

Schroder Global Smaller Companies Fund

Prospectus

Dated: 27 July 2012
Valid till: 26 July 2013



Schroders

SCHRODER GLOBAL SMALLER COMPANIES FUND

Directory

Managers

Schroder Investment Management (Singapore) Ltd
Registered and operating address:
65 Chulia Street #46-00
OCBC Centre
Singapore 049513
(Company Registration Number: 199201080H)

Board of Directors of the Managers

Susan Soh Shin Yann
Tham Ee Mern Lilian
Tan Jui Tong
Gwee Siew Ping

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay #14-01
HSBC Building
Singapore 049320
(Company Registration Number: 194900022R)

Auditors

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

Solicitors to the Managers

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Solicitors to the Trustee

Shook Lin & Bok LLP
1 Robinson Road #18-00
AIA Tower
Singapore 048542

SCHRODER GLOBAL SMALLER COMPANIES FUND

Important Information

Schroder Investment Management (Singapore) Ltd, the managers (the “Managers”) of the Schroder Global Smaller Companies Fund (the “Trust”), accepts full responsibility for the accuracy of the information contained in this Prospectus and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement herein misleading in any material respect.

Investors should refer to the relevant provisions of the Deed (as may be amended, supplemented or modified from time to time) relating to the Trust and obtain professional advice in the event of any doubt or ambiguity relating thereto. A copy of the Deed is available for inspection at the Managers’ office at all times during usual business hours (subject to such reasonable restrictions as the Managers may impose).

The Trust invests into the Schroder International Selection Fund Global Smaller Companies (the “Schroder ISF Global Smaller Companies”), one of the classes in the open-ended investment company Schroder International Selection Fund, SICAV (the “Schroder ISF”), incorporated in Luxembourg. **The Schroder ISF is organised as a “société anonyme” and qualifies as a Société d’Investissement à Capital Variable (“SICAV”) under Part I of the Luxembourg law on undertakings for collective investment dated 17 December 2010. As at the date of registration of this Prospectus, the Schroder ISF Global Smaller Companies may invest in financial derivative instruments (“FDIs”) for purposes other than hedging and/or efficient portfolio management in accordance with the Schroder ISF’s Luxembourg Prospectus and applicable laws in Luxembourg. Please refer to Clause 9.3 of this Prospectus for more information.**

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and may only be used in connection with the offering of Units as contemplated herein. All capitalised terms and expressions used in this Prospectus shall, unless the context otherwise requires, have the same meanings ascribed to them in the Deed (as amended) relating to the Trust. **To reflect material changes, this Prospectus may be updated, amended, supplemented or replaced from time to time and investors should investigate whether any more recent Prospectus is available.**

Investors should seek professional advice to ascertain (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange transactions or exchange control requirements which they may encounter under the laws of the countries of their citizenship, residence, domicile and which may be relevant to the subscription, holding or disposal of Units and should inform themselves of and observe all such laws and regulations in any relevant jurisdiction that may be applicable to them. Investors should carefully consider the risks of investing in the Trust as set out in Clause 9 of this Prospectus.

No application has been made for the Units to be listed on any stock exchange. There is no secondary market for the Trust. Units can be purchased from or sold through the Managers or any agent or distributor appointed by the Managers in accordance with the provisions of the Deed.

As the Trust is not registered under the United States Securities Act of 1933 (the “Securities Act”) or under the securities laws of any state of the United States of America (“US”), the Trust (as defined in Clause 1 of this Prospectus) may not be offered or sold to or for the account of any US Person (as defined in Rule 902 of Regulation S under the Securities Act).

Rule 902 of Regulation S under the Securities Act defines a US Person to include, inter alia, any natural person resident in the US and with regard to investors other than individuals (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust; and (iii) an estate: (a) which is subject to US tax on its worldwide income from all sources or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term “US Person” also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons or (b) by US Persons principally for the purpose of investing in securities not registered under the Securities Act, unless it is formed and owned by “accredited investors” (as defined in Rule 501 (a) under the Securities Act) who are not natural persons, estates or trusts.

“United States” means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

No person, other than the Managers, has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, subscription or sale of Units, other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Managers.

If you are in doubt as to your status, you should consult your financial or other professional adviser.

All enquiries relating to the Trust should be directed to the Managers, Schroder Investment Management (Singapore) Ltd, or any agent or distributor appointed by the Managers.

The net asset value of the Schroder ISF Global Smaller Companies is likely to have a high volatility due to its investment policies or portfolio management techniques. Accordingly, the net asset value of the Trust is also likely to have a high volatility due to its investment policies or portfolio management techniques.

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SCHRODER GLOBAL SMALLER COMPANIES FUND

The collective investment scheme offered in this Prospectus is an authorised scheme under the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”). A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “Authority”). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the investment merits of the collective investment scheme.

1. BASIC INFORMATION

1.1 Name of Trust

This Prospectus is in relation to the fund known as the Schroder Global Smaller Companies Fund (the “Trust”). The Trust is an authorised scheme constituted in Singapore.

1.2 Date of registration and expiry date of Prospectus

The date of registration of this Prospectus with the Authority is 27 July 2012. This Prospectus shall be valid for 12 months after the date of registration (i.e., up to and including 26 July 2013) and shall expire on 27 July 2013.

1.3 Trust Deed and Supplemental Deeds

1.3.1 The original Trust Deed is dated 10 March 1999 (the “Principal Deed”) and the parties to the Principal Deed are Schroder Investment Management (Singapore) Ltd (the “Managers”) and OCBC Trustee Limited (the “Retired Trustee”).

1.3.2 The Principal Deed has been amended by a 1st Supplemental Deed dated 16 April 1999, a 2nd Supplemental Deed dated 12 April 2001, a 3rd Supplemental Deed dated 21 December 2001, a 4th Supplemental Deed dated 20 December 2002, a 1st Amended and Restated Deed dated 1 July 2003, a 2nd Amended and Restated Deed dated 27 August 2004, a 3rd Amended and Restated Deed dated 2 February 2006, a 4th Amended and Restated Deed dated 24 February 2006 and a 5th Amended and Restated Deed dated 23 July 2009 each entered into between the Managers and the Retired Trustee, a Supplemental Deed of Appointment and Retirement of Trustee dated 11 December 2009 entered into between the Managers, the Retired Trustee and HSBC Institutional Trust Services (Singapore) Limited (the “Trustee”), a 6th Amended and Restated Deed dated 1 January 2010, a 7th Amended and Restated Deed dated 30 July 2010, an 8th Amended and Restated Deed dated 29 July 2011, a 9th Amended and Restated Deed dated 26 September 2011, a First Supplemental Deed dated 19 January 2012 and a 10th Amended and Restated Deed dated 1 June 2012 each entered into between the Managers and the Trustee. The Principal Deed as amended by the 1st Supplemental Deed, the 2nd Supplemental Deed, the 3rd Supplemental Deed, the 4th Supplemental Deed, the 1st Amended and Restated Deed, the 2nd Amended and Restated Deed, the 3rd Amended and Restated Deed, the 4th Amended and Restated Deed, the 5th Amended and Restated Deed, the Supplemental Deed of Appointment and Retirement of Trustee, the 6th Amended and Restated Deed, the 7th Amended and Restated Deed, the 8th Amended and Restated Deed, the 9th Amended and Restated Deed, the First Supplemental Deed and the 10th Amended and Restated Deed is referred to in this Prospectus as the “Deed”.

1.3.3 The terms and conditions of the Deed shall be binding on each Holder and persons claiming through such Holder as if such Holder had been a party to the Deed.

1.3.4 A copy of the Deed may be inspected at the Managers’ registered office during usual business hours (subject to such reasonable restrictions as the Managers may impose) at 65 Chulia Street, #46-00, OCBC Centre, Singapore 049513. A fee of up to S\$25 may be imposed by the Managers for each copy of the Deed requested.

1.4 Reports and Accounts

A copy of the latest annual and semi-annual accounts, the auditor’s report on the annual accounts and the annual and semi-annual reports relating to the Trust may be obtained at the Managers’ registered office at 65 Chulia Street, #46-00, OCBC Centre, Singapore 049513. Please refer to Clause 19 of this Prospectus for details of the accounts and reports of the Trust.

2. THE MANAGERS

2.1 The Managers of the Trust are Schroder Investment Management (Singapore) Ltd, whose registered office is at 65 Chulia Street, #46-00, OCBC Centre, Singapore 049513.

The investment manager of the Schroder ISF Global Smaller Companies is Schroder Investment Management Limited ("SIML").

2.2 Managers' and underlying manager's track record

The Managers were incorporated in Singapore in 1992 and have been managing collective investment schemes and discretionary funds in Singapore since 1992. SIML is domiciled in the United Kingdom and has been managing collective investment schemes and discretionary funds since 1985. The Managers and SIML are wholly-owned subsidiaries of Schroders Plc and are part of the Schroder group ("Schroders").

Schroders has been managing collective investment schemes and discretionary funds in Singapore since the 1970s.

Schroders is a leading global asset management company, whose history dates back over 200 years. The group's holding company, Schroders Plc, is and has been listed on the London Stock Exchange since 1959.

Schroders aims to apply its specialist asset management skills in serving the needs of its clients worldwide, through its large network of offices and over 300 portfolio managers and analysts covering the world's investment markets.

Past performance of the Managers and of SIML is not necessarily indicative of their future performance.

3. THE TRUSTEE AND CUSTODIAN

3.1 The Trustee of the Trust is HSBC Institutional Trust Services (Singapore) Limited whose registered office is at 21 Collyer Quay, #14-01, HSBC Building, Singapore 049320. The custodian of the Trust is The Hongkong and Shanghai Banking Corporation Limited.

