

**Schroder**

# **QEP Global Core Fund**

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## **Final Short Report**

16 October 2011 to 15 October 2012



**Schroders**

# Schroder QEP Global Core Fund

## Review of Investment Activities

**From 14 October 2011 to 15 October 2012 the price of X Accumulation units on a dealing price to dealing price basis rose 12.34%. In comparison, the MSCI World Index generated a net return of 11.48%<sup>1</sup>.**

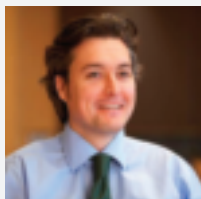
**<sup>1</sup> Source: Thomson Reuters Datastream.**

As 2011 drew to a close, the stress in the interbank markets was markedly reduced following the European Central Bank's (ECB) Long Term Refinancing Operations (LTRO) in December, and again in February 2012. After this strong start to 2012, investor confidence declined in the second quarter as the effects of the ECB's LTRO faded and macroeconomic data disappointed. Spain was in the spotlight and, to a lesser extent, Italy while discussion of a possible Greek exit raised concerns. Later in the period, markets rose strongly and the yields in Spanish and Italian government bonds fell on the back of substantial supportive measures announced by both the ECB and the US Federal Reserve. The rally ensured that markets secured solid positive returns over the period as a whole.

The fund outperformed the index over the period. Relative gains were strongest among holdings in the utilities and telecommunication services sectors, while our overweight position in health care also added value over the period. On a regional basis, stock selection in continental Europe and Pacific ex Japan made a significant contribution to performance.

Our largest overweight position remains health care, and is offset by close to our maximum underweight position in utilities, which we believe are relatively expensive. Within consumer staples we remain underweight in the more expensive food and drink stocks. Elsewhere, we have been increasing our exposure to the information technology, industrials and consumer discretionary sectors for stock specific reasons. Within financials, we are overweight in insurance and underweight in real estate. We also prefer US and UK stocks and are underweight in Pacific ex Japan financials.

The portfolio is structured to outperform across a broad range of market environments. It remains highly risk managed and is continuing to deliver incremental outperformance.



**Fund Manager:**  
**Justin Abercrombie**

# Fund Information

	Interim	Final
Accounting dates	15 April	15 October
Revenue allocation date <sup>1</sup>		15 December

<sup>1</sup> With effect from 15 April 2012 the fund will no longer pay an interim distribution.

Ongoing charges figure	For the year to 15.10.12	For the year to 15.10.11
I Income units	0.39%	0.39%
I Accumulation units	0.39%	0.39%
X Accumulation units <sup>1</sup>	0.04%	0.04%
A Income units <sup>2</sup>	0.40%	0.42%
A Accumulation units <sup>2</sup>	0.40%	0.42%

To comply with the requirements of the UCITS IV Directive the Total expense ratio has been replaced with an Ongoing charges figure. The comparative figures have been restated in line with the new requirement.

<sup>1</sup> The annual management charge for X Accumulation units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

<sup>2</sup> It has been agreed that certain expenses may be borne by the Manager to ensure that the Ongoing charges figure does not exceed 0.40%. The comparative figure exceeds this amount, but this is only due to the restated calculation. Previously, the Total expense ratio was 0.40%.

## Performance Record

Fund performance	Net Asset Value as at 15.10.12 pence per unit	Net Asset Value as at 15.10.11 pence per unit	Net Asset Value % change
I Income units	165.96	152.23	9.02
I Accumulation units	223.45	200.24	11.59
X Accumulation units	63.89	57.07	11.95
A Income units	53.42	49.01	9.00
A Accumulation units	55.90	50.11	11.55

	3 months	1 year	5 years
<b>Schroder QEP Global Core Fund</b>	3.58%	12.34%	21.73%
MSCI World Index	4.31%	11.48%	12.14%

Fund Source: X Accumulation units on a dealing price to dealing price basis to 15.10.12.

Index Source: Thomson Reuters Datastream, net return in sterling terms to 15.10.12.

