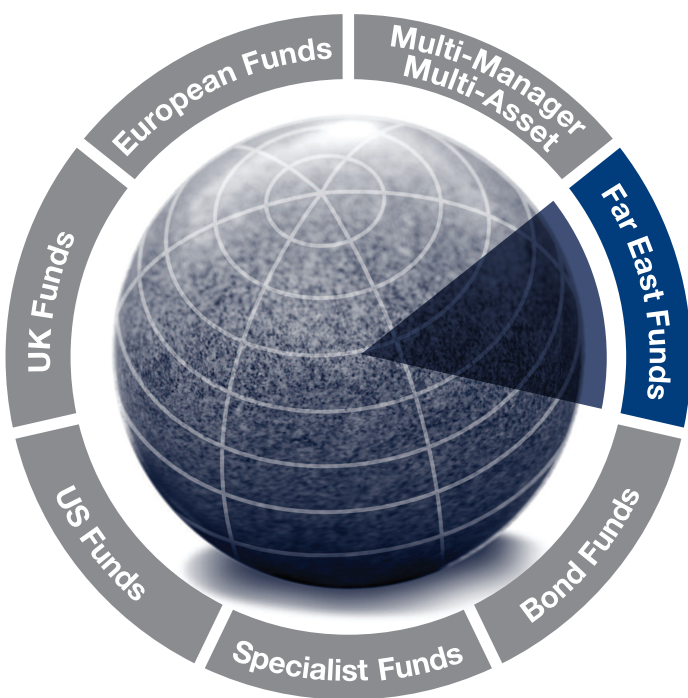


# Schroder Institutional Pacific Fund

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Final Report and Accounts  
October 2011



Schroders

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Schroder

## Institutional Pacific Fund

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# Fund Information

## Investment objective and policy

The fund's investment objective is to achieve capital growth. Income will be minimal.

The fund will follow a highly active investment policy in all economic sectors in the Pacific region, excluding Japan and including, but not limited to, Australia, Hong Kong, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. It is intended that the fund may also participate in other Asian stock markets which are not currently open to outside investors. The fund will invest in equities, warrants and convertibles of quoted companies with greater focus on the larger capitalised and better quality companies.

The fund may also invest in a wide range of investments including transferable securities, collective investment schemes, warrants and money market instruments.

## Financial highlights

Dealing price	14.10.11	18.10.10	% change
I Income units	538.40p	559.30p xd	(3.74)
I Accumulation units	803.90p	835.20p	(3.75)
X Accumulation units	50.45p	–	–
	15.12.11	15.12.10	
Final distribution per I Income unit	18.0338p	14.2255p	

## Fund information

Launch date	24 May 1989
Launch price	100.00p per I Income unit
	100.00p per I Accumulation unit
Launch date	25 August 2011
Launch price	50.00p per X Accumulation unit

	Interim	Final
Accounting dates	15 April	15 October
Revenue allocation date		15 December

# Fund Information (continued)

## Total expense ratio

	For the year to 15.10.11	For the year to 15.10.10
I Income units	0.52%	0.53%
I Accumulation units	0.52%	0.53%
X Accumulation units <sup>1</sup>	0.02% <sup>2</sup>	–

1 The annual management charge for X Accumulation units is invoiced directly to unitholders and is therefore not included in the Total expense ratio for that unit class.

2 The Total expense ratio is annualised based on the fees suffered during the accounting period.

# Review of Investment Activities

**From 18 October 2010 to 14 October 2011 the price of I Accumulation units on a dealing price to dealing price basis fell 3.75%. In comparison, the fund's benchmark, the Morgan Stanley Capital International Pacific ex Japan Index, generated a negative total return of 5.26%<sup>1</sup> in sterling terms.**

<sup>1</sup> Source: Bloomberg.