4. OTHER PARTIES

4.1 Registrar

The registrar for the Trust is Schroder Investment Management (Luxembourg) S.A. ("SIMLUX"). SIMLUX has in turn delegated its duties in relation to the register of Holders (the "Register") to Schroder Investment Management (Hong Kong) Limited. The Register may be inspected at 65 Chulia Street, #46-00 OCBC Centre, Singapore 049513 during usual business hours subject to such reasonable closure of the Register and such restrictions as the Managers or the Trustee may impose.

The Register is conclusive evidence of the number of Units held by each Holder.

4.2 Auditors

The auditors of the Trust are PricewaterhouseCoopers LLP whose registered office is at 8 Cross Street, #17-00, PWC Building, Singapore 048424.

5. STRUCTURE OF THE TRUST

The Trust is structured as an open-ended stand-alone feeder fund. The interests issued or offered to investors are represented by Units comprised in the Trust, representing interests in the Deposited Property of the Trust.

6. INVESTMENT OBJECTIVE AND POLICY

6.1 Investment objective and policy / product suitability

The investment objective of the Trust is to provide capital growth primarily through investment in equity securities of smaller-sized companies worldwide. Smaller-sized companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of each individual market.

It is the Managers' policy to invest all or substantially all of the assets of the Trust into the Schroder ISF Global Smaller Companies, one of the classes in the open-ended investment company Schroder International Selection Fund, incorporated in Luxembourg. The Schroder International Selection Fund is organised as a "société anonyme" and qualifies as a Société d'Investissement à Capital Variable ("SICAV") under Part I of the Luxembourg law on undertakings for collective investment dated 17 December 2010.

The Trust is suitable for investors who:

- seek long-term capital growth; and
- understand the risks associated with investing in equities of small capitalisation companies.

Investors should consult their financial advisers if in doubt as to whether the Trust is suitable for them.

6.2 Investment philosophy

As the Managers invest all or substantially all of the assets of the Trust into the Schroder ISF Global Smaller Companies, the investment philosophy of SIML, as investment manager of the Schroder ISF Global Smaller Companies, reflects its belief that the identification of smaller companies with superior characteristics and undervalued by markets will deliver superior returns. In terms of such characteristics, SIML seeks to identify quality growth companies by devoting SIML's in-house resources to identify the fundamental attractions of each company's business model, gauging the scope and visibility of growth, the risks to that growth, and the quality and focus of management. In appraising undervaluation, SIML aims to look further out than the market (assessing investments based on a two to three year time frame) and apply a disciplined fair value methodology. SIML seeks to add value primarily through stock selection, and secondarily through regional allocation. SIML believes that successful investment in smaller companies requires a separate and strategic allocation by investors, and should be run by a dedicated and focused team. SIML's commitment to the product is demonstrated by the size of SIML's in-house specialist research and fund management staff, and over 30 years of experience investing in small companies.

At least two-thirds of the Schroder ISF Global Smaller Companies (excluding cash) will be invested in shares of smaller-sized companies worldwide. The companies will be in the bottom 30% by size of each individual market at the time of purchase. The Schroder ISF Global Smaller Companies has no bias to any particular industry.

SIML believes smaller companies can provide higher growth prospects than larger companies over the longer term, due to the fact they are typically in the early stages of their development. Smaller companies are also less researched than larger ones. SIML believes that their focus on finding companies that offer sustainable growth patterns and are trading on compelling valuations should reward the Schroder ISF Global Smaller Companies' investors.

The Schroder ISF Global Smaller Companies may also invest in other financial instruments and hold cash on deposit. Financial derivative instruments may be used to achieve the investment objective and to reduce risk or manage the Schroder ISF Global Smaller Companies more efficiently.

7. **CPF INVESTMENT SCHEME ("CPFIS")**

7.1 The Trust is included under the CPFIS and is classified under the category of "Higher Risk - Narrowly Focused – Sector – Small Cap".

The CPF interest rate for the CPF ordinary account (the "Ordinary Account") is based on the 12-month fixed deposit and month-end savings rates of the major local banks and is reviewed by the CPF Board quarterly. The interest is computed monthly, and is credited and compounded annually. Under the CPF Act, Chapter 36 of Singapore (the "CPF Act"), the CPF Board pays a minimum interest rate of 2.5% per annum when this interest formula yields a lower rate.

The interest rate for the CPF special and medisave accounts ("SMA") is pegged to the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, adjusted quarterly. The interest rate to be credited to the CPF retirement account ("RA") is the weighted average interest rate of the entire portfolio of Special Singapore Government Securities (SSGS) the RA savings are invested in which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% at the point of issuance, adjusted yearly. For 2012, the minimum interest rate for the SMA and RA is 4.0% per annum. After 31 December 2012, the 2.5% per annum legislated minimum interest rate, as prescribed by the CPF Act, will apply to the SMA and RA.

In addition, the CPF Board pays an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member's combined balances, including up to S\$20,000 in the Ordinary Account. The first S\$20,000 in the Ordinary Account and the first S\$40,000 in the CPF special account are not allowed to be invested under the CPFIS.

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

Subscriptions using CPF monies shall at all times be subject to the Regulations and such directives or requirements imposed by the CPF Board from time to time.

8. FEES AND CHARGES

8.1 Table of fees

Fees payable by the Holder:

Initial Sales Charge ¹ (preliminary charge)	5% of the Gross Investment Sum for non-CPF subscriptions (maximum 5%) 3% of the Gross Investment Sum for CPF subscriptions (maximum 3%)
Realisation Charge	Currently nil (maximum 4%)
Switching Fee	Currently 1% (maximum of 1% and minimum of S\$5)

Fees payable by the Trust:

Management Fee/ Management Participation	Currently 1.75% per annum (maximum of 1.75% per annum)
Trustee's remuneration	Currently not more than 0.05% per annum (maximum of 0.25% per annum)

Fees applicable at Schroder ISF Global Smaller Companies level:

Management fee ²	0% per annum (maximum 1.5% per annum)
Custody Fee	Up to 0.5% per annum

¹ The Initial Sales Charge is paid to the distributor and/or the Managers.

² This management fee is paid out of the assets of the Schroder ISF Global Smaller Companies to SIML, as the investment manager of the Schroder ISF Global Smaller Companies, and not to the Managers.

Some distributors may charge other fees which are not listed in this Prospectus, and investors should check with the relevant distributor on whether there are any other fees payable to the distributor.

9. RISKS

9.1 General risks

Investments in the Trust are subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries that the Schroder ISF Global Smaller Companies invests into or has exposure to.

Investors should be aware that the price of Units and the income from them, if any, may go down as well as up in response to changes in interest rates, foreign exchange, economic and political conditions and the earnings of corporations whose securities are comprised in the portfolio of the Schroder ISF Global Smaller Companies, into which the Trust will invest and that past performance is not necessarily a guide to the future performance of the Trust. Investors may not get back their original investment.

While the Managers believe that the Trust offers potential for capital appreciation, no assurance can be given that this objective will be achieved. Potential investors should assess for themselves the risks of investing in securities generally.

Investments in the Trust are meant to produce returns over the long term and are not suitable for short-term speculation. Investors should not expect to obtain short-term gains from such investment.

9.2 Specific risks

(a) Market risk

The value of investments by the Trust may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

(b) Equity risk

The Trust may invest in stocks and other equity securities and their derivatives which are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities.

(c) Foreign securities risk

Investments in securities throughout the world are subject to numerous risks resulting from market and currency fluctuations, future adverse political and economic developments, the possible imposition of restrictions on the repatriation of currency or other governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other regulatory practices and requirements comparable to those applicable to companies in the investor's domicile. In addition, securities of companies or governments of some countries may be illiquid and their prices volatile and, with respect to certain countries, the possibility exists of expropriation, nationalisation, exchange control restrictions, confiscatory taxation and limitations on the use or removal of funds or other assets, including withholding of dividends. Some of the Trust's securities may be subject to government taxes that could reduce the yield on such securities, and fluctuations in foreign currency exchange rates may affect the value of securities and the appreciation or depreciation of investments. Certain types of investments may result in currency conversion expenses and higher custodial expenses.

(d) Currency risk

The assets and liabilities of the Trust may be denominated in currencies other than the Singapore dollar and the Trust may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Singapore dollar and such other currencies. If the currency in which a security is denominated appreciates against the Singapore dollar, the value of the security would increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. The Managers may manage the currency risks by hedging through forward currency contracts, currency futures, currency swap agreements or currency options.

(e) Small capitalisation companies risk

Investments in small capitalisation companies generally carry greater risks than are customarily associated with larger capitalisation companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies and less liquidity.

Accordingly, the net asset value ("NAV") of the Schroder ISF Global Smaller Companies may have a high volatility due to its investment in small capitalisation companies.

(f) Small cap liquidity risk

Investments in small companies can be difficult to sell quickly which may affect the value of the Trust and, in extreme market conditions, its ability to meet redemption requests upon demand.

(g) Emerging markets securities risk

As the Trust invests in a globally diversified portfolio, it will also invest in emerging markets which pose greater risks than investments in developed markets including the risks of heightened levels of volatility, currency transfer restrictions, a more limited number of potential buyers and an emerging market country's dependence on revenue from particular commodities or international aid.

9.3 Financial Derivative Instruments ("FDIs")(a) Types of FDIs

The FDIs which may be used by the Schroder ISF Global Smaller Companies include, but are not limited to, options on securities, stock index options, forward currency contracts, currency futures, currency swap agreements, currency options, interest rate futures or options or interest rate swaps, financial or index futures, over-the-counter (OTC) options, credit default swaps, equity swaps, total return swaps, credit linked notes, equity linked notes or futures or options on any kind of financial instrument.

