

Schroder Multi-Asset Growth Product Overview

Strategy overview

The Multi-Asset Growth Portfolio provides investors with an innovative approach to asset allocation that balances long and shorter term views and diversifies portfolio exposures on multiple levels with an aim to exploit market inefficiencies and maximize alpha opportunities.

Firm highlights

- Schroders manages over \$186 billion in total assets worldwide
- Asset management is our sole business
- Over 330 portfolio managers and analysts globally
- Dedicated to proprietary research – fundamental and quantitative
- Truly global reach – 34 offices in 26 countries

Team highlights

- Team based approach with portfolio managers drawing on the expertise and experience available within Risk Management, Economics, Multi-Manager and Structured Investment teams
- Multi-Asset Solutions team is comprised of 60 investment professionals globally
- Team manages assets of \$32 billion globally
- Access to Schroders global network of investment professionals

Key features

- Seeks to provide equity-like long term returns targeting a return of CPI +5% pa while minimizing downside risk by incorporating a broad toolkit of strategies
- Employs a blend of science and pragmatism to the diversification process. Applies a multi-dimensional framework to diversification by market exposure, economic/market themes and manager skill
- Provides global diversification across a range of traditional and non-traditional asset classes
- Adapts portfolio positioning as economic and market conditions change through an actively managed asset allocation that balances long-term views with opportunities to take advantage of shorter-term cyclical trends
- Applies proprietary portfolio and risk analytics that enable sophisticated quantitative analysis for developing long term risk and return expectations, constructing portfolios, stress testing portfolios for risk management purposes, evaluating the economic environment, and providing detailed evaluations of underlying managers on an on-going basis

Investment objective

Over a full market cycle, the portfolio strives to capture the upside of equity returns with less downside risk. To achieve this, the portfolio invests in a diversified range of lowly correlated asset classes that is actively managed throughout the economic cycle.

Investment philosophy

Schroders has 60 years of Multi-Asset experience building asset allocation solutions to meet individual and institutional client goals

- Diversification across market exposure, investment themes and skill
- Strategic and cyclical asset allocation
- Seeks to exploit market inefficiencies & maximize alpha opportunities
- Risk management – real world potential risks
- Teamwork – minimize behavioral biases

All data and statistics as of June 30, 2009

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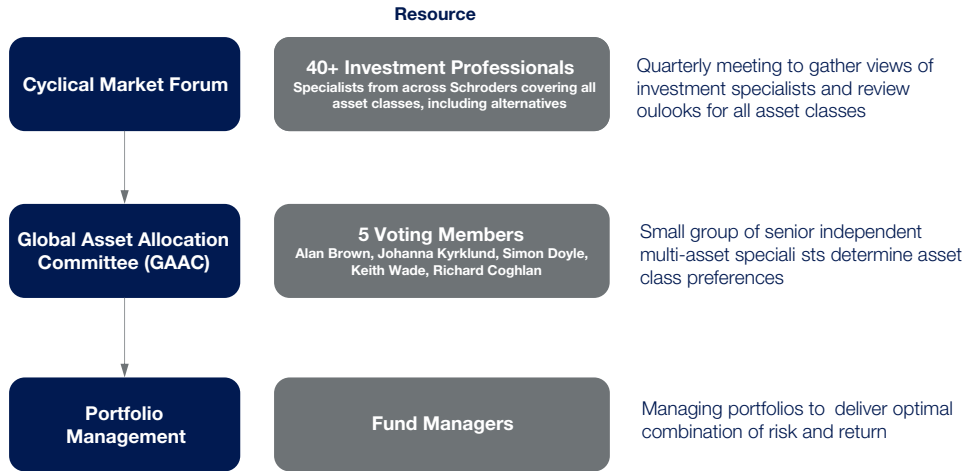


Schroders

Investment process

Schroder's Multi-Asset Growth's investment process relies on three sources of return and risk.

