

Schroder Tokyo Fund

Interim Short Report

1 March 2013 to 31 August 2013



Schroders

Schroder Tokyo Fund

Review of Investment Activities

From 28 February 2013 to 30 August 2013 the price of A Accumulation units on a selling price to selling price rose 5.33%. In comparison, the Tokyo Stock Exchange First Section (TOPIX) Index generated a total return of 5.75%¹ in sterling terms.

From launch on 1 July 2013 to 30 August 2013, the price of GBP Hedged A Accumulation units on a selling price to selling price basis fell 5.10%. In comparison, A Accumulation units on a selling price to selling price basis fell 4.52% and the TOPIX Index generated a negative total return of 3.80%¹ in sterling terms over the same period.

1 Source: Thomson Reuters Datastream.

The fund rose during the period under review, although it underperformed the market. Our choice of stocks among electric appliances and the information & communication sectors detracted from performance. Not owning Softbank hurt performance as, in comparison to the TOPIX index, the stock outperformed the benchmark. Commodity price sensitive company Mitsui & Co also hurt returns after it fell during the period. This was due to concerns about the economic outlook in China, which weighed on commodity prices. The best performer was Sakata Inx, a manufacturer of printing ink. KDDI, a telecommunications company, also added value as its share price has benefitted from growth in its market share and smartphone adoption.

Our view on Japanese equities remains positive given the solid earnings prospects of Japanese companies and the ongoing economic recovery following a prolonged period of deflation. 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

Ongoing charges figure	For the period to 31.8.13	For the year to 28.2.13
A Income units	1.66% ¹	1.67%
A Accumulation units	1.66% ¹	1.67%
GBP Hedged A Income units	1.66% ¹	–
GBP Hedged A Accumulation units	1.66% ¹	–
GBP Hedged Z Income units	0.91% ¹	–
GBP Hedged Z Accumulation units	0.91% ¹	–
Z Income units	0.91% ¹	0.91%
Z Accumulation units	0.91% ¹	0.91%

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

Performance Record

Fund performance	Net Asset Value as at 31.8.13 pence per unit	Net Asset Value as at 28.2.13 pence per unit	Net Asset Value % change
A Income units	205.61	194.40	5.77
A Accumulation units	212.22	200.66	5.76
GBP Hedged A Income units	47.82	–	–
GBP Hedged A Accumulation units	47.73	–	–
GBP Hedged Z Income units	47.71	–	–
GBP Hedged Z Accumulation units	47.80	–	–
Z Income units	61.41	57.84	6.17
Z Accumulation units	62.52	58.88	6.18

	3 months	6 months	5 years
Schroder Tokyo Fund	0.48%	5.33%	45.99%
Tokyo Stock Exchange First Section Index	(1.58)%	5.75%	27.82%

Fund Source: A Accumulation units on a selling price to selling price basis to 30.8.13.

Index Source: Thomson Reuters Datastream, total return in sterling terms to 30.8.13.

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.

The performance of a hedged unit class may differ from other unit classes of the fund because the return on unhedged unit classes is based on both the performance of the fund's investments and the performance of the portfolio currency relative to sterling whereas the return on a hedged unit class is based only on the performance of the fund's investments.

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 31 August	231.40	174.60	238.80	179.30

	GBP Hedged A Income units		GBP Hedged A Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	–	–	–	–
2012	–	–	–	–
2013 to 31 August	52.81	47.57	52.89	47.45

	GBP Hedged Z Income units		GBP Hedged Z Accumulation units	
	Highest buying p	Lowest selling p	Highest buying p	Lowest selling p
Year to 31 December				
2008	–	–	–	–
2009	–	–	–	–
2010	–	–	–	–
2011	–	–	–	–
2012	–	–	–	–
2013 to 31 August	52.55	47.50	52.73	47.60

	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 31 August	68.97	52.24	70.22	52.55

Performance Record (continued)

Net revenue Year to 31 December	A Income units pence per unit	A Accumulation units 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 31 August	1.0444	1.0780

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

GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units and GBP Hedged Z Accumulation units have made no distributions to date.

Portfolio Information

Spread of investments	% of net assets as at 31.8.13	% of net assets as at 28.2.13
Oil & Gas	2.08	2.18
Basic Materials	8.69	8.50
Industrials	20.55	22.16
Consumer Goods	16.58	16.69
Health Care	3.70	4.31
Consumer Services	16.52	15.13
Telecommunications	4.85	4.54
Utilities	0.33	0.34
Financials	16.43	16.18
Technology	6.95	7.78
Japanese Yen Denominated Derivatives	0.05	0.00
Net other assets	3.27	2.19

Portfolio Information (continued)

Major holdings	% of net assets as at 31.8.13		% of net assets as at 28.2.13
Toyota Motor	5.31	Toyota Motor	5.05
Mitsui & Co	3.39	Mitsui & Co	3.73
Sumitomo Mitsui Financial Group	3.09	Bridgestone	3.15
East Japan Railway	2.97	East Japan Railway	3.10
Bridgestone	2.90	Sumitomo Mitsui Financial Group	2.99
NKSJ Holdings	2.76	SK Kaken	2.78
SK Kaken	2.61	NKSJ Holdings	2.56
KDDI	2.61	Hi-Lex	2.43
Mitsubishi Financial Group	2.45	KDDI	2.39
Nippon Telegraph & Telephone	2.24	Mitsubishi Financial Group	2.29

Investment Objective & Policy

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

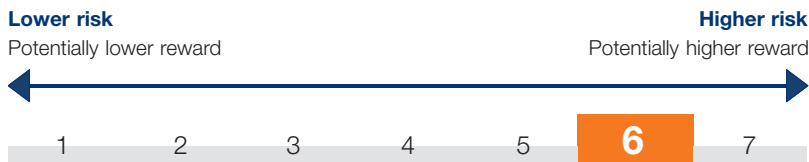
Investment will be based primarily on Japan's economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy.

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



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. For non-hedged unit classes exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

There is no guarantee that the hedging strategy applied in hedged unit classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currency.

In addition, it should be noted that hedging transactions will be entered into whether or not the currency of a hedged unit class is declining or increasing in value in relation to the base currency or portfolio currency. Hedged unit classes aim to provide investors with a return correlated to the portfolio currency performance of the fund by reducing the effect of exchange rate fluctuations between the base currency and the portfolio currency.

As it is not possible to legally segregate unit classes' liabilities from those of other unit classes in the fund, there is a risk that, in certain limited circumstances, the hedging transactions undertaken in relation to a hedged unit class could result in liabilities which might affect the net asset value of the other unit classes in the fund.

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.

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 Tokyo Fund for the period ended 31 August 2013. The long form Report & Accounts for the fund are available on our website www.schroders.co.uk or upon written request to Schroders, FREEPOST, RLTZ-CHSY-HBUT, PO Box 1102, Chelmsford, Essex CM99 2XX.

Other information

GBP hedged unit classes were launched on 1 July 2013. Hedged unit classes allow the Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portable currencies of the fund.

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**.

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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, or visit our website at www.schroders.co.uk.