Equity performance in Asia was dominated by global macroeconomic concerns that dented investor confidence and drove Asia Pacific markets into negative territory. The unresolved crisis in the eurozone and political turmoil in the Middle East, compounded by a slowdown in the US recovery, spurred heightened volatility in the markets. Within the Asian economies, growth remained robust over the period, with inflation – particularly in China – showing signs of easing towards the end of the review period.

Despite delivering negative returns over what was a difficult twelve months in the markets, the fund outperformed the benchmark by a strong margin. Our choice of individual stocks was the strongest driver of performance, with selection among industrials, materials and consumer discretionaries proving particularly positive. Among our key contributors included Australian stocks Brambles, the world's largest supplier of wooden pallets and media company News Corporation, as well as Hong Kong conglomerate Jardine Matheson Holdings, favoured for its underlying consumer businesses and franchises across Asia. No material changes were made to the fund over the period.

The dramatic sell off in the last three months provided opportunities for us to add to our favoured companies with solid balance sheets and strong management. Value is appearing and we think Asia will remain the key growth driver for the global economy over the coming years. There are some excellent companies that will benefit and thrive in the coming period of secular change.

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.



**Fund Manager:**  
**King Fuei Lee**

Investment career commenced upon joining Schroders in 1999

Transferred from the Global Equities Team in the London office to the Asian Equities Team in Singapore in December 2001. Promoted to Head of Asian Equities in Singapore in March 2011

Currently the Head of Asian Equities (Singapore) and a fund manager responsible for managing Asia Pacific ex-Japan mandates. Based in Singapore

CFA charterholder, Member of CFA Institute. Investment Management Certificate (IMC)

M.Phil in Economics, Cambridge University. BSc in Economics (First Class Honours), London School of Economics

# Net Asset Value and Comparative Tables

## Unit price range

Year to 31 December	I Income units		I Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2006	348.40	297.40	471.90	393.80
2007	486.50	344.90	670.90	467.20
2008	484.60	258.90	668.50	368.70
2009	502.80	275.60	719.50	392.50
2010	606.00	459.30	904.80	668.70
2011 to 15 October	608.00	471.40	907.90	703.90

Year to 31 December	X Accumulation units	
	Highest dealing p	Lowest dealing p
2006	–	–
2007	–	–
2008	–	–
2009	–	–
2010	–	–
2011 to 15 October	52.73	44.17

## Net revenue

Year to 31 December	I Income units pence per unit	I Accumulation units pence per unit
2006	7.5840	10.0735
2007	8.1316	11.4107
2008	9.5622	13.1635
2009	11.1582	15.7287
2010	14.2255	20.4172
2011 to 15 October	18.0338	26.9508

Year to 31 December	X Accumulation units pence per unit
2006	–
2007	–
2008	–
2009	–
2010	–
2011 to 15 October	0.3579

# Net Asset Value and Comparative Tables (continued)

## Net asset value

As at 15 October	Net asset value £000's	Net asset value per unit p	Number of units in issue
<b>2009</b>			
I Income units	482,464	483.13	99,862,804
I Accumulation units	95,811	703.91	13,611,153
<b>2010</b>			
I Income units	498,135	557.41	89,366,366
I Accumulation units	131,401	832.31	15,787,427
<b>2011</b>			
I Income units	419,304	518.51	80,866,778
I Accumulation units	204,284	801.12	25,499,921
X Accumulation units	193,525	50.27	384,940,971

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.

# Risk Profile

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 less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund stock lends. There is a risk that the borrower might become insolvent or refuse to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss.

