the strength of the recovery in developed markets remains surprisingly weak. This is evident particularly in the lack of consumptions and investments. As some of this stimulus rolls off, concerns on the sustainability of the recovery are resurfacing. 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, balance 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.

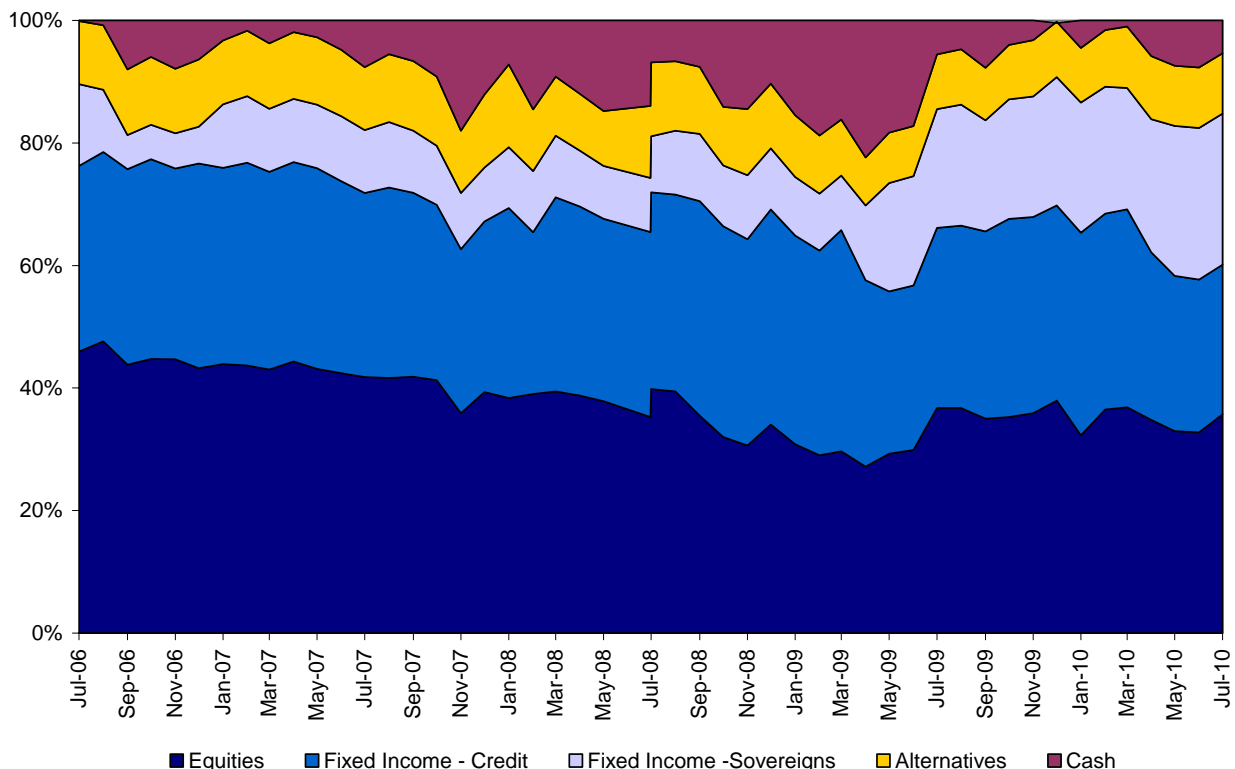
Deflationary concerns remain strong in the market, evidenced by the strong performance of government bonds. **We are wary of the level of government bond issuance going forward and have subsequently allocated cautiously to this sector.**

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.

Competitive Landscape:

The Fund lagged its peers over the month due mainly to lower allocation to equities (as most peers are traditional balanced funds with 50% to 60% in equities), and higher weightings in Asia than in Global equities. We would expect this as our more diversified approach to spending risk will not keep pace in a strong bull market. 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. As the longer track record demonstrates, the process is superior over a market cycle.

Monthly asset allocation since inception:



August 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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