

**Schroder**

# Global Equity Income Fund

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## Final Short Report

16 July 2012 to 15 July 2013



**Schroders**

# Schroder Global Equity Income Fund

## Review of Investment Activities

**From 13 July 2012 to 15 July 2013, the price of A Accumulation units on a dealing price to dealing price basis rose 24.63%. In comparison, the MSCI World Index generated a net total return of 28.83%<sup>1</sup> in sterling terms.**

**1 Source: MSCI.**

Equities gained over the period, with the eurozone bolstered by European Central Bank President Mario Draghi's pledge to do 'whatever it takes' to preserve the euro. Encouraging US macroeconomic data and a continuation of ultra accommodative monetary policy from central banks supported risk appetite. Improved sentiment saw investors favour the consumer services and financials sectors. Resource related sectors underperformed amid concerns over the outlook for China.

The fund posted strong absolute gains but lagged the benchmark. The industrials sector was the biggest detractor from performance. Drilling rig manufacturers Keppel and Sembcorp Marine both detracted, as did conglomerates Sembcorp Industries and Mitsui & Co. Telecommunications was another detractor as ongoing regulatory changes and industry fundamentals weighed on share prices. The structural underweight in technology proved advantageous.

Newmont Mining was the biggest detractor amid a falling gold price. Oil & gas stocks CNOOC and Petróleo Brasileiro weighed on performance as investors started to worry about emerging market growth. US utility FirstEnergy was another detractor.

In consumer focused stocks, auto and auto related stocks Compagnie Generale des Etablissements Michelin, BMW and Daimler were among the contributors, helped by signs of stronger global auto demand. Among financials, improved risk appetite saw our holdings in BNP Paribas, Deutsche Bank and JPMorgan Chase contribute to performance, along with insurers Delta Lloyd, Prudential and Legal & General Group.

We have reduced our allocation to telecommunications but remain slightly overweight. Our allocation to utilities has gone from neutral to underweight. We remain underweight in technology. We have increased our exposure to health care.



**Fund Manager:**  
**Sonja Laud**

# Fund Information

	Interim	Final
Accounting dates	15 January	15 July
Revenue allocation dates	15 March	15 September

	For the year to 15.7.13	For the year to 15.7.12
<b>Ongoing charges figure</b>		
A Income units	1.71%	1.73%
A Accumulation units	1.71%	1.73%
Z Income units	0.97%	0.98% <sup>1</sup>
Z Accumulation units	0.97%	0.98% <sup>1</sup>

<sup>1</sup> The Ongoing charges figure is annualised based on the fees suffered during the accounting period.

## Performance Record

	Net Asset Value as at 15.7.13 pence per unit	Net Asset Value as at 15.7.12 pence per unit	Net Asset Value % change
<b>Fund performance</b>			
A Income units	48.44	40.37	19.99
A Accumulation units	62.52	50.58	23.61
Z Income units	64.65	53.47	20.91
Z Accumulation units	68.63	55.09	24.58

	3 months	1 year	5 years
<b>Schroder Global Equity Income Fund</b>	5.46%	24.63%	66.76%
MSCI World Index	7.00%	28.83%	71.46% <sup>1</sup>

Fund Source: A Accumulation units on a dealing price to dealing price basis to 15.7.13.

Index Source: MSCI, net total return in sterling terms to 15.7.13.

<sup>1</sup> With effect from 1 January 2011 the benchmark changed to the MSCI World Index. Prior to this date the benchmark was the MSCI All country World Index. The full track record of the previous index has been kept and chain linked to the new one.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## Performance Record (continued)

Unit price range	A Income units		A Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2008	46.40	29.46	46.38	30.99
2009	39.99	27.47	44.27	29.48
2010	42.57	36.67	49.01	41.18
2011	44.01	35.80	51.53	42.99
2012	44.11	38.70	54.54	47.26
2013 to 15 July	50.38	43.74	63.71	54.82

	Z Income units		Z Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	51.63	47.11	51.63	47.11
2012	58.56	51.45	59.62	51.45
2013 to 15 July	67.16	58.15	69.86	59.93

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	1.9168	1.9397
2009	1.5995	1.7086
2010	1.5213	1.7355
2011	1.7448	2.0262
2012	1.6946	2.0590
2013 to 15 July	1.4054	1.7732

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	–	–
2012	1.6266	1.6266
2013 to 15 July	1.8691	1.9376

## Portfolio Information

	% of net assets as at 15.7.13	% of net assets as at 15.7.12
<b>Spread of investments</b>		
Hong Kong	2.69	5.65
Japan	4.82	0.00
Singapore	3.72	9.34
Taiwan	1.32	0.00
France	10.54	12.79
Germany	11.73	13.65
Ireland	1.98	1.26
Israel	0.75	1.36
Italy	0.00	1.90
Netherlands	4.81	1.05
Norway	2.89	2.76
Spain	1.71	1.18
Sweden	2.25	1.11
Switzerland	6.53	1.90
United Kingdom	13.12	15.19
Canada	0.00	1.33
United States	29.14	27.52
Brazil	0.00	1.02
Japanese Yen Denominated Derivatives	0.04	0.00
US Dollar Denominated Derivatives	0.41	0.36
Net other assets	1.55	0.63

	% of net assets as at 15.7.13		% of net assets as at 15.7.12
<b>Major holdings</b>			
Microsoft	4.36	Microsoft	3.67
Time Warner Cable	2.55	Time Warner Cable	2.87
Legal & General Group	2.34	Merck	2.41
JPMorgan Chase	2.23	Sanofi	2.33
Prudential	2.21	Vodafone Group	2.28
Roche Holding Genusscheine	2.04	Pfizer	2.11
Eli Lilly	1.93	Prudential	2.03
Sanofi	1.90	Legal & General Group	2.02
Kraft Foods Group	1.86	GlaxoSmithKline	1.88
Astellas Pharma	1.80	JPMorgan Chase	1.85

# Investment Objective & Policy

The fund's investment objective is to provide income and capital growth for investors over the long term primarily through investment in equity and equity related securities of companies worldwide which offer attractive yields and sustainable dividend payments.

Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, warrants and money market instruments.

## Risk Profile

### Risk and reward indicator



The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk free investment.

## Risk Profile (continued)

### Specific risks

The fund invests in assets which are exposed to currencies other than sterling. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

The fund entered into stock lending arrangements. There was a risk that the borrower may have become insolvent or refused to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss. Although the fund is permitted to stock lend it is not the intention to do so in the future.

As a result of the expenses being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

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## Report & Accounts

This document is a short report for the Schroder Global Equity Income Fund for the year ended 15 July 2013. The long form Report & Accounts for the fund are available on our website [www.schroders.co.uk](http://www.schroders.co.uk) or upon written request to Schroders, FREEPOST, RLTX-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

## Other information

With effect from 31 December 2012 the initial management charge was removed for A Income units and A Accumulation units.

The information contained in this report is designed to enable unitholders to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the fund during this and previous periods, please contact the Manager.

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website **[www.schroders.co.uk](http://www.schroders.co.uk)**.

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For investors' security, calls to Schroder Investor Services may be recorded. **Manager:** Schroder Unit Trusts Limited, 31 Gresham Street, London, EC2V 7QA. Authorised and regulated by the Financial Conduct Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Conduct Authority. **Independent Auditors:** PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

**For further literature please contact Schroder Investor Services on 0800 718 777 or at [investorservices@schroders.com](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](http://www.schroders.co.uk).**