The Schroder ISF Global Smaller Companies may also enter into volatility futures and options transactions traded on a regulated market. These instruments measure market expectations of near term implied volatility conveyed by stock index prices and are used to hedge volatility within funds. Any such index has to meet the following requirements:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner

(b) Exposure to FDIs

The global exposure of the Trust to FDIs or embedded FDIs will not exceed 100% of the NAV of the Trust at all times (or such percentage as may be permitted under the Code). Such exposure will be calculated using the commitment approach as described in, and in accordance with the provisions of, the Code.

The global exposure of Schroder ISF Global Smaller Companies to FDIs will not exceed the total net assets of the Schroder ISF Global Smaller Companies. The Schroder ISF Global Smaller Companies' overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings¹ so that it may not exceed 210% of the Schroder ISF Global Smaller Companies' total net assets under any circumstances. In respect of each FDI, the commitment will be quantified by using a commitment approach. This means that the market risk will be calculated by measuring the underlying exposure of the derivative positions of the Schroder ISF Global Smaller Companies by notionally converting these into its underlying assets.

(c) Use of FDIs

As at the date of registration of this Prospectus, the Trust may invest in FDIs for the purposes of hedging and/or efficient portfolio management. Where such FDIs are FDIs on commodities, such transactions shall be settled in cash at all times. The Schroder ISF Global Smaller Companies may invest in FDIs for purposes other than hedging and/or efficient portfolio management in accordance with the Schroder ISF's Luxembourg Prospectus and the limits and conditions on the use of FDIs under applicable laws in Luxembourg.

(d) Risks on use of FDIs

The use of FDIs involves increased risks. The ability to use such instruments successfully depends on SIML's ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If SIML's predictions are wrong, or if the derivatives do not work as anticipated, the Schroder ISF Global Smaller Companies could suffer greater losses than if the Schroder ISF Global Smaller Companies had not used the derivatives. If the Schroder ISF Global Smaller Companies invests in OTC derivatives, there is increased risk that a counterparty may fail to honour its contract. In the event SIML uses such instruments, they are of the view that they have the necessary expertise to control and manage the use of derivatives. Investments in derivatives would normally be monitored and controlled by SIML with regular mark-to-market valuations, careful research prior to investment and compliance monitoring to ensure careful compliance with the investment restrictions set out in the Schroder ISF's Luxembourg Prospectus with regard to derivatives.

9.4 Risk management and compliance controls

The Schroder group, being the group of companies to which the Managers belong, has established a Group Derivatives Committee (the "Committee") which assumes responsibility for identifying and overseeing the management of the key operational risks faced by the Schroder group from the use of derivatives. The Committee also approves, communicates and assesses the adequacy and effectiveness of the derivative risk management framework, and will escalate significant issues relating to derivatives to key stakeholders.

The Committee reviews and approves funds using derivatives and new derivative instruments to ensure that the key operational risks have been identified and mitigated before the launch of the fund or execution of the instrument, and is responsible for the policy on new instruments. After approval by the Committee, new derivative instruments are recorded in a derivative-instruments register. This process is designed to ensure that new derivative instruments are assessed prior to investment by the funds to ensure that the Managers' fund managers have the appropriate processes and controls in place to mitigate operational, investment and credit risks.

The Managers' fund managers have primary responsibility for ensuring that derivative transactions are consistent with the investment objective of a fund. Derivative positions are monitored to ensure that derivative usage is consistent with a fund's investment objectives and in line with the way a fund is offered. Funds are categorised by their performance/risk profiles and risk-related parameters are set for each fund category. The risk-related parameters are monitored by independent product managers, assisted by an investment risk team, and exceptions are investigated and resolved.

The Managers' fund managers are required to liaise with the risk or compliance team to agree on how the derivative investments should be monitored and to clarify any uncertainty in relation to the interpretation of rules or monitoring requirements prior to investing or as soon as the uncertainty arises. The risk or compliance team is responsible for performing independent compliance monitoring of investment restrictions. The risk or compliance team ensures

¹ The Schroder ISF may not borrow for the account of any sub-fund, other than amounts which do not in aggregate exceed 10% of the NAV of the sub-fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

that the fund managers are made aware of changes to regulations, including those in relation to derivatives usage. The Managers have a system in place to monitor investment restrictions. Where the system does not have the capability to monitor a particular instrument or restriction, the monitoring process is supplemented either by in-house or external systems and/or manual processes.

The Managers will ensure that the risk management and compliance procedures and controls adopted relating to the use of FDIs are adequate and have been or will be implemented and that they have the requisite expertise and experience to manage and contain such investment risks.

At the written request of an investor, the Managers will procure that supplementary information relating to the Schroder ISF Global Smaller Companies' risk management process employed by the Schroder ISF Global Smaller Companies to measure and manage the risks associated with the use of FDIs and the investments of the Schroder ISF Global Smaller Companies is provided to such investor, except for any information which SIML or the directors of the Schroder ISF may deem sensitive or confidential in nature or information which if disclosed, would not be in the interest of investors of the Schroder ISF Global Smaller Companies generally. The information to be disclosed shall be similar to that which is required to be disclosed under applicable laws and regulations in Luxembourg to investors.

The above should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Trust.

10. SUBSCRIPTION/CANCELLATION OF UNITS

10.1 How to purchase Units

Investors may apply for Units from the Managers or their appointed distributors using cash, their CPF Contributions or SRS Contributions, subject to any restrictions from time to time imposed on applications using CPF Contributions or SRS Contributions by any applicable authority. Investors should contact the Managers or the relevant distributors for more information on the availability of subscriptions using CPF Contributions or SRS Contributions.

For subscriptions using CPF Contributions or SRS Contributions, investors must complete the application form provided by the Managers or any distributor appointed by the Managers. The Managers will obtain the subscription monies from an investor's account maintained with the relevant Agent Bank or SRS Operator (as the case may be) in respect of subscriptions using CPF Contributions or SRS Contributions.

For subscriptions using cash, investors must complete the application form provided by the Managers or any distributor appointed by the Managers. All applications must be accompanied with a cheque for the application monies.

For first time investors with Schrodgers, a copy of the Identity Card or passport should be sent to the Managers.

10.2 Minimum initial and subsequent investment

Minimum Initial Investment	S\$1,000
Minimum Subsequent Investment	S\$500

10.3 Issue price

The issue price per Unit of the Trust on each Dealing Day shall be an amount equal to the NAV per Unit of the Trust as at the Valuation Point calculated in accordance with Clause 10(B) of the Deed.

10.4 Dealing Deadline and pricing basis

Units are priced on a forward basis. This means that the issue price for Units purchased is determined after the Dealing Deadline.

The Dealing Deadline is 5 p.m. on each Dealing Day (or such other time as may be agreed between the Managers and the Trustee). For example, if you purchase Units on or before 5 p.m. on a Dealing Day, the price you pay will be based on the issue price of the Units of that Dealing Day. If you purchase Units after 5 p.m. on a Dealing Day, the price you pay will be based on the issue price of the Units on the next Dealing Day. The issue price for any Dealing Day is always calculated on the next Dealing Day.

10.5 How Units are issued

The number of Units (rounded to the nearest 2 decimal places) to be issued is calculated by dividing the Net Investment Sum by the issue price.

The Net Investment Sum is derived by deducting the relevant Initial Sales Charge and Duties and Charges (if any) from an applicant's Gross Investment Sum.

An example of the number of Units an investor will receive with an investment of S\$1,000 and an Initial Sales Charge of 5% is as follows:-

Gross Investment Sum	-	(Initial Sales Charge	x	Gross Investment Sum)	=	Net Investment Sum
S\$1,000.00	-	(5%	x	S\$1,000.00)	=	S\$950.00

Net Investment Sum	/	Notional issue price (NAV per Unit)	=	Number of Units allotted
S\$950.00	/	S\$1.000*	=	950.00

This example is on the assumption that there are no Duties and Charges payable.

(* Notional issue price used for illustrative purposes only and should not be construed as a forecast, prediction or projection of the future or likely performance of the Trust.)

The Managers may on any day differentiate between applicants as to the amount of the Initial Sales Charge and may on any day of the issue of Units allow any applicants a discount on the Initial Sales Charge, in accordance with the provisions of the Deed.

10.6 Confirmation of purchase

A statement of account is normally issued within ten (10) Business Days from the date of receipt of the application form and subscription monies by the Managers.

10.7 Cancellation of subscription of Units by investors

Subject to the provisions of the Deed and to the Managers' terms and conditions for cancellation of subscription of Units in the cancellation form to be provided together with the application form for Units, a first time investor shall have the right by notice in writing delivered to the Managers or their appointed distributors to cancel his subscription for Units in the Trust within 7 calendar days (or such longer period as may be agreed between the Managers and the Trustee) from the date of his initial subscription. However, he will have to take the risk for any price changes in the NAV of the Trust since the time of his subscription.

Investors should refer to the terms and conditions for cancellation of subscription attached to the cancellation form before purchasing Units in the Trust.

11. **MONTHLY INVESTMENT PLAN**

11.1 The Managers may from time to time at their sole discretion offer a Monthly Investment Plan ("MIP") for the Trust. Where a Holder is a member of a MIP, the minimum monthly investment is S\$100 Provided That the Holder has invested the minimum initial investment amount (as specified in paragraph 10.2 of this Prospectus) for the Units.

Purchases of Units under the MIP may be made using (a) GIRO (for Cash Units), (b) CPF Contributions (for CPF Units) and (c) SRS Contributions (for SRS Units), subject to any restrictions imposed from time to time on applications using CPF Contributions or SRS Contributions by any applicable authority. Holders should contact the Managers or the relevant distributors for more information. Under the MIP (i) subscription monies are deducted on the 12th day of each month under GIRO and (ii) subscription applications are submitted to the Agent Bank or SRS Operator (as the case may be) on the Business Day following the 15th day of each month in respect of CPF Contributions and SRS Contributions respectively. Units are allotted as at the 15th day of each month (or the next Business Day if the 15th day is not a Business Day), subject to receipt of cleared funds from the Holders' GIRO account, the Agent Bank or SRS Operator (as the case may be) thereafter.

