



Analyst(s): Kelly Napier; David Erdonmez

Standard & Poor's View (at Nov. 18, 2010)

Standard & Poor's Fund Services rates this fund four stars. This reflects our high conviction that the manager will consistently generate risk-adjusted returns in excess of relevant investment objectives and relative to peers.

The investment team, led by Simon Doyle, has grown since our last review despite the departure of a credit analyst. We consider that the team is building stability given its growth over the past two years and the recent departure. We have high regard for Mr. Doyle and Mihkel Kase, the portfolio manager for this fund, and we look to them to continue to develop the team.

The fund's objective is to deliver a return that exceeds the Reserve Bank of Australia (RBA) cash rate by 2.5% by investing in hybrid and other income-generating securities. The fund has a wide opportunity set to capture diversified sources of risk and return to deliver on the fund's investment objectives, but will maintain an exposure to hybrid securities of no less than 40%.

Schroders' investment philosophy and process is built around identifying, allocating, and managing risk. Hybrid securities and credit strategies are higher risk but it is clear that risk-awareness is "front-of-mind" for Schroders. Risk awareness is embedded in setting and implementing the portfolio and we view this alignment of philosophy and implementation positively and consider it a strength. The investment process combines strategic asset allocation (SAA) for market exposure and tactical asset allocation (TAA) to rotate the fund's beta exposures to capture inefficiencies. Overarching the process is the premise of the efficient allocation of risk. The investment process is sufficiently rigorous to give the team conviction in its decisions when implementing strategies. We also have high conviction in this team and investment process as it applies to this strategy, based on Schroders' traditional and uncomplicated approach to fixed interest investing.

The fund's 12-month performance to June 30, 2010 significantly exceeded the benchmark, but the fund has not met its objectives over the medium term due to a poor calendar year 2008. During the global financial crisis, the fund's performance benefited from the team's taking advantage of the flexible investment guidelines to position the fund defensively by increasing the cash allocation.

Fund Information

Objectives

The objective is to outperform the RBA cash rate by 2.5% p.a. The manager also expects to provide regular income and low capital volatility with a low correlation to equity markets.

General

APIR Code	SCH0103AU
Fund status	Open
Inception date	Aug. 23, 2002
Fund Size (\$A)	675.92 .mil
Benchmark	RBA Cash Rate Target
Peer group	International Fixed Interest - Diversified Fixed Interest Income
Responsible Entity	Schroder Investment Management Australia
Minimum investment (A\$)	50000

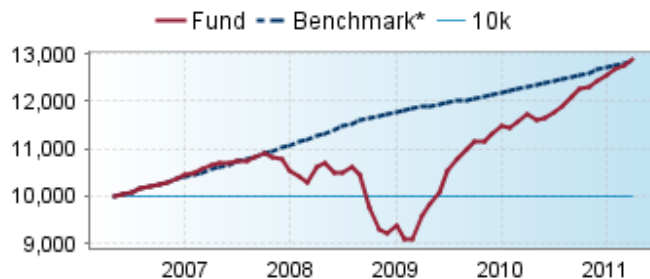
Fees

Ongoing Fees (%)		Transaction Fees (%)	
ICR	0.75	Entry	0
Management	0.75	Exit	0.15
Ongoing Brokerage	0	Reinvestment	0
		Switching	-
		Upfront Brokerage	0

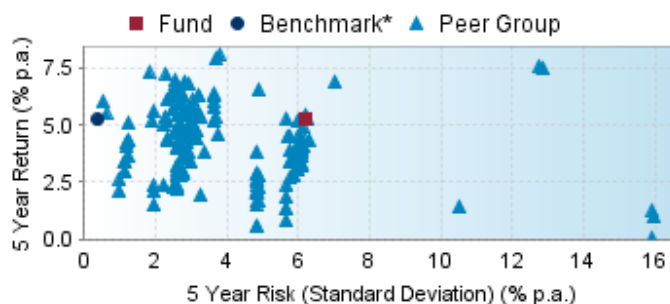
* Benchmark: RBA Cash Rate Target.

Fund Analysis

Growth of A\$10,000 (at April 30, 2011)



Risk Return (at April 30, 2011)



Performance Statistics (at April 30, 2011)

	3 mth	6 mth	1 yr	3 yr	5 yr
Fund Total	2.54	4.86	9.91	6.57	5.24
Income	1.33	1.52	6.49	6.02	6.01
Growth	1.21	3.34	3.42	0.55	(-0.77)
Benchmark* Total	1.17	2.35	4.62	4.49	5.24
Excess Return	1.37	2.51	5.29	2.08	0
Quartile Ranking	1	1	1	2	2

Asset Allocation (%) (at April 30, 2011)

Class	Actual	Min.	Max.
Australian Equities	-	-	-
International Equities	-	-	-
Listed Property	-	-	-
Unlisted Property	-	-	-
Australian Fixed Interest	65.05	-	-
International Fixed Interest	29.57	-	-
Cash	5.38	-	-
Other	-	-	-
Mortgages	-	-	-

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