

# Schroder BRIC Fund

## Annual Report & Financial Statements

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December 2010



**Schroders**

## **SCHRODER BRIC FUND**

### **(a sub-fund of Schroder International Opportunities Portfolio)**

Constituted under a Trust Deed in the Republic of Singapore on  
3 January 2006

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#### **COMMENTARY**

The Schroder BRIC Fund returned -3.1% for the one year up to 31 Dec 2010, compared to its benchmark (MSCI BRIC) which returned 0% over the same period\*.

The key reason for investing in the BRIC markets (Brazil, Russia, India and China) is their excellent long-term growth potential. These economies are generally growing more rapidly than those in the developed world while their financial position has improved considerably in recent years. Their advantages include a large share of the world's natural resources such as oil, coal, gas and iron ore as well as agricultural goods such as wheat. This puts them in a strong position to supply the developed world, where many of these resources are becoming increasingly scarce, as well as the strongly growing emerging economies.

The BRIC markets also have large reserves of labour, while wage levels are relatively low, giving these economies a significant competitive advantage. Furthermore, the size of the middle class in these countries is growing rapidly, fuelling strong consumer spending growth. Our highly detailed 'on the ground' research in these countries and the depth of our investment resources enables us to access the best investment opportunities in these markets.

\*Source: Morningstar, S\$, bid to bid, net dividends reinvested.

December 2010

## **SCHRODER BRIC FUND**

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### **REPORT OF THE TRUSTEE**

The Trustee is under a duty to take into custody and hold the assets of Schroder BRIC Fund in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Schroder BRIC Fund during the year covered by these financial statements, set out on pages 6 to 22, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee  
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

## **SCHRODER BRIC FUND**

**(a sub-fund of Schroder International Opportunities Portfolio)**

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### **STATEMENT BY THE MANAGER**

In the opinion of the directors of Schroder Investment Management (Singapore) Ltd, the accompanying financial statements set out on pages 6 to 22, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of Schroder BRIC Fund at 31 December 2010 and the total deficit for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that Schroder BRIC Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of  
SCHRODER INVESTMENT MANAGEMENT (SINGAPORE) LTD

# **SCHRODER BRIC FUND**

## **(a sub-fund of Schroder International Opportunities Portfolio)**

Constituted under a Trust Deed in the Republic of Singapore on  
3 January 2006

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### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of Schroder BRIC Fund (the "Fund") set out on pages 6 to 22, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2010, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Manager's Responsibility for the Financial Statements*

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

**SCHRODER BRIC FUND**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2010 and the total deficit for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP  
Public Accountants and  
Certified Public Accountants

Singapore, 25 March 2011

## STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2010

	Notes	2010 \$	2009 \$
<b>Income</b>			
Interest on deposits with banks	10	6	106
<b>Less : Expenses</b>			
Registration fees		9,975	10,243
Trustee fees	10	128,455	156,619
Valuation fees	10	61,728	76,007
Audit fees		10,920	10,782
Others		58,880	67,909
		<b>269,958</b>	321,560
<b>Net loss</b>		<b>(269,952)</b>	(321,454)
Net realised loss on investments		<b>(518,320)</b>	(2,832,242)
Net change in fair value of investments		<b>(12,307,389)</b>	167,119,067
Net realised loss on financial derivatives		<b>(28,625)</b>	(39,838)
Net change in fair value of financial derivatives	5	<b>3,665</b>	-
Net foreign exchange (loss)/gain		<b>(68,304)</b>	1,864
<b>Net (loss)/gain on investments</b>		<b>(12,918,973)</b>	164,248,851
<b>Total (deficit)/return for the year</b>		<b>(13,188,925)</b>	163,927,397

# BALANCE SHEET

As at 31 December 2010

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	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
Portfolio of investments		<b>351,548,225</b>	395,426,144
Bank balances	10	<b>3,986,196</b>	5,441,998
Sales awaiting settlement		<b>1,188,763</b>	-
Other receivables	4	<b>237,890</b>	2,612,131
Financial derivatives	5	<b>3,665</b>	-
<b>Total assets</b>		<b>356,964,739</b>	403,480,273
<b>LIABILITIES</b>			
Purchases awaiting settlement		-	1,488,973
Other payables	6	<b>1,622,133</b>	763,500
Net assets attributable to unitholders	7	<b>355,342,606</b>	401,227,800
<b>Total liabilities</b>		<b>356,964,739</b>	403,480,273