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)

<b>Distribution</b>	I Income units pence per unit	I Accumulation units pence per unit	X Accumulation units pence per unit
Year to 31 December			
2007	2.6450	3.1550	0.6187
2008	3.0881	3.7520	1.1860
2009	2.9566	3.6601	1.1485
2010	3.1847	4.0001	1.2993
2011	3.6294	4.6594	1.5152
2012 to 15 October	3.9164	5.1449	1.6636

	A Income units pence per unit	A Accumulation units pence per unit
Year to 31 December		
2007	–	–
2008	–	–
2009	–	–
2010	Nil	Nil
2011	1.0953	1.0953
2012 to 15 October	1.2487	1.2739

<b>Unit price range</b>	<b>I Income units</b>		<b>I Accumulation units</b>		<b>X Accumulation units</b>	
Year to 31 December	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2007	158.70	141.40	187.40	168.70	52.81	47.49
2008	153.60	101.80	184.50	125.50	52.07	35.48
2009	147.50	96.95	185.90	119.50	52.68	33.80
2010	167.90	139.40	215.70	175.70	61.35	49.90
2011	174.90	141.70	224.70	182.00	63.99	51.86
2012 to 15 October	172.20	153.70	226.50	202.20	64.76	57.74

	<b>A Income units</b>		<b>A Accumulation units</b>	
Year to 31 December	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2007	–	–	–	–
2008	–	–	–	–
2009	–	–	–	–
2010	53.99	49.93	53.99	49.93
2011	56.23	45.55	56.24	45.56
2012 to 15 October	55.41	49.46	56.66	50.58

# Portfolio Information

Spread of investments	% of net assets as at 15.10.12	% of net assets as at 15.10.11		% of net assets as at 15.10.12	% of net assets as at 15.10.11
South Africa	0.16	0.16	Jersey	0.37	0.22
China	0.11	0.24	Luxembourg	0.13	0.06
Hong Kong	0.81	0.52	Malta	0.01	0.00
Indonesia	0.02	0.05	Netherlands	1.11	0.99
Japan	7.98	9.22	Norway	0.85	0.90
Kazakhstan	0.03	0.00	Poland	0.09	0.07
Malaysia	0.03	0.05	Portugal	0.01	0.15
Philippines	0.00	0.03	Russia	0.05	0.00
Singapore	0.62	0.79	Spain	1.10	1.54
South Korea	0.29	0.45	Sweden	1.13	1.02
Taiwan	0.17	0.33	Switzerland	3.13	3.74
Thailand	0.04	0.17	Turkey	0.08	0.03
Australia	3.33	3.33	United Kingdom	11.16	11.21
New Zealand	0.06	0.00	Israel	0.42	0.32
Austria	0.29	0.15	Canada	3.50	4.32
Belgium	0.30	0.31	Mexico	0.03	0.07
Cyprus	0.06	0.03	United States	50.75	50.06
Czech Republic	0.04	0.05	Brazil	0.06	0.14
Denmark	0.38	0.50	Puerto Rico	0.04	0.00
Finland	0.36	0.74	Bermuda	0.98	0.67
France	2.78	2.67	Cayman Islands	0.23	0.08
Germany	2.78	3.15	Curaçao	0.27	0.29
Greece	0.00	0.09	US Dollar Denominated Derivatives	0.01	0.00
Guernsey	0.00	0.07	Net other assets/(liabilities)	1.94	(0.61)
Ireland	0.62	0.29			
Isle of Man	0.02	0.00			
Italy	1.27	1.34			

## Portfolio Information (continued)

Major holdings	% of net assets as at 15.10.12		% of net assets as at 15.10.11
Apple	2.37	Exxon Mobil	1.85
Exxon Mobil	1.77	Apple	1.76
Microsoft	1.01	International Business Machines	1.13
Chevron	0.99	Microsoft	1.05
International Business Machines	0.96	Chevron	1.00
Pfizer	0.87	Johnson & Johnson	0.94
Johnson & Johnson	0.82	AT&T	0.90
General Electric	0.78	Procter & Gamble	0.88
HSBC Holdings (GBP)	0.76	Nestle	0.81
Wells Fargo	0.76	Royal Dutch Shell A	0.77

## Investment Objective & Policy

The fund's investment objective is to achieve the optimum overall return of capital and income in sterling terms through flexible global investment management.

The fund will invest internationally in equities quoted on recognised stock exchanges.

The fund may also invest in a wide range of investments including transferable securities, 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.

## 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 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 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 invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

The fund uses derivatives. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund.

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.

# Report & Accounts

This document is a short report for the Schroder QEP Global Core Fund for the year ended 15 October 2012. 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, RLTZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

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## Other information

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.

**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.**

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**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).**