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



# Statement of the Manager's Responsibilities

The Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the fund and of its net revenue and the net capital losses on the property of the fund for the year. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the year ended 15 October 2011 were signed on 29 November 2011 on behalf of the Manager by:

**C.E. Helmstetter**  
Directors

**J.M. Cardew**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in relation to the accounts of the Scheme**

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

## **Trustee's Report for the accounting period from 16 October 2010 to 15 October 2011**

Schroder Institutional Pacific Fund ("the Scheme")

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL as appropriate, and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

## **J.P. Morgan Trustee and Depositary Company Limited**

Trustee  
Bournemouth  
7 November 2011

# Report of the Independent Auditors

## **Independent Auditors' report to the unitholders of Schroder Institutional Pacific Fund ("the fund")**

We have audited the financial statements of Schroder Institutional Pacific Fund for the year ended 15 October 2011 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

## **Respective responsibilities of Authorised Fund Manager and Auditors**

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# Report of the Independent Auditors (continued)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund at 15 October 2011 and of the net revenue and the net capital losses of the scheme property of the fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

## Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

## PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors

Edinburgh

29 November 2011

- (a) The maintenance and integrity of the Schroders website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Portfolio Statement

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Australia 63.00%</b>			
(2010 – 62.58%)			
AGL Energy	1,622,569	15,685	1.92
Australia & New Zealand Banking Group	2,125,163	29,135	3.57
BHP Billiton	3,203,196	77,096	9.43
Brambles	5,387,280	23,469	2.87
Coca-Cola Amatil	1,557,998	11,987	1.47
Commonwealth Bank of Australia	1,063,245	32,986	4.04
Computershare	1,624,020	7,818	0.96
CSL	813,195	15,934	1.95
Dulux Group	4,703,712	7,834	0.96
Gunns	4,175,097	559	0.07
Incitec Pivot	4,470,368	9,752	1.19
Insurance Australia Group	3,391,024	6,733	0.82
James Hardie Industries CDI	2,080,836	7,584	0.93
Lend Lease	1,463,361	7,168	0.88
Myer Holdings	2,784,212	4,019	0.49
National Australia Bank	2,981,500	47,262	5.78
News Corporation A CDI	534,640	4,225	0.52
Orica	1,073,378	17,092	2.09
QBE Insurance Group	958,005	8,679	1.06
ResMed CDI	10,322,766	19,687	2.41
Rio Tinto	784,840	34,960	4.28
Suncorp-Metway	2,458,730	13,201	1.62
Telstra	6,082,987	12,197	1.49
Wesfarmers	686,534	14,156	1.73
Westfield Group Stapled Units	637,659	3,182	0.39
Westpac Banking	3,043,219	42,933	5.25
Woodside Petroleum	499,672	11,423	1.40
Woolworths	1,750,318	27,997	3.43
		<b>514,753</b>	<b>63.00</b>
<b>Bermuda 10.11%</b>			
(2010 – 11.34%)			
First Pacific	16,921,600	10,423	1.28
Hongkong Land Holdings	3,502,323	10,419	1.27
Jardine Matheson Holdings	829,800	26,156	3.20
Jardine Strategic Holdings	976,500	17,065	2.09
Kerry Properties	3,369,020	8,018	0.98
Noble Group	3,794,545	2,741	0.34

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Bermuda (continued)</b>			
Shangri-La Asia	6,639,562	7,791	0.95
		<b>82,613</b>	<b>10.11</b>
<b>Hong Kong/China 14.40%</b>			
(2010 – 13.88%)			
AIA Group	6,184,200	11,951	1.46
Bank of China (Hong Kong)	5,607,500	8,405	1.03
Beijing Enterprise Holdings	2,321,000	7,601	0.93
China Taiping Insurance Holdings	6,185,561	8,546	1.05
Hang Lung Group	1,813,667	6,737	0.82
Hutchison Whampoa	3,150,384	17,764	2.17
Sun Hung Kai Properties	2,229,053	18,609	2.28
Swire Pacific A	2,882,364	21,260	2.60
Swire Pacific B	2,172,500	3,129	0.38
Television Broadcasts	1,549,000	5,539	0.68
Wing Hang Bank	1,437,000	8,132	1.00
		<b>117,673</b>	<b>14.40</b>
<b>Isle of Man 0.98%</b>			
(2010 – 0.00%)			
Genting Singapore	9,953,000	8,035	0.98
		<b>8,035</b>	<b>0.98</b>
<b>Luxembourg 0.00%</b>			
(2010 – 0.37%)			
<b>Singapore 11.80%</b>			
(2010 – 13.01%)			
CapitaLand	2,879,000	3,612	0.44
City Developments	1,272,000	6,326	0.78
DBS Group Holdings	1,464,538	8,887	1.09
Jardine Cycle & Carriage	724,000	15,131	1.85
Keppel	1,869,200	8,129	1.00
Keppel Land	1,323,000	1,753	0.22
Sembcorp Industries	4,708,320	9,320	1.14
Sembcorp Marine	2,711,000	5,231	0.64
Singapore Telecommunications	4,493,000	7,097	0.87
UOB Group	2,458,801	21,017	2.57
UOL Group	2,124,000	4,364	0.53