11.2 A Holder shall be entitled to cease participating in such a MIP by giving thirty (30) days' written notice to the Managers, without incurring any penalty as a result of such cessation.

12. **REALISATION OF UNITS**

12.1 How to realise Units

A Holder may at any time during the life of the Trust make a request in writing (a "Realisation Request") for the realisation of all or any Units held by him, subject to paragraph 12.2 of this Prospectus.

Such realisation may be effected by purchase by the Managers (and shall be so effected if the Realisation Request so specifies) or by the cancellation of the Units and the payment of the Realisation Price out of the Deposited Property or partly one and partly the other.

The Managers may, with the approval of the Trustee, limit the total number of Units which Holders may realise and which the Managers are entitled to have cancelled under the Deed on any Dealing Day to ten per cent of the total number of Units then in issue and in accordance with Clause 12(H) of the Deed.

12.2 Minimum Holding and Minimum Realisation Amount

The Minimum Holding of Units is S\$1,000. A Holder shall not be entitled to realise part of his holding of Units without the approval of the Managers and the Trustee if, as a result of such realisation of Units, his holding would be reduced to less than the Minimum Holding. Unless the Managers in any particular case, or generally otherwise agree, a Holder shall not be entitled to realise Units other than in amounts of at least such number of Units which may be realised for a gross realisation amount of S\$500.

12.3 Dealing Deadline and pricing basis

Units are priced on a forward basis. This means that the Realisation Price for Units realised is determined after the Dealing Deadline.

The Dealing Deadline is 5 p.m. on each Dealing Day (or such other time as may be agreed between the Managers and the Trustee). For example, if you realise Units on or before 5 p.m. on a Dealing Day, the realisation proceeds will be based on the Realisation Price of the Units of that Dealing Day. If you realise Units after 5 p.m. on a Dealing Day, the realisation proceeds will be based on the Realisation Price of the Units on the next Dealing Day. The Realisation Price for any Dealing Day is always calculated on the next Dealing Day.

12.4 How the realisation proceeds are calculated

The Realisation Price per Unit of the Trust on each Dealing Day shall be an amount equal to the NAV per Unit as at the Valuation Point calculated in accordance with Clause 12(F)(i) of the Deed. No Realisation Charge is currently imposed by the Managers.

The realisation proceeds paid to an investor will be the Realisation Price per Unit multiplied by the number of Units realised, less any applicable Duties and Charges. An example of the realisation proceeds an investor will receive from realising 1000 Units is as follows:-

Number of Units realised	X	Notional Realisation Price (NAV per Unit)	=	Realisation proceeds
1000 Units	X	S\$1.100*	=	S\$1,100

This example is on the assumption that there are no Duties and Charges payable.

(* Notional Realisation Price used for illustrative purposes only and should not be construed as a forecast, prediction or projection of the future or likely performance of the Trust.)

If, immediately after any Business Day, the number of Units in issue or deemed to be in issue, having regard to realisations and issues made on such Business Day, would be less than such proportion (not exceeding 90 per cent.), as may be determined by the Managers from time to time, of the number of Units in issue or deemed to be in issue on that Business Day, the Managers may, with a view to protecting the interests of all Holders and with the approval of the Trustee, elect that the Realisation Price in relation to all (but not some only) of the Units falling to be realised by reference to that Business Day shall, instead of being the price calculated as hereinbefore mentioned, be the price per Unit which, in the opinion of the Managers, reflects a fairer value for the Deposited Property having taken into account the necessity of selling a material proportion of the Investments at that time constituting part of the Deposited Property, and by giving notice to the Holders of Units affected thereby within two Business Days after the relevant Business Day, subject to the provisions of the Code, the Managers may suspend the realisation of those Units for such reasonable period as may be necessary to effect an orderly realisation of Investments. For the purposes of this Clause, the “fairer value” for the Deposited Property shall be determined by the Managers in consultation with a stockbroker or an approved valuer and upon approval by the Trustee. The “material proportion” of the Investments means such proportion of the Investments which when sold will cause the reduction of the NAV of the Deposited Property.

12.5 Period and method of payment

The realisation proceeds are paid to investors within seven (7) Business Days (or such other period as may be prescribed by the Authority) following the receipt of the Realisation Request.

Any monies payable to a Holder in respect of:

- (a) CPF Units shall be paid by transferring the said amounts to the relevant Agent Bank for credit of such Holder's CPF Investment Account or where such account has been terminated, for credit of such Holder's Ordinary Account or otherwise in accordance with the provisions of the Regulations;

- (b) Cash Units shall be paid by cheque or warrant sent through the post to the Holder at the address of such Holder, or in the case of Joint Holders, to all Joint Holders at the address appearing in the Register. In the case of Joint-All Holders, the cheque or warrant shall be made payable to the Joint Holder first named in the Register and in the case of Joint-Alternate Holders, to the Joint Holder signing the Realisation Request; and
- (c) SRS Units shall be paid by transferring the said amounts to the relevant SRS Operator for credit of such Holder's SRS Account.

For CPF Units, payment as set out in sub-paragraph 12.5(a) shall be a satisfaction of the monies payable and the receipt of the relevant Agent Bank or CPF Board (as the case may be) shall be a good discharge to the Managers or the Trustee (as the case may be). For Cash Units, payment of the cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the monies payable. For SRS Units, payment as set out in sub-paragraph 12.5(c) shall be a satisfaction of the monies payable and the receipt of the relevant SRS Operator shall be a good discharge to the Managers or the Trustee (as the case may be). Where an authority in that behalf shall have been received by the Trustee or the Managers in such form as the Trustee shall consider sufficient, the Trustee or the Managers (as the case may be) shall pay the amount due to any Holder to his bankers or other agent and the receipt of such bankers or other agent shall be a good discharge therefor. No amount payable to any Holder shall bear interest.

If a Holder is resident outside Singapore, the Managers shall be entitled to deduct from the total amount which would otherwise be payable in accordance with Clause 12 of the Deed or the purchase from the Holder an amount equal to the excess of the expenses actually incurred over the amount of expenses which would have been incurred if the Holder had been resident in Singapore.

13. SWITCHING OF UNITS

- 13.1**
- (a) Subject to the Managers' absolute discretion to reject any Switching Notice without assigning any reason therefor and the provisions of Clause 12(B) of the Deed, the Holder of Units of the Trust may request to switch all or any part of such Units into the units of any other trust managed, or any other collective investment scheme (whether authorised or recognised under the SFA) made available for investment, by the Managers ("new Trust") in accordance with the provisions of Clause 12(L) to (O) of the Deed, Provided That CPF Units and SRS Units of the Trust may only be switched into a new Trust which is a CPF Included Fund or available for investment using SRS monies respectively, subject to any restrictions from time to time imposed on applications using CPF Contributions or SRS Contributions by any applicable authority. Holders should contact the Managers or the relevant distributors for more information. No switching is permitted if realisation of the Units of the Trust is suspended or if the issue of units of the new Trust is suspended on the relevant dealing day of the Trust or the new Trust (as the case may be).
 - (b) Where a Holder switches Units of the Trust to units of a new Trust, the Realisation Price of Units of the Trust shall be the NAV per Unit on the relevant Dealing Day of the Trust on which a Switching Notice is received and accepted by the Managers. The Managers shall not impose an Initial Sales Charge in relation to the new Trust but shall be entitled to deduct a Switching Fee from the realisation proceeds from the Units of the Trust and available for payment for units of the new Trust to be issued. Units of the new Trust shall be issued at the NAV of the new Trust on a dealing day of the new Trust to be determined, as soon as practicable, by the Managers.
 - (c) The Switching Fee shall not exceed one per cent (1%) of such realisation proceeds PROVIDED THAT such fee shall not be less than S\$5 or such amount as may from time to time be determined by the Managers. The Switching Fee shall be retained by the Managers for their own benefit. The Managers may on any day differentiate between Holders who make a switching of units as to the rate of the Switching Fee PROVIDED ALWAYS THAT such rate is within the limits specified in this Clause and the Managers may on any day grant to any person a discount on the Switching Fee as they think fit. No such discount shall exceed the amount of the Switching Fee and the discount shall be deducted from the Switching Fee otherwise due.
 - (d) To request for a switching of Units, a Holder must deliver a Switching Notice, in such form as the Managers may approve, to the Managers. In order for a Switching Notice to be effected on a particular Dealing Day of the Trust, it must be received by the Managers not later than the Dealing Deadline on that Dealing Day of the Trust. If any Switching Notice is received after the Dealing Deadline on that Dealing Day of the Trust or received on any day which is not a Dealing Day of the Trust, such Switching Notice shall be treated as having been received before the Dealing Deadline on the next Dealing Day of the Trust.

14. OBTAINING PRICES OF UNITS

- 14.1** The indicative NAV per Unit is published at the Managers' website at <http://www.schroders.com.sg> one (1) Business Day after the relevant Dealing Day and is also available from the Managers.