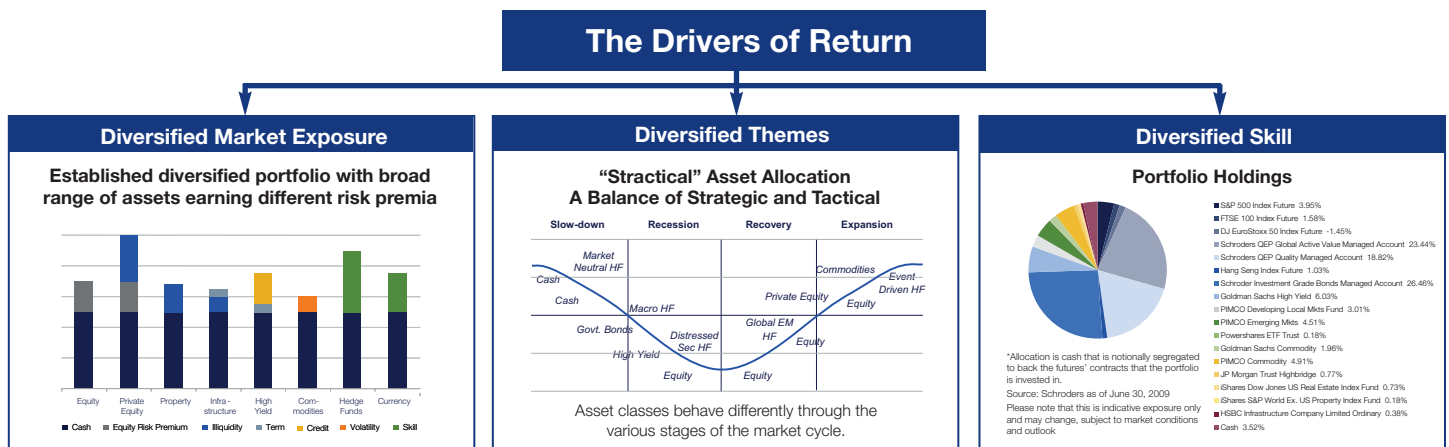
1. Selecting the appropriate mix of market (i.e. beta) exposures as part of a long term asset allocation.
2. Determining the right mix of active and passive strategies by measuring the degree of efficiency within each asset class and then, within inefficient markets, identifying managers that can take advantage of those inefficiencies to generate above-market returns in a stable and consistent manner.
3. Opportunistically adjusting exposure to portfolio macroeconomic and market themes based on the specific stage of the economic and market cycle.



Source: Schroders, as of June 30, 2009

Portfolio construction and management

The strategy diversifies market exposures, overlays a diversified set of themes based on the stage of the economic cycle and incorporates active managers, where appropriate from across the globe, both within and outside of Schroders as a source of above market returns.



Source: Schroders. Graphs for Illustration purposes only.

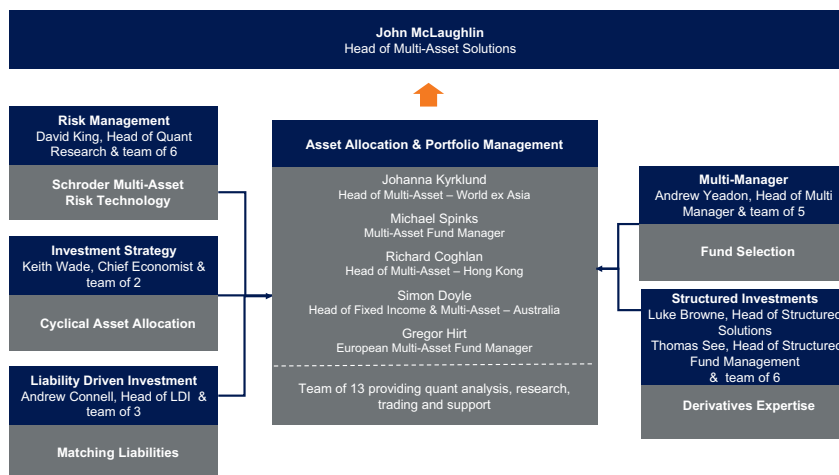
Portfolio construction and management (cont'd)

The portfolio construction and management process involves:

- Determining our long term assumptions for risk, return and correlations across multiple asset classes, as we don't operate with a strategic allocation
- Combining asset class exposures that aims to deliver an inflation-plus target while having low correlations of returns
- Stress-testing our assumptions and portfolio for various market scenarios
- Identifying which asset classes are the most inefficient and using our Multi-Manager team to identify managers who we believe can generate above-market returns in a repeatable and sustainable fashion
- Accessing the network of Schroder's economists, analysts and portfolio managers to develop and implement portfolio positions that exploit cyclical macroeconomic and market themes
- Evaluating our exposures on an on going basis for risk management purposes while continuing to search for opportunities to profit from shorter term market dislocations.