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Singapore (continued)</b>			
Wilmar International	2,216,000	5,505	0.67
		<b>96,372</b>	<b>11.80</b>
Portfolio of investments		<b>819,446</b>	<b>100.29</b>
Net other liabilities		(2,333)	(0.29)
<b>Net assets attributable to unitholders</b>		<b>817,113</b>	<b>100.00%</b>

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official listings.

# Statement of Total Return

For the year ended 15 October 2011

		2011		2010	
	Notes	£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(50,673)		85,540
Revenue	3	26,312		19,160	
Expenses	4	(3,566)		(3,058)	
Finance costs:					
Interest payable	6	(1)		0	
Net revenue before taxation		<b>22,745</b>		<b>16,102</b>	
Taxation	5	(105)		58	
Net revenue after taxation			<b>22,640</b>		<b>16,160</b>
<b>Total return before distributions</b>			<b>(28,033)</b>		<b>101,700</b>
Finance costs: Distributions	6		(22,905)		(16,035)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(50,938)</b>		<b>85,665</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 October 2011

		2011		2010	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			629,536		578,275
Amounts receivable on issue of units		327,489		60,638	
Amounts payable on cancellation of units		(97,224)		(98,265)	
			<b>230,265</b>		<b>(37,627)</b>
Change in net assets attributable to unitholders from investment activities			(50,938)		85,665
Retained distribution on accumulation units			8,250		3,223
<b>Closing net assets attributable to unitholders</b>			<b>817,113</b>		<b>629,536</b>



# Balance Sheet

As at 15 October 2011

		2011		2010	
	Notes	£000's	£000's	£000's	£000's
<b>Assets</b>					
Investment assets			819,446		636,963
Debtors	7	12,751		727	
Cash and bank balances		25,135		15,814	
Total other assets			<b>37,886</b>		<b>16,541</b>
<b>Total assets</b>			<b>857,332</b>		<b>653,504</b>
<b>Liabilities</b>					
Creditors	8	(10,321)		(4,260)	
Bank overdrafts		(15,315)		(6,995)	
Distribution payable on I Income units		(14,583)		(12,713)	
Total other liabilities			<b>(40,219)</b>		<b>(23,968)</b>
<b>Total liabilities</b>			<b>(40,219)</b>		<b>(23,968)</b>
<b>Net assets attributable to unitholders</b>					
			<b>817,113</b>		<b>629,536</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of accounting

**The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the IMA in October 2010.**

### Revenue

Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex dividend. Stock lending income and interest receivable from bank balances are accounted for on an accruals basis.

### Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

### Expenses

Expenses of the fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the fund.

For I Income units and I Accumulation units the annual management charge is charged against revenue and is accrued within the price. This charge is invoiced directly to the holders of X Accumulation units.

### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis. This includes any gains made on offshore non-distributing funds.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

### Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. The revenue is distributed annually on 15 December.

# Notes to the Accounts (continued)

## Valuation

Listed investments of the fund have been valued at market value at 18:00 on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security.

## Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date.