The indicative NAV per Unit is also published in The Straits Times, The Business Times and Lianhe Zaobao on a periodic basis. *Investors should note that Schroders does not accept any responsibility for any errors attributable to any publisher in relation to the prices published in such local newspapers or for any non-publication of prices by such publisher and shall incur no liability in respect of any action taken or loss suffered by investors in reliance upon such publication.*

15. SUSPENSION OF DEALINGS

Subject to the provisions of the Code, the Managers or the Trustee may, with the prior written approval of the other, suspend the issue, realisation and/or cancellation of Units and/or the determination of the NAV of the Trust during (i) any period when any Recognised Stock Exchange on which any Authorised Investment forming part of the Deposited Property for the time being is listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended, (ii) the existence of any state of affairs which, in the opinion of the Managers might seriously prejudice the interest of the Holders as a whole or of the Deposited Property, (iii) any breakdown in the means of communication normally employed in determining the price of any of such Authorised Investments or the current price on any Recognised Stock Exchange or when for any reason the prices of any of such Authorised Investments cannot be promptly and accurately ascertained, (iv) any period when remittance of monies which will or may be involved in the realisation of such Authorised Investments or in the payment for such Authorised Investments cannot, in the opinion of the Managers, be carried out at normal rates of exchange, (v) any period when dealings in the Schroder ISF Global Smaller Companies (or such other Fund into which the Trust invests) are suspended or restricted or (vi) such circumstances as may be required under the provisions of the Code. Such suspension shall take effect forthwith upon the declaration in writing thereof to the Trustee by the Managers (or, as the case may be, to the Managers by the Trustee) and subject to the provisions of the Code, shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorised hereunder shall exist upon the declaration in writing thereof by the Managers (or, as the case may be, by the Trustee).

In addition, subject to the provisions of the Code, the Managers may, with the approval of the Trustee, suspend the issue, realisation and/or switching of Units for 48 hours (or such longer period as the Managers and Trustee may agree) prior to the date of any meeting of Holders (or any adjourned meeting thereof) convened in accordance with the provisions of the Schedule to the Deed for the purposes of, inter alia, determining the total number and value of all the Units in issue and reconciling the number of Units stated in proxy forms received from Holders against the number of Units stated in the Register.

Subject to the provisions of the Code, the Trustee may (after consulting the Managers) instruct the Managers to temporarily suspend the realisation of Units during any period of substitution or adjustment (if any) of the value of the assets used in determining the Realisation Price in accordance with the provisions in the Deed.

Dealings in Units of the Trust may also be suspended during any period as the Authority may direct and such suspension shall comply with the terms set out in the order, notice or directive issued by the Authority.

16. PERFORMANCE OF THE TRUST

16.1 Past Performance of the Trust and benchmark

The returns of the Trust and benchmark since inception and over the last 1, 3, 5 and 10 years (as at 31 May 2012) are as follows:-

Total Returns

	1 year	3 years	5 years	10 years	Since inception*
Schroder Global Smaller Companies Fund (NAV-to-NAV)	-12.39%	20.41%	-26.61%	29.33%	88.00%
Schroder Global Smaller Companies Fund (NAV-to-NAV (taking into account the Initial Sales Charge))	-16.77%	14.39%	-30.28%	22.96%	78.60%
Benchmark	-10.39%	29.81%	-28.11%	48.10%	75.59%

Annualised Returns

	3 years	5 years	10 years	Since inception*
Schroder Global Smaller Companies Fund (NAV-to-NAV)	6.39%	-6.00%	2.61%	4.95%
Schroder Global Smaller Companies Fund (NAV-to-NAV (taking into account the Initial Sales Charge))	4.58%	-6.96%	2.09%	4.53%
Benchmark	9.08%	-6.39%	4.01%	4.40%

* Inception date was 3 May 1999

Source: Morningstar; Basis of calculation: SGD, net dividends reinvested.

The benchmark against which the performance of the Trust is measured is the S&P SmallCap Developed Index. On 1 October 2008, the benchmark of the Trust underwent a name change due to a rebranding exercise by Standard & Poor's. There is no change to the benchmark or the investment objective of the Trust.

Investors should note that the past performance of the Trust is not necessarily indicative of the future performance of the Trust. Investors should also bear in mind that the performance figures above (excluding those for 1 year, 3 years and 5 years) partly reflects the former investment policy of the Managers and that the change in investment policy to investing substantially into the Schroder ISF Global Smaller Companies took effect from 24 February 2006.

16.2 Expense Ratio

The expense ratio based on the figures in the Trust's latest audited accounts for the period 1 January 2011 to 31 December 2011 is 2.23%.

The expense ratio is calculated in accordance with the Investment Management Association of Singapore's (IMAS) guidelines on the disclosure of expense ratios. The following expenses (where applicable) are excluded from calculating the Trust's expense ratio:-

- (a) brokerage and other transaction costs associated with the purchase and sales of investments (such as registrar charges and remittance fees);
- (b) foreign exchange gains and losses of the Trust, whether realised or unrealised;
- (c) front-end loads, back-end loads and other costs arising on the purchase or sale of a foreign unit trust or mutual fund;
- (d) tax deducted at source or arising on income received including withholding tax;
- (e) interest expense; and
- (f) dividends and other distributions paid to Holders.

16.3 Turnover Ratio

The turnover ratio of the Trust's portfolio for the period 1 January 2011 to 31 December 2011, calculated based on the lesser of purchases or sales expressed as a percentage over the daily average NAV of the assets of the Trust was 1.22%. For the period 1 January 2011 to 31 December 2011, the turnover ratio of the Schroder ISF Global Smaller Companies was 73.81%.

17. SOFT DOLLAR COMMISSIONS/ARRANGEMENTS

In their management of the Trust, the Managers may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Trust and the soft dollars received are restricted to the following kinds of services:

- (a) research and price information;
- (b) performance measurement;
- (c) portfolio valuations; and
- (d) analysis and administration services.

The Managers may not receive or enter into soft dollar commissions or arrangements unless such soft dollar commissions or arrangements shall reasonably assist the Managers in their management of the Trust and best execution is carried out for the transactions. The Managers shall not enter into unnecessary trades in order to qualify for such soft dollar commissions or arrangements and shall not receive goods and services such as travel, accommodation and entertainment.

The description of soft dollars and the conditions set out above also apply to SIML, the investment manager of the Schroder ISF Global Smaller Companies.

18. CONFLICTS OF INTEREST

18.1 The Managers may from time to time have to deal with competing or conflicting interests between the other unit trusts which are managed by the Managers and the Trust. For example, the Managers may make a purchase or sale decision on behalf of some or all of their other unit trusts without making the same decision on behalf of the Trust, as a decision whether or not to make the same investment or sale for the Trust depends on factors such as the cash availability and portfolio balance of the Trust. However the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Trust. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other funds managed by the Managers and the Trust, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Trust and the other funds managed by the Managers.

The factors which the Managers will take into account when determining if there are any conflicts of interest as described above include the assets (including cash) of the Trust as well as the assets of the other funds managed by the Managers. To the extent that another fund managed by the Managers intends to purchase substantially similar assets, the Managers will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Trust and the other funds.

Associates of the Trustee may be engaged to provide financial, banking or brokerage services to the Trust or buy, hold and deal in any investments, enter into contracts or other arrangements with the Trustee and make profits from these activities. Such services to the Trust, where provided, and such activities with the Trustee, where entered into, will be on an arm's length basis.

19. REPORTS

The financial year-end of the Trust is the 31st of December of each year.

The annual report, annual accounts and auditor's report on the annual accounts of the Trust will be sent or made available to Holders within 3 months (or such other period as may be prescribed by the Authority) from the end of the financial year.

The semi-annual report and semi-annual accounts of the Trust will be sent or made available to Holders within 2 months (or such other period as may be prescribed by the Authority) of June each year.

20. QUERIES AND COMPLAINTS

All queries and complaints relating to the Trust may be directed to the Managers, Schroder Investment Management (Singapore) Ltd, at telephone number (65) 6534 4288.

21. OTHER MATERIAL INFORMATION

21.1 Distributions

The Managers shall have the absolute discretion to determine whether a distribution is to be made. In the event that the Managers determines that a distribution will be made and the date of such distribution, an amount required to effect such distribution pursuant to the Deed shall be transferred out of the Income Account and paid into a special account (the "Distribution Account").

On or before each Distribution Date, the Managers shall by notice in writing direct the Trustee to distribute all or part of the Income of the Trust and if the Managers deem fit, all or part of the net capital gain realised on the sale of the Authorised Investments in the manner hereinafter described and as set out in the Deed. The Trustee shall distribute among the Holders of Units rateably in accordance with the number of such Units held or deemed to be held by them respectively on the last preceding Accounting Date the amount available for distribution in the Distribution Account in respect of the Accounting Period ending on such Accounting Date but carrying forward such amount as may be necessary to avoid the distribution of any fraction of S\$0.01 per Unit.

The amount available for distribution in respect of any Accounting Period or part thereof shall subject to the provisions of the Deed be assessed by the Managers by deducting the Management Participation for the relevant period paid or payable out of Income from the total net amount receivable by the Trustee in respect of the relevant period of all interest, dividends and bonuses and other receipts deemed by the Managers after consulting the Auditors to be in the nature of Income; by making such provision for taxation as the Managers after consulting the Auditors shall think appropriate; by deducting the amount of any expenses paid during the relevant period and payable pursuant to the provisions of the Deed which the Managers after consulting the Auditors deem to be properly payable out of Income except in so far as any such expenses fall to be deducted in computing the amount available for distribution under any other provision of the Deed; and by adding such sum as shall have been received or is estimated by the Managers to be receivable by way of repayment of tax on Income receivable during the relevant period and a sum representing the Managers' best estimate of any relief from tax on capital gains which may be allowed in respect of Management Participation and tax (if any) charged or chargeable in respect thereof deducted as before mentioned. There shall be added any amount carried forward from the preceding Accounting Period.

A Holder may at any time make a request in writing for the automatic reinvestment of all but not part of the distributions to be received by him in the purchase of further Units.