## PORTFOLIO STATEMENT

As at 31 December 2010

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### Primary - by Geography

	Holdings at 31 Dec 2010	Fair value at 31 Dec 2010 \$	Percentage of total net assets attributable to unitholders at 31 Dec 2010 %
<b>Quoted</b>			
<b>COLLECTIVE INVESTMENT SCHEME</b>			
<b>Luxembourg</b> (country of domicile) Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) Class A Shares (Accumulation units)	<b>1,291,215</b>	<b>351,548,225</b>	<b>98.93</b>
<b>Portfolio of investments</b>		<b>351,548,225</b>	<b>98.93</b>
<b>Other net assets</b>		<b>3,794,381</b>	<b>1.07</b>
<b>Net assets attributable to unitholders</b>		<b>355,342,606</b>	<b>100.00</b>

# PORTFOLIO STATEMENT

As at 31 December 2010

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## Primary - by Geography (continued)

### Summary

<b>Percentage of total net assets attributable to unitholders at 31 Dec 2010 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 Dec 2009 %</b>
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### Quoted

Luxembourg	<b>98.93</b>	98.55
<b>Portfolio of investments</b>	<b>98.93</b>	98.55
<b>Other net assets</b>	<b>1.07</b>	1.45
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

As the Fund invests wholly into an underlying collective investment scheme, it is not meaningful to show any secondary segmentation analysis.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. General

Schroder BRIC Fund (the “Fund”) is a sub-fund of Schroder International Opportunities Portfolio, a Singapore umbrella fund constituted by a Deed of Trust dated 3 January 2006 (and as amended, restated and supplemented from time to time) (thereafter referred to as “Trust Deed”). The Trust Deed is governed in accordance with the laws of the Republic of Singapore. The Manager of the Fund is Schroder Investment Management (Singapore) Ltd and the Trustee is HSBC Institutional Trust Services (Singapore) Limited.

The Fund, which was launched on 9 January 2006, invests substantially into the Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) (the “underlying fund”), whose investment objective is to provide capital growth primarily through investment in equity securities of Brazilian, Russian, Indian and Chinese companies and companies that have a significant exposure to these 4 countries. The benchmark of the underlying fund is MSCI BRIC.

### 2. Significant accounting policies

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are prepared in Singapore dollars, which is the functional currency of the Fund.

#### (b) Recognition of income

Interest income on deposits is recognised on a time proportion basis using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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### 2. Significant accounting policies (continued)

#### (c) Investments

Investments are classified as financial assets held at fair value through profit or loss. Purchase of investments are recognised on trade date. Investments are recorded at fair value on initial recognition, and subsequently carried at fair value. Fair value is based on the quoted net asset value of the underlying fund as at that date. Net changes in fair value of investments are included in the Statement of Total Return in the year in which they arise.

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sales of investments are taken up in the Statement of Total Return.

#### (d) Foreign currency translation

Foreign currency transactions during the year are translated into Singapore dollars at the rates of exchange ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of foreign currency monetary assets and liabilities, are taken to the Statement of Total Return.

#### (e) Derivative financial instruments

Derivatives are recognised at fair value on the date in which a derivative contract is entered into and are subsequently re-measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. A derivative is carried as an asset when its fair value is positive, and as a liability when its fair value is negative. Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statement of Total Return.

Realised and unrealised gains and losses from changes in fair values of financial derivatives held for protection or enhancement of investments are taken to the Statement of Total Return as gains or losses on investments. Such gains or losses on financial derivatives held for generating or protecting income are taken to the Statement of Total Return as income gains or losses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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### 3. Income tax

The Fund is a Designated Unit Trust and is approved under the Central Provident Fund Investment Scheme and, therefore, the following income is exempted from tax in accordance with section 35(12) and (12A) of the Income Tax Act (Cap 134):

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or options contracts and transactions in forwards, swaps or options contracts relating to any securities or financial index; and
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

### 4. Other receivables

	<b>2010</b>	2009
	<b>\$</b>	\$
Amount receivable for creation of units	<b>214,342</b>	2,612,131
Refund of GST	<b>23,548</b>	-
	<b>237,890</b>	2,612,131

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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### 5. Financial derivatives

Financial derivative contracts comprise spot foreign exchange contracts. The contracted or underlying principal amounts of these financial derivatives and their corresponding gross fair values at the balance sheet date are analysed below.