## 2 Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2011 £000's	2010 £000's
Non-derivative securities	(50,747)	85,665
Currency gains/(losses)	110	(121)
Transaction charges	(36)	(4)
<b>Net capital (losses)/gains</b>	<b>(50,673)</b>	<b>85,540</b>

## 3 Revenue

	2011 £000's	2010 £000's
Overseas dividends	26,234	19,067
Bank interest	43	63
Stock lending income (Note 13)	35	30
<b>Total Revenue</b>	<b>26,312</b>	<b>19,160</b>

# Notes to the Accounts (continued)

## 4 Expenses

	2011 £000's	2010 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	3,380	2,892
VAT refund	0	(2)
	<b>3,380</b>	<b>2,890</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	66	57
Safe custody fees	108	101
Dividend expenses	1	0
	<b>175</b>	<b>158</b>
<b>Other expenses:</b>		
Audit fee	11	10
	<b>11</b>	<b>10</b>
<b>Total expenses</b>	<b>3,566</b>	<b>3,058</b>

## 5 Taxation

<b>(a) Analysis of the tax charge for the year</b>		
	2011 £000's	2010 £000's
Overseas withholding tax	105	67
Total current tax (Note 5(b))	<b>105</b>	<b>67</b>
<b>Deferred tax (Note 5(c))</b>		
Origination and reversal of timing differences	0	(125)
<b>Total Taxation</b>	<b>105</b>	<b>(58)</b>

Corporation tax has not been provided for as expenses exceed the revenue liable to corporation tax.

# Notes to the Accounts (continued)

## (b) Factors affecting the current tax charge for the year

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2010 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2011 £000's	2010 £000's
<b>Net revenue before taxation</b>	<b>22,745</b>	<b>16,102</b>
Net revenue for the year before Taxation multiplied by the standard rate of corporation tax	4,549	3,220
<b>Effects of:</b>		
Revenue not subject to corporation tax	(5,214)	(3,787)
Movement in excess management expenses	400	567
Irrecoverable overseas withholding tax	105	67
Taxable gains on offshore non-distributing funds	265	0
<b>Current tax charge for the year (Note 5(a))</b>	<b>105</b>	<b>67</b>

## (c) Provision for deferred tax

	2011 £000's	2010 £000's
Provision at the start of the year	0	125
Movement in deferred tax for the period (Note 5(a))	0	(125)
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

# Notes to the Accounts (continued)

## (d) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £966,916 (2010 – £327,776) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Finance costs

### Distributions and interest payable

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprises:

	2011 £000's	2010 £000's
Final Dividend distribution	22,833	15,936
Add: Revenue deducted on cancellation of units	2,282	1,030
Deduct: Revenue received on creation of units	(2,210)	(931)
<b>Finance costs: Distributions</b>	<b>22,905</b>	<b>16,035</b>
<b>Finance costs: Interest payable</b>	<b>1</b>	<b>0</b>
<b>Total finance costs</b>	<b>22,906</b>	<b>16,035</b>
Net revenue after taxation	22,640	16,160
Tax taken to capital	265	(125)
<b>Finance costs: Distributions</b>	<b>22,905</b>	<b>16,035</b>

Details of the distribution per unit are set out in the table on page 28.

## 7 Debtors

	2011 £000's	2010 £000's
Amounts receivable for creation of units	33	367
Sales awaiting settlement	12,338	0
Accrued overseas dividends	377	354
Accrued bank interest	1	2
VAT recoverable	0	2
Corporation tax recoverable	2	2
<b>Total debtors</b>	<b>12,751</b>	<b>727</b>

# Notes to the Accounts (continued)

## 8 Creditors

	2011		2010	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		0		2
Purchases awaiting settlement		9,910		3,845
<b>Accrued expenses</b>				
<b>Manager and Agents</b>				
Annual management charge		377		389
<b>Trustee and Agents</b>				
Trustee's fees	9		2	
Safe custody fees	14		10	
Transaction charges	0		1	
		<b>23</b>		<b>13</b>
Other accrued expenses		11		11
<b>Total creditors</b>		<b>10,321</b>		<b>4,260</b>

## 9 Contingent liabilities

There were no contingent liabilities at the balance sheet dates (2010 – Nil).