21.2 Transfer of Units

In respect of Cash Units, every Holder shall be entitled to transfer the Units or any of the Units held by him by an instrument in writing in common form (or in such other form as the Managers and the Trustee may from time to time approve); Provided That no transfer of part of a holding of Units shall be registered without the approval of the Managers and the Trustee if in consequence thereof either the transferor or the transferee would be the Holder of less than the Minimum Holding. Notwithstanding any other provision of the Deed, a minor's title to or interest in any Units before he has attained the age of 21 years, shall only be transferred if permitted by or in accordance with the law, Provided Further That no transfer of CPF Units or SRS Units shall be permitted. A fee may be charged by the Managers for the registration of a transfer.

21.3 Duration and Termination of the Trust

The Trust is of indeterminate duration but may be terminated in the following circumstances:-

- (a) by either the Trustee or the Managers by not less than one year's notice in writing to the other given so as to expire at the end of the year 2014 or thereafter at the end of each fifteen year period. Either the Trustee or the Managers shall be entitled by notice in writing as aforesaid to make the continuation of the Trust beyond any such date conditional on the revision to its or their satisfaction at least three months before the relevant date of its or their remuneration under the Deed. In the event that the Trust shall be terminated or discontinued the Managers shall give notice thereof to all Holders not less than six months in advance;
- (b) subject to Section 295 of the SFA, by the Trustee by notice in writing in any of the following events:
 - (i) if the Managers shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver or judicial manager is appointed in respect of any of their assets or if any encumbrancer shall take possession of any of their assets or if they shall cease business;
 - (ii) if in the opinion of the Trustee the Managers shall be incapable of performing or shall in fact fail to perform their duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Trust into disrepute or to be harmful to the interests of the Holders, Provided Always That if the Managers shall be dissatisfied with such opinion the matter shall be referred to arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre, for the time being in force, which Rules shall be deemed to be incorporated by reference into this Clause. The tribunal shall consist of a single arbitrator, to be appointed by the Chairman of the Singapore International Arbitration Centre, whose decision shall be final and binding;
 - (iii) if any law shall be passed which renders it illegal or any order or direction is given by the Authority revoking the authorisation of the Trust or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;
 - (iv) if within the period of three months from the date of the Trustee expressing in writing to the Managers the desire to retire, the Managers shall have failed to appoint a new trustee within the terms of Clause 29 of the Deed;
 - (v) if the Trustee removes the Managers pursuant to Clause 30(A) of the Deed and cannot find another manager within three months of removal; or

- (vi) if the Managers retire under Clause 30(B) of the Deed and a new manager cannot be found within three months of the notice of retirement;
- (c) by the Managers by notice in writing:
 - (i) if the aggregate Value of the Deposited Property shall be less than S\$5,000,000;
 - (ii) if any law shall be passed which renders it illegal or any order or direction is given by the Authority revoking the authorisation of the Trust or in the opinion of the Managers impracticable or inadvisable to continue the Trust;
 - (iii) if the Trust ceases to be a CPFIS Included Fund; or
 - (iv) in the event of liquidation, dissolution, amalgamation, consolidation or reconstruction of the Schroder ISF Global Smaller Companies;
- (d) by Extraordinary Resolution of a meeting of the Holders duly convened and held in accordance with the provisions contained in the Schedule to the Deed and such termination shall take effect from the date on which the said Extraordinary Resolution is passed or such later date (if any) as the said Extraordinary Resolution may provide.

The party terminating the Trust shall give notice thereof to the other party and the Holders in manner provided in the Deed and by such notice fix the date at which such termination is to take effect which date shall not be less than six months after the service of such notice. In the event of a termination of the Trust for whatever reason, the Managers shall give the Authority written notice of the proposed termination at least 7 days before the relevant termination date of the Trust.

21.4 Change in investment policy

The Managers may, with the approval of the Trustee, (a) change the investment policy of the Trust from a Feeder Fund investing in one or more underlying funds to a direct investment portfolio having substantially the same investment objective as such underlying funds; or (b) change the investment policy of the Trust from investing in any one or more underlying funds to investing in one or more different underlying funds having substantially the same investment objective as the first-mentioned underlying fund(s), upon giving not less than a month's notice of such change to the Holders of the Trust. The circumstances under which such investment policy may be changed include, without limitation, the liquidation, dissolution, amalgamation, consolidation or reconstruction of the Schroder ISF Global Smaller Companies.

The Managers may also from time to time in their discretion (with the approval of the Trustee) change the investment policy of the Trust from a direct investment portfolio to a Feeder Fund investing in one or more underlying funds, each having substantially the same investment objective as the Trust, upon giving not less than a month's notice of such change to the Holders of the Trust. Where any change in the investment policy of the Trust goes beyond investing in one or more underlying funds having substantially the same investment objective as the Trust, such change will require the approval of the Holders of the Trust by way of an Extraordinary Resolution.

21.5 Securities Lending or Repurchase Transactions

The Trust currently does not intend to carry out securities lending or repurchase transactions but may in the future do so, in accordance with the applicable provisions of the Code and the CPFIS Guidelines. SIML may engage in securities lending from time to time in accordance with the investment restrictions of the Schroder International Selection Fund, the Code and the CPFIS Guidelines.

21.6 Exclusion of Liability

- (a) The Trustee and the Managers shall incur no liability in respect of any action taken or thing suffered by them in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganisation or other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- (b) Neither the Trustee nor the Managers shall be responsible for any authenticity of any signature or of any seal affixed to any endorsement on any transfer or form of application, endorsement or other document (sent by mail, facsimile, electronic means or otherwise) affecting the title to or transmission of Units or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder or Joint Holder to any document required to be signed by him under or in connection with the Deed shall be verified to its or their reasonable satisfaction.

- (c) The Trustee and the Managers shall incur no liability to the Holders for doing or (as the case may be) failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (whether legally or otherwise) either they or any of them shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of the Deed neither the Trustee nor the Managers shall be under any liability therefor or thereby.
- (d) Any indemnity expressly given to the Trustee or the Managers in the Deed is in addition to and without prejudice to any indemnity allowed by law; Provided Nevertheless That any provision of the Deed shall be void insofar as it would have the effect of exempting the Trustee or the Managers from or indemnifying them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or trust of which they may be guilty in relation to their duties where they fail to show the degrees of diligence and care required of them having regard to the provisions of the Deed.
- (e) In no event shall a Holder have or acquire any rights against the Trustee and Managers or either of them except as expressly conferred on the Holder by the Deed nor shall the Trustee be bound to make any payment to any Holder except out of the funds held by or paid to it for that purpose under the provisions of the Deed.
- (f) The Managers shall not incur any liability to or be responsible for any losses suffered or expenses incurred by the Trustee, the Holders or any other person by reason of any error of law or any matter or thing done or suffered or omitted to be done by the Managers or their employees, officers or agents in good faith hereunder in the absence of fraud or negligence of or other liability imposed by law on the Managers, or their employees, officers or agents.
- (g) The Managers shall be entitled to exercise the rights of voting conferred by any of the Deposited Property in what they may consider to be the best interests of the Holders, but neither the Managers nor the Trustee shall be under any liability or responsibility in respect of the management of the Authorised Investment in question nor in respect of any vote action or consent given or taken or not given or not taken by the Managers whether in person or by proxy, and neither the Trustee nor the Managers nor the holder of any such proxy or power of attorney shall incur any liability or responsibility by reason of any error of law or mistake of fact or any matter or thing done or omitted or approval voted or given or withheld by the Trustee or Managers or by the holder of such proxy or power of attorney under the Deed; and the Trustee shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the Managers or by any such proxy or attorney.
- (h) Except if and so far as otherwise expressly provided in the Deed, the Trustee shall as regards all the trusts, powers, authorities and discretions vested in it have absolute and uncontrolled discretion as to the exercise thereof whether in relation to the manner or as to the mode of and time for the exercise thereof and in the absence of fraud or negligence the Trustee shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

21.7 Valuation

“Value”, except where otherwise expressly stated and subject always to the requirements of the Code, with reference to any Authorised Investments which are:

- (i) deposits placed with a Bank or other financial institutions and bank bills, shall be determined by reference to the face value of such Authorised Investments and the accrued interest thereon for the relevant period;
- (ii) a unit or share in a unit trust or mutual fund or collective investment scheme shall be valued at the latest published or available NAV per unit or share, or if no NAV is published or available, then at their latest available realisation price;
- (iii) an Unquoted Security (other than any deposit or bank bill or unit or share in a unit trust or mutual fund or collective investment scheme referred to in paragraphs (i) and (ii) above), shall be calculated by reference to, but not limited to, the price of the Investment if it is a component in a recognised bond index; or evaluated calculation from a reputable pricing vendor; or the mean of bid prices quoted by reputable institutions in the over-the-counter or telephone market at the close of trading in the relevant market on which the particular Authorised Investment is traded; or the price of the relevant Investment as quoted by a person, firm or institution making a market in that Investment, if any (and if there shall be more than one such market maker, then such market maker as the Managers may designate);

- (iv) a Quoted Security, shall be calculated firstly by reference to the official closing price (however described and calculated under the rules of the relevant Recognised Stock Exchange) and, if no official closing price is available, by the last transacted price on such Recognised Stock Exchange and, by the official closing price at the end of prior day(s) where reasonable; and
- (v) an Authorised Investment other than as described above, shall be valued in such manner and at such time or times as the Managers after consultation with the Trustee shall from time to time determine.

Provided That, if the quotations referred to in (ii), (iii) or (iv) above are not available, or if the Value of the Authorised Investments determined in the manner described in (i) to (v) above, in the opinion of the Managers, do not represent a fair value of such Authorised Investment, then the Value shall be any reasonable value as may be determined by the Managers or by a person determined by the Managers as being qualified to value and approved by the Trustee. The fair valuation shall be determined with due care and good faith and the basis for determining the fair value of the Authorised Investment documented.