	Notional amount \$	Fair value assets \$
<u>2010</u>		
Contracts:		
Spot foreign exchange	<b>1,192,429</b>	3,665

The maturity date of the spot foreign exchange contract outstanding at 31 December 2010 is 4 January 2011.

There were no outstanding financial derivatives as at 31 December 2009.

### 6. Other payables

	2010 \$	2009 \$
Amount payable for cancellation of units	<b>1,592,172</b>	724,269
Accrued trustee fees	<b>10,421</b>	16,948
Accrued valuation fees	<b>4,998</b>	8,283
Other accrued expenses	<b>14,497</b>	13,993
Due to Manager	<b>45</b>	7
	<b>1,622,133</b>	763,500

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 7. Net assets attributable to unitholders

	2010 \$	2009 \$
<b>At the beginning of the financial year</b>	<b>401,227,800</b>	206,035,762
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>(13,188,925)</b>	163,927,397
<b>Unitholders' contributions/ (withdrawals)</b>		
Creation of units	<b>80,587,289</b>	97,437,278
Cancellation of units	<b>(113,283,558)</b>	(66,172,637)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>(32,696,269)</b>	31,264,641
Total (decrease)/increase in net assets attributable to unitholders	<b>(45,885,194)</b>	195,192,038
<b>At the end of the financial year</b>	<b>355,342,606</b>	401,227,800
<b>Units in issue (note 8)</b>	<b>272,693,726</b>	298,355,892
	\$	\$
<b>Net assets attributable to unitholders per unit</b>	<b>1.30</b>	1.34

### 8. Units in issue

	2010 Units	2009 Units
At the beginning of the financial year	<b>298,355,892</b>	272,761,846
Created	<b>62,889,899</b>	87,023,960
Cancelled	<b>(88,552,065)</b>	(61,429,914)
At the end of the financial year	<b>272,693,726</b>	298,355,892

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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### 9. Financial risk management

The Fund's activities expose it to a variety of risks including but not limited to market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk. The Manager does not consider these risks to be wholly identical to the risks of the underlying fund which is managed by Schroder Investment Management (Luxembourg) S.A.

The overall responsibility for the management of the Fund's financial risks lies with the Manager whom, among other things, will regularly assess the economic condition, monitor changes in market outlook and take appropriate measures accordingly to manage the Fund's exposure to these risks. The Manager may from time to time employ derivatives such as options, futures and currency forwards, subject to the terms of the Trust Deed to moderate certain risk exposures and/or for the purpose of efficient portfolio management.

The data used and assumptions made in the sensitivity analyses below may not reflect actual market conditions, nor is it representative of any potential future market conditions. The sensitivity analyses can be complex and the disclosures made here are not exhaustive. The market exposures change regularly and the assumptions made below may not be representative of the risk taken throughout the year. The sensitivity analyses below should not be solely relied upon by investors in their investment decision making.

#### (a) Market risk

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions such as interest rate and currency rate movements and volatility in security prices.

At balance sheet date, the Fund's assets principally consist of investments into an underlying fund (as disclosed in the Portfolio Statement) and bank balances. The investment objective of the underlying fund is disclosed in Note 1.

The Fund's investment in the underlying fund is subject to the fluctuations in the quoted net asset value of the underlying fund. Such risk is primarily managed by the respective manager of the underlying fund. The Manager also monitors the performance of the Fund against its respective benchmark on a regular basis, so as to assess changes in fundamentals and valuation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

## 9. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Price risk

The table below summarises the potential impact of increases/decreases in the quoted net asset value of the underlying fund on the Fund's net assets attributable to unitholders at 31 December 2010 and 31 December 2009. The analysis is based on the assumption that the quoted net asset value of the underlying fund increases/decreases by a reasonable possible shift with all other variables held constant. This represents management's best estimate of a reasonable possible shift having regard to the historical movement in the quoted net asset value of the underlying fund in its denominated currency.

	2010		2009
Reasonable possible change %	Impact on net assets attributable to unitholders \$	Reasonable possible change %	Impact on net assets attributable to unitholders \$
8	28,123,858	10	39,542,614

The disclosure above is shown in absolute terms, changes and impacts could be positive or negative.

#### (ii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. No interest rate sensitivity analysis is presented.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 9. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk

The Fund may hold monetary and non-monetary assets and liabilities denominated in currencies other than Singapore dollars. Consequently, the Fund may be exposed to currency risk since the value of these assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Manager monitors the exposure on all foreign currency denominated assets and liabilities and may manage the currency risks by hedging some or all of the currency risk exposure through derivatives such as forward currency contracts, currency futures, currency swap agreements or currency options.

