

# Schroder Tokyo Fund

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## Final Short Report

29 February 2012 to 28 February 2013



**Schroders**

# Schroder Tokyo Fund

## Review of Investment Activities

**From 28 February 2012 to 28 February 2013 the price of A Accumulation units on a selling price to selling price basis rose 6.53%. In comparison, the Tokyo Stock Exchange First Section Index generated a total return of 8.51%<sup>1</sup> in sterling terms.**

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

The Japanese market rose during the period under review, mainly towards the end, following the change of government and subsequent focus of economic revival. In particular The Bank of Japan looks set to ease monetary policy further. This has also helped the yen weaken.

The fund's return was behind the market. Our choice of stocks among machinery and retail trade detracted from performance. The worst performer was TDK which fell as investors were worried about declining PC sales. Yamada Denki, a consumer electronics retailer, also fell due to concerns about online competition. We believe these worries have been overdone and will recover over the longer term. The best performer was our exposure to Bridgestone, a tyre manufacturer, which benefited from the weak yen. Our relatively small position in Canon in comparison to the TOPIX index also helped performance as the stock underperformed the benchmark. During the second half of the period under review we added to economically sensitive positions and reduced exposure to smaller companies.

Market valuations remain cheap and Japanese companies have a competitive edge against international rivals. We are adding to economically sensitive areas which have lagged the rise in this part of the market, such as trading companies or, selectively, some areas of technology.



**Fund Manager:**  
**Andrew Rose**

# Fund Information

	Interim	Final
Accounting dates	31 August	28 February
Revenue allocation date		30 April

	For the year to 28.2.13	For the year to 28.2.12
<b>Ongoing charges figure</b>		
A Income units	1.67%	1.68%
A Accumulation units	1.67%	1.68%
Z Income units	0.91%	0.93% <sup>1</sup>
Z Accumulation units	0.91%	0.93% <sup>1</sup>

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 Ongoing charges figure is annualised based on the fees suffered during the accounting period.

## Performance Record

	Net Asset Value as at 28.2.13 pence per unit	Net Asset Value as at 28.2.12 pence per unit	Net Asset Value % change
<b>Fund performance</b>			
A Income units	194.40	182.18	6.71
A Accumulation units	200.66	187.05	7.28
Z Income units	57.84	54.16	6.79
Z Accumulation units	58.88	54.46	8.12

	3 months	1 year	5 years
<b>Schroder Tokyo Fund</b>	15.48%	6.53%	34.61%
Tokyo Stock Exchange			
First Section Index	18.00%	8.51%	20.40%

Fund Source: A Accumulation units on a selling price to selling price basis to 28.2.13.

Index Source: Thomson Reuters Datastream, total return in sterling terms to 28.2.13.

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 buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	171.90	118.50	173.70	119.70
2009	169.90	123.10	172.70	125.20
2010	194.00	150.00	197.20	152.60
2011	196.90	151.20	200.30	154.30
2012	195.20	163.30	199.30	167.70
2013 to 28 February	196.50	174.60	201.70	179.30

	Z Income units		Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	53.95	46.66	53.95	46.67
2012	55.15	48.66	55.17	48.94
2013 to 28 February	58.86	52.24	59.21	52.55

Net revenue	A Income units	A Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	Nil	Nil
2009	0.8450	0.8535
2010	0.1300	0.1346
2011	0.6293	0.6409
2012	1.0737	1.0987
2013 to 28 February	1.0444	1.0780

	Z Income units	Z Accumulation units
Year to 31 December	pence per unit	pence per unit
2008	–	–
2009	–	–
2010	–	–
2011	Nil	Nil
2012	0.2978	0.2978
2013 to 28 February	0.7018	0.7321

# Portfolio Information

	% of net assets as at 28.2.13	% of net assets as at 28.2.12
<b>Spread of investments</b>		
Oil & Gas	2.18	1.96
Basic Materials	8.50	8.86
Industrials	22.16	24.39
Consumer Goods	16.69	15.41
Health Care	4.31	3.86
Consumer Services	15.13	14.79
Telecommunications	4.54	4.25
Utilities	0.34	0.43
Financials	16.18	17.08
Technology	7.78	6.27
Net other assets	2.19	2.70

	% of net assets as at 28.2.13		% of net assets as at 28.2.12
<b>Major holdings</b>			
Toyota Motor	5.05	Toyota Motor	4.83
Mitsui & Co	3.73	Mitsui & Co	4.07
Bridgestone	3.15	SK Kaken	2.81
East Japan Railway	3.10	East Japan Railway	2.75
Sumitomo Mitsui Financial Group	2.99	Bridgestone	2.72
SK Kaken	2.78	Sumitomo Mitsui Financial Group	2.69
NKSJ Holdings	2.56	Hi-Lex	2.61
Hi-Lex	2.43	KDDI	2.27
KDDI	2.39	NKSJ Holdings	2.16
Mitsubishi Financial Group	2.29	Seven & I Holdings	2.13



## Investment Objective & Policy

The fund's investment objective is to achieve capital appreciation through participation in the growth of the Japanese economy.

Investment will be based primarily on Japan's economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy.

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

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## Risk Profile

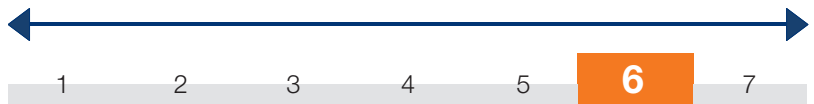
### Risk and reward indicator

#### Lower risk

Potentially lower reward

#### Higher risk

Potentially higher reward



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 solely in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

The fund entered into stock lending arrangements. There was a risk that the borrower may have 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. Although the fund is permitted to stock lend it is not the intention to do so in the future.

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 Tokyo Fund for the year ended 28 February 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, RLIZ-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 and the Key Investor Information Document 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 Services Authority. **Trustee:** J.P. Morgan Trustee and Depositary Company Limited, Chaseside, Bournemouth, BH7 7DA. Authorised and regulated by the Financial Services 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).**