In exercising in good faith the discretion given by the proviso above, the Managers shall not assume any liability towards the Trust, and the Trustee shall not be under any liability in accepting the opinion of the Managers, notwithstanding that the facts may subsequently be shown to have been different from those assumed by the Managers.

The Trustee shall determine whether the Holders should be informed of any change in the method of determining the Value of any Authorised Investment or change in the timing of such valuation from the Valuation Point.

Please refer to the Deed for more information on the valuation provisions relating to the Trust.

21.8 Investment Restrictions

The investment and borrowing restrictions of Appendix 1 of the Code shall apply to the Trust.

21.9 Compulsory Realisations of Units

The Managers have the right (in consultation with the Trustee) to realise compulsorily any holdings of Units held by:

- (a) any Holder:
 - (i) who, in the opinion of the Managers, is or may be in breach of any applicable law or regulation in any jurisdiction; or
 - (ii) where such realisation is, in the opinion of the Managers, necessary or desirable for the compliance of the Managers or the Trust with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
- (b) any Holder whose holdings, in the opinion of the Managers:
 - (i) may cause the Trust to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
 - (ii) may cause the offer of the Units of the Trust, the Trust, the prospectus of the Trust, the Deed, the Managers or the Trustee to become subject to any authorisation, recognition, approval, or registration requirements under any law or regulation in any other jurisdiction; or
- (c) any Holder whose holdings, in the opinion of the Managers:
 - (i) may cause a detrimental effect on the tax status of the Trust in any jurisdiction or on the tax status of the Holders of the Trust; or
 - (ii) may result in the Trust or other Holders of the Trust suffering any other legal or pecuniary or administrative disadvantage which the Trust or the Holders might not otherwise have incurred or suffered; or
- (d) any Holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or who is unable or unwilling to provide information and/or documentary evidence requested by the Managers for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks.

GLOSSARY

All capitalised terms and expressions used in this Prospectus which are not defined hereunder shall, unless the context otherwise requires, have the same meanings ascribed to them in the Deed.

“Accounting Date” means the 31st day of December in each year (commencing on the 31st day of December 1999 or the 31st day of December of the year in which Units are first issued) or (in the case of the final Accounting Period) the date on which the monies required for the distribution in respect of that period shall have been transferred to the Distribution Account.

“Accounting Period” means the period ending on and including an Accounting Date and commencing from the date of the first issue of Units to the public for subscription or from the end of the preceding Accounting Period (as the case may require).

“Accounts” means the profit and loss accounts and balance-sheets and includes notes (other than auditors’ reports or directors’ reports) attached or intended to be read with any of those profit and loss accounts or balance-sheets.

“Agent Bank” means any bank which is allowed by the CPF Board to handle CPF-OA monies for purposes of the Regulations.

“Associate” means and includes any corporation which in relation to the person concerned (being a corporation) is a holding company or a subsidiary or a subsidiary of any such holding company or a corporation (or a subsidiary of a corporation) at least one-fifth of the issued equity share capital of which is beneficially owned by the person concerned or an Associate thereof under the preceding part of this definition. Where the person concerned is an individual or firm or other unincorporated body, the expression “Associate” means and includes any corporation directly or indirectly controlled by such person.

“Authorised Investment” means, subject to the provisions of the Code:-

- (i) any Quoted Security;
- (ii) any Unquoted Security;
- (iii) any Fund; and
- (iv) any Investment or other property, assets or rights for the time being approved by the relevant competent authority in Singapore for investment by members of the Central Provident Fund pursuant to Part II of the Regulations or for investment by the Trust, including all investments authorised under the Regulations, to enable the Trust to be included under the CPFIS.

“Bank” means a recognised bank or licensed institution for the purposes of the Banking Act (Chapter 19) of Singapore, as the same may be amended from time to time, and reference to “Banker” shall be construed accordingly;

“Business Day” means any day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business (or such other day as may from time to time be determined by the Managers with the approval of the Trustee).

“CPF” means the Central Provident Fund.

“CPF-OA” means the Central Provident Fund Ordinary Account.

“CPF Board” means the Central Provident Fund Board established pursuant to the Central Provident Fund Act (Chapter 36) of Singapore, as the same may be amended from time to time.

“CPF Contributions” has the meaning ascribed thereto in the Regulations, as may be amended from time to time.

“CPF Investment Account” means an account opened by a CPF member with an Agent Bank from which CPF Contributions may be withdrawn for the purchase of Authorised Investments.

“CPF Units” means Units subscribed or purchased with CPF Contributions pursuant to the Regulations.

“CPFIS” means the Central Provident Fund Investment Scheme (as defined in the Regulations) or such other scheme as shall replace or supersede the Central Provident Fund Investment Scheme from time to time.

“CPFIS Guidelines” means the investment guidelines issued by the CPF Board as set out in the Appendix of the Deed and the same as may be amended or modified from time to time.

“CPFIS Included Fund” means any unit trust or sub-fund of a unit trust which the CPF Board or such other relevant authorities in Singapore may include under the CPFIS for investment by CPF members.

“Capital Markets Services Licence” means a licence granted by the Authority under section 86 of the SFA.

“Cash Units” means Units other than CPF Units or SRS Units.

“Code” means the Code on Collective Investment Schemes issued by the Authority, as the same may be amended from time to time.

“Dealing Day” means every day which is a Business Day and/or such other day or days in addition thereto or in substitution therefor as the Managers may from time to time, with the approval of the Trustee, determine.

“Dealing Deadline” means, in relation to any Dealing Day, 5 p.m. Singapore time on that Dealing Day or such other time on such Dealing Day as the Managers and the Trustee may agree.

“Deposited Property” means all the assets for the time being held or deemed to be held upon the trusts of the Deed excluding any amount for the time being standing to the credit of the Distribution Account.

“Distribution Account” means the Distribution Account referred to in Clause 15(B) of the Deed.

“Distribution Date” means any date as may be determined by the Managers in their absolute discretion and notified to the Trustee by prior notice in writing.

“Duties and Charges” means all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of Authorised Investments or otherwise, which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but does not include commission payable to agents on sales and repurchases of Units.

“Feeder Fund” means a fund which invests all or substantially all of its assets in securities which are units or sub-units in a unit trust scheme or participations in a mutual fund or other interests in a collective investment scheme which is managed or advised by the Managers or any Associate of the Managers or any other manager and whose investment objective is the same or substantially the same as such fund.

“Fund” means any unit or sub-unit or share of any unit trust or mutual fund or investment corporation managed or advised by a Schroder Company or any other manager, including but not limited to the Schroder ISF Global Smaller Companies and any successor schemes thereto.

“Gross Investment Sum” means the aggregate amount comprising the Net Investment Sum paid or to be paid by, or received or to be received from, an applicant for the subscription or purchase of Units, together with the Initial Sales Charge and any applicable Duties and Charges payable in respect thereof.

“Holder” means the registered holder for the time being of a Unit (which in the case of CPF Units means the nominee company of the Agent Bank) and includes all Joint Holders.

“Initial Sales Charge” means a charge upon the issue of a Unit of such amount as shall from time to time be fixed by and payable to the Managers generally or in relation to any specific or class of transaction Provided That it shall not exceed five per cent. (5%) of the Gross Investment Sum.

“Investment” means, subject to the provisions of the Code any share, stock, bond, debenture, debenture stock, unit or sub-unit of a unit trust or mutual fund, warrant, option or any derivative and all “securities” as defined in the Regulations, as may be amended from time to time and shares offered under an initial public offer.

“Joint Holders” means such persons for the time being entered in the Register as joint holders of a Unit, who shall hold the Unit either as Joint-All Holders or Joint-Alternate Holders.

“Joint-All Holders” means Joint Holders whose mandate the Managers and the Trustee shall act upon only if given by all of such Joint Holders.

“Joint-Alternate Holders” means Joint Holders whose mandate the Managers and the Trustee shall act upon if given by either of such Joint Holders.

“Net Investment Sum” means the amount paid or to be paid to the Managers by an applicant for the subscription or purchase of Units, net of the Initial Sales Charge and any applicable Duties and Charges payable in respect thereof.

“Quoted Security” means:-

- (i) any Investment (denominated in any currency), which is listed or traded or in respect of which permission to deal is effective on a Recognised Stock Exchange; and

- (ii) any Investment (denominated in any currency), in respect of which application for listing or for permission to deal has been made to a Recognised Stock Exchange and the subscription for or purchase of which is either conditional upon such listing or permission to deal being granted within a specified period not exceeding twelve weeks or in respect of which the Managers are satisfied that the subscription or other transactions will be cancelled if the application is refused.

“Recognised Stock Exchange” means any stock exchange, futures exchange or other securities exchange of repute including any over-the-counter market regulated by such stock exchange, and in relation to any particular Authorised Investment shall be deemed to include any responsible firm, corporation or association dealing in the Authorised Investment as may be selected by the Managers and which may be expected in the opinion of the Managers to provide a satisfactory market for such Authorised Investment.

“Regulations” means the Central Provident Fund (Investment Schemes) Regulations, as the same may be amended, modified, supplemented, re-enacted or re-constituted from time to time.

“SFA” means the Securities and Futures Act (Chapter 289) of Singapore, as the same may be amended from time to time.

“SRS” means the Supplementary Retirement Scheme.

“SRS Account” means an account opened by an investor with an SRS Operator for the purposes of investment under the SRS.

“SRS Contributions” means monies withdrawn from an investor’s SRS Account.

“SRS Operator” means the relevant bank appointed by the Ministry of Finance from time to time to operate SRS Accounts.

“SRS Units” means Units subscribed or purchased using SRS Contributions.

“Schroder Company” means Schroder Investment Management Limited, a company incorporated in the United Kingdom and a subsidiary of Schroders p.l.c., its subsidiaries and related corporations.