The table below summarises the Fund's exposure to foreign currencies from its monetary and non-monetary assets and liabilities:

	As at 31 December 2010		
	SGD	USD	Total
	\$	\$	\$
<b>Assets</b>			
Portfolio of investments	-	351,548,225	351,548,225
Bank balances	3,986,196	-	3,986,196
Sales awaiting settlement	-	1,188,763	1,188,763
Other receivables	237,890	-	237,890
<b>Total assets</b>	<b>4,224,086</b>	<b>352,736,988</b>	<b>356,961,074</b>
<b>Liabilities</b>			
Other payables	1,622,133	-	1,622,133
Net assets attributable to unitholders	355,342,606	-	355,342,606
<b>Total liabilities</b>	<b>356,964,739</b>	<b>-</b>	<b>356,964,739</b>
<b>Net financial (liabilities)/ assets</b>			
Currency spot	(352,740,653)	352,736,988	(3,665)
	1,192,429	(1,188,764)	3,665
<b>Currency exposure</b>	<b>(351,548,224)</b>	<b>351,548,224</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 9. Financial risk management (continued)

(a) Market risk (continued)

(iii) Currency risk (continued)

	As at 31 December 2009		
	SGD \$	USD \$	Total \$
<b>Assets</b>			
Portfolio of investments	-	395,426,144	395,426,144
Bank balances	5,441,998	-	5,441,998
Other receivables	2,612,131	-	2,612,131
<b>Total assets</b>	<b>8,054,129</b>	<b>395,426,144</b>	<b>403,480,273</b>
<b>Liabilities</b>			
Purchases awaiting settlement	-	1,488,973	1,488,973
Other payables	763,500	-	763,500
Net assets attributable to unitholders	401,227,800	-	401,227,800
<b>Total liabilities</b>	<b>401,991,300</b>	<b>1,488,973</b>	<b>403,480,273</b>
<b>Currency exposure</b>	<u>(393,937,171) 393,937,171</u>		

The following table shows the sensitivity of the Fund's monetary and non-monetary assets and liabilities to foreign currency exposure should the currency increase or decrease against the Fund's functional currency with all other variables held constant.

Currency	2010		2009	
	Reasonable possible change %	Impact on net assets attributable to unitholders \$	Reasonable possible change %	Impact on net assets attributable to unitholders \$
USD	2	7,030,964	3	11,818,115

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 9. Financial risk management (continued)

#### (b) Liquidity risk

The Fund's liquidity risk arises mainly from redemptions of units. The Fund invests the majority of its assets in investments that are traded in an active market.

The Fund has the ability to borrow in the short-term for the purposes of meeting redemptions and short-term bridging requirements. To ensure continuity of funding, dedicated personnel are responsible for monitoring the Fund's liquidity position on a daily basis to ensure that sufficient cash resources and liquid assets are available to meet liabilities as and when they fall due.

Units are redeemable at the holder's option. However, the Manager also has the option to limit redemption requests to 10% of the total number of units then in issue on each dealing day, with the approval of the Trustee.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying values as the impact of discounting is not significant.

	As at 31 December 2010		
	Due on demand \$	Less than 3 months \$	Total \$
Other payables		- 1,622,133	1,622,133
Net assets attributable to unitholders	<b>355,342,606</b>	-	<b>355,342,606</b>

	As at 31 December 2009		
	Due on demand \$	Less than 3 months \$	Total \$
Purchases awaiting settlement		- 1,488,973	1,488,973
Other payables		- 763,500	763,500
Net assets attributable to unitholders	<b>401,227,800</b>	-	<b>401,227,800</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

## 9. Financial risk management (continued)

### (c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, including transactions with counterparties such as issuers, brokers, custodians and banks.

Impairment provisions are made for losses that have been incurred by the balance sheet date, if any. The Manager has in place procedures for proper credit screening and monitoring of credit risk.

The Fund's exposure to credit risk arises mainly from its bank balances and assets held with custodians and counterparties. The table below summarises the credit rating of banks and custodians with whom the Fund's assets are held as at 31 December 2010 and 31 December 2009.