## 10 Related party transactions

The Manager and the Trustee actively co-operate to exercise control over the fund and are therefore related parties by virtue of their controlling influence.

Amounts paid during the year or due to the Manager or the Trustee at the balance sheet date are disclosed under Net capital (losses)/gains, Expenses, Finance costs, Creditors and Stock lending in the Notes to the Accounts. Bank interest paid or payable to the fund by the Trustee is disclosed in Revenue and Debtors in the Notes to the Accounts.

Transactions relating to the creation and cancellation of units and the purchases and sales of investments which pass through, but are not for the benefit of, either related party are disclosed in the Statement of Change in Net Assets Attributable to Unitholders, Finance costs and Portfolio transaction costs in the Notes to the Accounts. Amounts due to or from the fund at the balance sheet date in relation to these transactions are disclosed under Debtors and Creditors in the Notes to the Accounts. Cash and bank balances and bank overdrafts with the Trustee are disclosed in the Balance Sheet.

# Notes to the Accounts (continued)

## 11 Unit classes

The fund currently has three unit classes: I Income units, I Accumulation units and X Accumulation units. The annual management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

I Income units	0.50%
I Accumulation units	0.50%
X Accumulation units	0.00%

The expense is invoiced directly to X Accumulation unitholders.

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the Net Asset Value and Comparative Tables on page 7. The distribution per unit class is given in the Distribution Table on page 28. All classes have the same rights on winding up.

## 12 Derivative and other financial instruments

In accordance with the investment objective, the fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short term debtors and creditors arising directly from operations.

Under normal circumstances, the Manager would expect substantially all of the assets of the fund to be invested in securities appropriate to the fund's investment objective. Cash and near cash may only be held to assist in the redemption of units, the efficient management of the fund or for purposes regarded as ancillary to the fund.

The fund has little exposure to credit risk. The main risks arising from the fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

### Market price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.



# Notes to the Accounts (continued)

## Foreign currency risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The fund has not hedged the sterling value of investments that are priced in other currencies.

Revenue received in other currencies is converted to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

## Currency risk profile

The currency risk profile of the fund's net assets and liabilities at the balance sheet date was as follows:

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Australian dollar</b>			
2011	270	514,753	515,023
2010	257	393,968	394,225
<b>Hong Kong dollar</b>			
2011	47	143,905	143,952
2010	94	108,843	108,937
<b>Singapore dollar</b>			
2011	0	107,148	107,148
2010	(3,841)	87,047	83,206
<b>Sterling</b>			
2011	(5,243)	0	(5,243)
2010	(3,937)	0	(3,937)
<b>US dollar</b>			
2011	2,593	53,640	56,233
2010	0	47,105	47,105

## Liquidity risk

The primary source of this risk to the fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities.

## Interest rate risk

Interest receivable on bank balances or payable on bank overdraft positions will be affected by fluctuations in interest rates.

# Notes to the Accounts (continued)

## Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Australian dollar</b>			
2011	0	527,361	527,361
2010	0	394,225	394,225
<b>Hong Kong dollar</b>			
2011	0	143,952	143,952
2010	0	108,937	108,937
<b>Singapore dollar</b>			
2011	0	107,148	107,148
2010	0	87,047	87,047
<b>Sterling</b>			
2011	22,600	38	22,638
2010	15,814	376	16,190
<b>US dollar</b>			
2011	2,535	53,698	56,233
2010	0	47,105	47,105

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
<b>Australian dollar</b>			
2011	0	12,338	12,338
2010	0	0	0
<b>Singapore dollar</b>			
2011	0	0	0
2010	0	3,841	3,841
<b>Sterling</b>			
2011	15,315	12,566	27,881
2010	6,995	13,132	20,127

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have a maturity date.

# Notes to the Accounts (continued)

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on SONIA. Foreign currency bank balances bear interest at rates based on LIBOR or its international equivalent.

## Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

## 13 Stock lending

The fund enters into stock lending arrangements with various counterparties. At the balance sheet date there were no securities on loan (2010 – Nil) and consequently no collateral was held (2010 – Nil).

	2011 £000's	2010 £000's
<b>Analysis of stock lending income</b>		
Gross stock lending income	57	46
Fees paid to the Manager	(12)	(9)
Fees paid to depositary	(10)	(7)
<b>Net stock lending income (Note 3)</b>	<b>35</b>	<b>30</b>

## 14 Portfolio transaction costs

	2011		2010	
	£000's	£000's	£000's	£000's
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		335,267		108,065
Commissions	188		138	
Taxes	36		32	
Total purchase costs		<b>224</b>		<b>170</b>
<b>Gross purchase total</b>		<b>335,491</b>		<b>108,235</b>
<b>Analysis of total sales costs</b>				
Gross sales in year before transaction costs		102,450		134,573
Commissions	(171)		(145)	
Taxes	(18)		(47)	
Total sales costs		<b>(189)</b>		<b>(192)</b>
<b>Total sales net of transaction costs</b>		<b>102,261</b>		<b>134,381</b>

# Distribution Table

Final distribution for  
the year ended  
15 October 2011

**Group 1** Units purchased prior to 16 October 2011

**Group 2** Units purchased on or after 16 October 2011

	<b>Net revenue 2011 p per unit</b>	<b>Equalisation 2011 p per unit</b>	<b>Distribution payable 15.12.11 p per unit</b>	<b>Distribution paid 15.12.10 p per unit</b>
<b>I Income units</b>				
Group 1	18.0338	–	18.0338	14.2255
Group 2	17.0866	0.9472	18.0338	14.2255
<b>I Accumulation units</b>				
Group 1	26.9508	–	26.9508	20.4172
Group 2	13.0379	13.9129	26.9508	20.4172

Final distribution for  
the period ended  
15 October 2011

**Group 1** Units purchased prior to 26 August 2011

**Group 2** Units purchased on or after 26 August 2011

	<b>Net revenue 2011 p per unit</b>	<b>Equalisation 2011 p per unit</b>	<b>Distribution payable 15.12.11 p per unit</b>	<b>Distribution paid 15.12.10 p per unit</b>
<b>X Accumulation units</b>				
Group 1	0.3579	–	0.3579	–
Group 2	0.3579	0.0000	0.3579	–

Corporate  
unitholders

Corporate unitholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment income.

Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# General Information

## Manager

Schroder Unit Trusts Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by  
the Financial Services Authority

## Investment Adviser

Schroder Investment  
Management (Singapore) Limited  
46-00 OCBC Centre  
65 Chulia Street  
Singapore 049513  
Authorised by the Monetary  
Authority of Singapore  
  
Investment management for  
the Hong Kong and Chinese  
markets has been delegated to  
Schroder Investment  
Management (Hong Kong) Limited  
Suites 3301  
Level 33  
Two Pacific Place  
88 Queensway  
Hong Kong  
Authorised and regulated by  
the Securities and Futures  
Commission of Hong Kong

## Trustee

J.P. Morgan Trustee and  
Depositary Company Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised and regulated by  
the Financial Services Authority

## Registrar<sup>1</sup>

International Financial Data Services Limited  
IFDS House  
St Nicholas Lane  
Basildon  
Essex SS15 5FS

## Administration details

Schroders  
FREEPOST  
RLTZ-CHSY-HBUT  
PO Box 1102  
Chelmsford  
Essex CM99 2XX  
Investor Services  
0800 718 777  
Dealing 0800 718 788  
Fax 0870 043 4080

## Independent Auditors

PricewaterhouseCoopers LLP  
Erskine House  
68-73 Queen Street  
Edinburgh EH2 4NH

<sup>1</sup> The Manager has delegated the function of Registrar to International Financial Data Services Limited.

## Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.



Issued in December 2011 by Schroder Unit Trusts Limited, 31 Gresham Street, London EC2V 7QA.

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