“Schroder ISF Global Smaller Companies” means the Schroder International Selection Fund Global Smaller Companies, one of the classes in the Schroder International Selection Fund, an open-ended investment company incorporated in Luxembourg.

“Switching Fee” means the fee payable to the Managers on the switching of a Unit in accordance with the provisions of Clause 12(O) of the Deed.

“Switching Notice” means a notice from a Holder requiring realisation of Units of the Trust and the issue of units of the new Trust in lieu thereof given pursuant to Clause 12(N) of the Deed.

“Unit” means one undivided share in the Trust.

“Unquoted Security” means any Investment (denominated in any currency) which is not quoted, listed or dealt in on any Recognised Stock Exchange but dealt with on any market Provided That the Schroder ISF Global Smaller Companies shall not be construed as an Unquoted Security.

“Valuation Point” in relation to any Dealing Day means the close of business of the last relevant market or such other time or additional time or date determined by the Managers with the approval of the Trustee.

**SCHRODER GLOBAL SMALLER COMPANIES FUND
PROSPECTUS**

BOARD OF DIRECTORS OF SCHRODER INVESTMENT MANAGEMENT (SINGAPORE) LTD

SUSAN SOH SHIN YANN

THAM EE MERN LILIAN

TAN JUI TONG

GWEE SIEW PING

**SCHRODER GLOBAL SMALLER COMPANIES FUND
PROSPECTUS LODGED ON OR ABOUT 6 JULY 2012**

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus¹.
- It is important to read the Prospectus before deciding whether to purchase units in the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

Schroder Global Smaller Companies Fund (the “Fund”)

Product Type	Unit Trust	Inception Date	3 May 1999
Manager	Schroder Investment Management (Singapore) Ltd	Custodian	The Hongkong and Shanghai Banking Corporation Limited
Investment Manager of the Underlying Fund	Schroder Investment Management Limited	Trustee	HSBC Institutional Trust Services (Singapore) Limited
Capital Guaranteed	No	Dealing Frequency	Every Dealing Day
Name of Guarantor	Not Applicable	Expense Ratio for the year ended 31 December 2011	2.23%

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

The Fund is only suitable for investors who:

- seek long-term capital growth; and
- understand the risk associated with investing in equities of small capitalisation companies.

Further Information

Refer to Para 6 on page 6-7 of the Prospectus for further information on product suitability.

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

You are investing in a unit trust constituted in Singapore which aims to provide capital growth primarily through investment in equity securities of smaller-sized companies worldwide. Smaller-sized companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of each individual market.

All or substantially all of the assets of the Fund will be invested into the Schroder International Selection Fund Global Smaller Companies (the “Underlying Fund”), one of the classes in the open-ended investment company Schroder International Selection Fund, SICAV (the “Schroder ISF”) which is incorporated in Luxembourg.

The Fund may invest in financial derivative instruments for the purposes of hedging and/or efficient portfolio management.

Refer to Para 6.1 and 9.3 on page 6 and 9-10 of the Prospectus for further information on features of the product.

Investment Strategy

At least two-thirds of the Underlying Fund (excluding cash) will be invested in shares of smaller-sized companies worldwide. The companies will be in the bottom 30% by size of each individual market at the time of purchase. The Underlying Fund has no bias to any particular industry.

The investment manager of the Underlying Fund believes smaller companies can provide higher growth prospects than larger companies over the longer term, due to the fact they are typically in the early stages of their development. Smaller companies are also less researched than larger ones. The investment manager of the Underlying Fund believes that their focus on finding companies that offer sustainable growth patterns and are trading on compelling valuations should reward the Underlying Fund’s investors.

The Underlying Fund may also invest in other financial instruments and hold cash on deposit. **Financial derivative instruments may be used to achieve the investment objective and to reduce risk or manage the Underlying Fund more efficiently.**

The NAV of the Underlying Fund (and accordingly that of the Fund) is likely to have a high volatility due to its investment policies or portfolio management techniques.

Refer to “Important Information” section, Para 6.2 and 9.3 on page 7 and 9-10 of the Prospectus for further information on the investment strategy of the Fund.

¹ The Prospectus is available for collection from Schroder Investment Management (Singapore) Ltd or any of its appointed distributors during usual office hours.

Parties Involved

WHO ARE YOU INVESTING WITH?

- The Manager is Schroder Investment Management (Singapore) Ltd.
- The Investment Manager of the Underlying Fund is Schroder Investment Management Limited (“SIML”).
- The Trustee is HSBC Institutional Trust Services (Singapore) Limited
- The custodian is The Hongkong and Shanghai Banking Corporation Limited
- The registrar is Schroder Investment Management (Luxembourg) S.A.

Refer to Para 2, 3 and 4 on page 5-6 of the Prospectus for further information on the role and responsibilities of these entities.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

The value of the Fund and its distributions (if any) may rise or fall. These risk factors may cause you to lose some or all of your investment.

Refer to Para 9 on page 8-11 of the Prospectus for further information on risks of the product.

Market and Equity Risks

You are exposed to market risks.

- The value of investments by the Fund may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

Refer to Para 9.2(a) on page 8 of the Prospectus for further information.

Liquidity Risks

The Fund is not listed and you can redeem only on Dealing Days.

- There is no secondary market for the Fund. All redemption requests should be made to the Manager or its appointed agents.

Refer to the “Important Information” section and Para 12.1 on page 12-13 of the Prospectus for further information.

Product-Specific Risks

You are exposed to small cap liquidity risk.

- Investments in small companies can be difficult to sell quickly which may affect the value of the Fund and, in extreme market conditions, its ability to meet redemption requests upon demand.

Refer to Para 9.2(f) on page 9 of the Prospectus for further information.

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Payable directly by you

You will need to pay the following fees and charges as a percentage of your gross investment sum:

Initial Sales Charge (preliminary charge)	<ul style="list-style-type: none"> • 5% for non-CPF subscriptions (maximum 5%) • 3% for CPF subscriptions (maximum 3%)
Realisation Charge	<ul style="list-style-type: none"> • Currently nil (maximum 4%)
Switching Fee	<ul style="list-style-type: none"> • Currently 1% (maximum of 1% and minimum of S\$5)

Refer to paragraph 8 on page 8 of the Prospectus for further information on the fees and charges of the product.

Payable by the Fund from invested proceeds

The Fund will pay the following fees and charges to the Manager and Trustee:

Management Fee/ Management Participation	<ul style="list-style-type: none"> • Currently 1.75% per annum (maximum of 1.75% per annum)
Trustee's Remuneration	<ul style="list-style-type: none"> • Currently not more than 0.05% per annum (maximum of 0.25% per annum)

Fees applicable at the Underlying Fund level:

Management Fee	<ul style="list-style-type: none"> • 0% per annum (maximum 1.5% per annum)
Custody Fee	<ul style="list-style-type: none"> • Up to 0.5% per annum

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

The indicative NAV per Unit is published at the Manager's website at <http://www.schroders.com.sg> one (1) Business Day after the relevant Dealing Day and is also available from the Manager.

The indicative NAV per Unit is also published in The Straits Times, The Business Times and Lianhe Zaobao on a periodic basis.

Refer to Para 10.7, 12 and 14.1 on page 12, 12-14 and 15 of the Prospectus for further information on valuation and exiting from the product.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

A Holder may at any time during the life of the Fund make a request in writing (a "Realisation Request") for the realisation of all or any Units held by him, subject to the minimum holding and minimum realisation amount as stated in the Prospectus.

Your realisation price is determined as follows:

- If you submit the Realisation Request on or before 5 pm on a Dealing Day, you will be paid a price based on the NAV of the Fund at the close of that Dealing Day.
- If you submit the Realisation Request after 5 pm on a Dealing Day, you will be paid a price based on the NAV of the Fund at the close of the next Dealing Day.

The realisation proceeds paid to an investor will be the realisation price per Unit ("Realisation Price") multiplied by the number of Units realised, less any applicable Duties and Charges. An example of the realisation proceeds an investor will receive from realising 1,000 Units is as follows:

1,000 Units	x	S\$1.100	=	S\$1,100.00
Number of units realised		Notional realisation price (NAV per unit)		Realisation proceeds

The above example is on the assumption that there are no Duties and Charges payable.

The realisation proceeds are paid to investors within seven (7) Business Days (or such other period as may be prescribed by the Monetary Authority of Singapore) following the receipt of the Realisation Request.

If applicable to him as provided in the trust deed of the Fund, a first time investor shall have the right by notice in writing delivered to the Manager or its appointed distributors to cancel his subscription for Units in the Fund within 7 calendar days (or such longer period as may be agreed between the Manager and the Trustee) from the date of his initial subscription. However, he will have to take the risk for any price changes in the NAV of the Fund since the time of his subscription.

CONTACT INFORMATION

HOW CAN YOU CONTACT US?

For enquiries, please contact

**Schroder Investment Management
(Singapore) Ltd**

65 Chulia Street #46-00, OCBC Centre

Singapore 049513

Tel: 6534 4288

Website: www.schroders.com.sg

Distributor

The Manager

APPENDIX: GLOSSARY OF TERMS

“Business Day” means any day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore are open for business (or such other day as may from time to time be determined by the Manager with the approval of the Trustee).

“CPF” means the Central Provident Fund.

“Dealing Day” means every day which is a Business Day and/or such other day or days in addition thereto or in substitution therefor as the Manager may from time to time, with the approval of the Trustee, determine.

“Duties and Charges” means all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the deposited property or the increase or decrease of the deposited property or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of authorised investments or otherwise, which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but does not include commission payable to agents on sales and repurchases of Units.

“NAV” means net asset value.

“Unit” means one undivided share in the Fund.