<b>As at 31 December 2010</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b><u>Bank &amp; Custodian</u></b> The Hongkong and Shanghai Banking Corporation Limited	<b>B+</b>	<b>Moody's</b>
As at 31 December 2009	Credit rating	Source of credit rating
<b><u>Bank &amp; Custodian</u></b> The Hongkong and Shanghai Banking Corporation Limited	<b>B+</b>	<b>Moody's</b>

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

### (d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

### 10. Related party disclosure

The Manager of the Fund is Schroder Investment Management (Singapore) Ltd. The Trustee is HSBC Institutional Trust Services (Singapore) Limited, a subsidiary of the HSBC Group. The management fees payable by the Fund to the Manager is currently waived by the Manager. The trustee fees and valuation fees charged by, and interest earned on deposits with, the HSBC Group are shown in the Statement of Total Return.

As at 31 December 2010, the Fund maintained with the HSBC Group, the following bank balances:

	<b>2010</b>	2009
	<b>\$</b>	\$
Current accounts	<b>3,986,196</b>	5,441,998

### 11. Financial ratios

	<b>2010</b>	2009
Expense ratio <sup>1</sup> (excluding underlying fund's unaudited expense ratio)	<b>0.07%</b>	0.11%
Expense ratio <sup>2</sup> (including underlying fund's unaudited expense ratio)	<b>2.07%</b>	2.11%
Turnover ratio <sup>3</sup>	<b>4.90%</b>	1.98%

<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay performance fees.

<sup>2</sup> The expense ratio is the sum of the Fund's expense ratio and the underlying fund's unaudited expense ratio. The unaudited expense ratio of the underlying fund, a Luxembourg domiciled fund, is provided by Schroder Investment Management (Luxembourg) S.A. There is no requirement for the expense ratio of this Luxembourg domiciled fund to be published or audited.

<sup>3</sup> The turnover ratio is calculated in accordance with the formulae stated in the "Code on Collective Investment Schemes".

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2010

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### **12. CPF monies subscriptions**

On 28 December 2006, the Central Provident Fund Board (CPF Board) announced changes to the CPF Investment Scheme. One of these changes is that from 1 January 2008, the expense ratio for funds included under the CPF Investment Scheme has to be within the median expense ratio in their respective risk classes, in order to continue accepting CPF monies. The compliance with the expense ratio cap for each fund will be based on the audited report for the last financial year of the fund.

Since 31 December 2008, the Fund's expense ratio has remained above the median expense ratio in its risk class. The Fund has ceased to accept CPF monies with effect from 1 April 2009 until the expense ratio is within the median expense ratio as communicated by the CPF Board.

# REPORT TO UNITHOLDERS

31 December 2010

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The following is a report on the Schroder BRIC Fund (the "Fund"):

1. For the composition of investments of the Fund as at 31 December 2010, refer to the Portfolio Statement on pages 8 and 9.
2. The Fund has the following exposure to derivatives as at 31 December 2010:

	<b>Fair Value \$</b>	<b>% of Total Net Assets Attributable to Unitholders</b>
Contracts:		
Spot foreign exchange	3,665	*

\* Less than 0.01

The net loss on derivative contracts realised during the period 1 January 2010 to 31 December 2010 amounted to S\$28,625.

The net gain on outstanding derivative contracts marked to market as at 31 December 2010 amounted to S\$3,665.

3. The Fund was not invested in other unit trusts, mutual funds or collective investment schemes as at 31 December 2010 other than as stated in the Portfolio Statement on pages 8 and 9.
4. The Fund did not have any borrowings as at 31 December 2010.
5. The amount of subscriptions and redemptions during the period 1 January 2010 to 31 December 2010 were as follows:

	<b>\$</b>
Subscriptions	80,587,289
Redemptions	113,283,558

# REPORT TO UNITHOLDERS

31 December 2010

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6. The only security holding of the Fund as at 31 December 2010:

	<b>Fair Value \$</b>	<b>% of Total Net Assets Attributable to Unitholders</b>
Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) Class A Shares (Accumulation units)	351,548,225	98.93

The only security holding of the Fund as at 31 December 2009:

	<b>Fair Value \$</b>	<b>% of Total Net Assets Attributable to Unitholders</b>
Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) Class A Shares (Accumulation units)	395,426,144	98.55

7. Expense Ratio (including underlying fund)

1 January 2010 to 31 December 2010 2.07%

1 January 2009 to 31 December 2009 2.11%

Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds, tax deducted at source or arising out of income received and dividends paid to unitholders are not included in the expense ratio. The Fund does not pay performance fees.

8. Turnover of Portfolio

1 January 2010 to 31 December 2010 4.90%

1 January 2009 to 31 December 2009 1.98%

# REPORT TO UNITHOLDERS

31 December 2010

## 9. Soft Dollar arrangements and other fees received:

Softing arrangements have been undertaken in respect of the Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) ("underlying fund").

Softing services relate essentially to research and price information, performance measurement, portfolio valuations and market analyses, all of which are believed to be helpful in the overall discharge of Schroders' duties to clients. As such services generally benefit all of Schroders' clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. Schroders further confirms that trades were executed on the best available terms and there was no churning of trades.

## 10. Related Party Transactions

<b>Party</b>	<b>Services Rendered</b>	<b>Terms</b>
Schroder Investment Management Limited	As Investment Manager of Schroder International Selection Fund (SISF) - BRIC (Brazil, Russia, India, China) Class A	1.50% per annum of the NAV of the SISF - BRIC (Brazil, Russia, India, China) Class A

## 11. Performance of Fund for periods ended 31 December 2010

	<b>3 mths</b>	<b>6 mths</b>	<b>1 yr</b>	<b>3 yrs*</b>	<b>Since Inception**</b>
Fund	1.9%	8.5%	-3.1%	-10.0%	5.6%
Benchmark**	1.1%	9.8%	0.0%	-8.6%	7.1%

\* Returns of more than 1 year are annualised

# Since inception figures from 17 February 2006

\*\* Benchmark: MSCI BRIC

Source: Morningstar, S\$, bid to bid, net dividends reinvested.

## REPORT TO UNITHOLDERS

31 December 2010

12. The Fund invests more than 30% of its assets in Schroder International Selection Fund - BRIC (Brazil, Russia, India, China) Class A Shares (Accumulation units). The following are the key information on the underlying fund:

- i. Top 10 holdings as at 31 December 2010:

	<b>Market Value US\$</b>	<b>% of Total Net Assets</b>
Cia Vale do Rio Doce	273,585,638	6.52
Petrobras SA	239,177,629	5.70
Itau Unibanco Hldg SA	223,232,453	5.32
OAO Gazprom	219,455,965	5.23
CNOOC Ltd	203,091,179	4.84
China Construction Bank Corp	186,726,394	4.45
China Mobile (Hong Kong) Ltd	177,075,367	4.22
Industrial & Commercial Bank of China (Asia) Ltd	167,004,730	3.98
Ping An Insurance Group Co of China Ltd	143,926,187	3.43
Infosys Technologies Ltd	129,239,841	3.08

- Top 10 holdings as at 31 December 2009:

	<b>Market Value US\$</b>	<b>% of Total Net Assets</b>
Petrobras SA	310,943,611	7.89
Cia Vale do Rio Doce	220,695,085	5.60
Itau Unibanco Hldg SA	193,896,396	4.92
OAO Gazprom	171,038,691	4.34
China Construction Bank Corp	167,491,806	4.25
CNOOC Ltd	139,510,822	3.54
China Life Insurance Co Ltd	119,411,805	3.03
China Shenhua Energy Co Ltd	116,259,018	2.95
Bank of China Ltd	110,347,542	2.80
Infosys Technologies Ltd	100,100,985	2.54

# REPORT TO UNITHOLDERS

31 December 2010

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ii. Expense Ratio

1 January 2010 to 31 December 2010 2.02%

1 January 2009 to 31 December 2009 2.03%

Brokerage and other transaction costs, performance fees, interest expense, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds, tax deducted at source or arising out of income received and dividends paid to unitholders are not included in the expense ratio.

iii. Turnover of Portfolio

1 January 2010 to 31 December 2010 45.36%

1 January 2009 to 31 December 2009 53.13%

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*Manager*  
Schroder Investment  
Management (Singapore) Ltd  
65 Chulia Street #46-00  
OCBC Centre  
Singapore 049513  
Reg. No. 199201080H

*Trustee*  
HSBC Institutional Trust Services  
(Singapore) Limited  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320

*Auditors*  
PricewaterhouseCoopers LLP  
8 Cross Street #17-00  
PWC Building  
Singapore 048424

*Solicitors to the Manager*  
Clifford Chance Pte Ltd  
One George Street  
19th Floor  
Singapore 049145

*Solicitors to the Trustee*  
Allen & Gledhill LLP  
One Marina Boulevard  
#28-00  
Singapore 018989