Team structure

Access to Schroders' global integrated network of investment experts provide key inputs to asset allocation to take advantage of inefficiencies and market dislocations.



Source: Schroders, as of June 30, 2009

Risk management

We measure and understand the risk in the portfolio, both in terms of expected absolute volatility and tracking error and with respect to the peer group against which the fund is managed. We use a proprietary tool called SMART (Schroder Multi Asset Risk Technology) to understand absolute risk, while PRISM allows us to understand our relative risk with the equity portfolios. SMART was developed as an in-house developed system built to support Schroders multi-asset product including optimization techniques in the creation of portfolio strategies.

Designated regional asset allocation specialists implement the recommended positions in recognition of differing client risk tolerances and local requirements. The tool re-shapes individual client portfolios according to the agreed asset allocation preferences and takes into account the client's risk budget and constraints. Our risk weighted approach to asset allocation decisions is a key differentiator and is an important aspect of our risk aware process. While the underlying funds are managed by our specialist asset class teams, responsibility for the overall portfolio performance rests with the multi-asset team.

In addition to all the current and forward looking risk analysis that the team carries out using the holdings data gathered from the underlying managers, it also conducts empirical returns-based analysis to stress test portfolios in order to understand how funds would have worked together historically. This means that as a normal part of our initial and ongoing investment process, we regularly run simulations of the risk and return outcomes for many portfolio options, varying the weights of the funds being considered for inclusion within the overall portfolio.

Our portfolio construction process requires all the underlying managers to provide full disclosure of their funds' holdings. An absolute condition for initial and continued investment in any

Risk management (cont'd)

underlying strategy is that the managers provide security level portfolio weights and identifiers so that we can fully understand their portfolios using PRISM (Portfolio Risk Investment Strategy Manger), Schroders proprietary risk analysis tool. This equity portfolio risk analysis system is an intranet-based tool linked to a number of databases carrying information, which is pulled together into a single report telling us everything we need to know about any given portfolio's tracking error, beta, volatility, value at risk, as well as its exposure to various style, industry, country or stock specific risks.

Beyond providing us with information on each equity portfolio's latest exposures, the system also archives all this information so that our analysts can monitor how risk exposures change through time. PRISM is also used to aggregate all the individual underlying fund reports together to provide the same level of detailed information on the overall portfolio of funds, the characteristics of which are also regularly reviewed and monitored through time. The final important feature of PRISM is its modeling capability which enables "what if" analysis, through which we can understand the impact on all the key portfolio characteristics caused by changing the weights of the funds held within the portfolio.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of a portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets. Investments in small- and medium-capitalization companies may involve a higher degree of risk and volatility than investments in larger, more established companies. All investments involve risks including the risk of possible loss of principal. The market value of a portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, currency risk, mortgage and asset-backed securities risk, U.S. Government securities risk, foreign investment risk and derivatives risk.

Why Schroders for Multi-Asset Growth?

- Experienced team of investment professionals supported by the global resources of Schroders
- Portfolio diversified across broad spectrum of growth opportunities
- Our Multi-Asset Growth portfolios exploit three sources of return
- Utilizes the full range of Schroders' expertise and external opportunities

Schroders plc

Schroders is a global asset management company with \$186.5 billion under management as of June 30, 2009. Our clients are major financial institutions including banks and insurance companies, public and private pension funds, endowments and foundations, high net worth individuals, financial intermediaries and retail investors. Our aim is to apply our specialist asset management skills in serving the needs of our clients worldwide and in delivering value to our shareholders. With one of the largest networks of offices of any dedicated asset management company and over 330 portfolio managers and analysts covering the world's investment markets, we offer our clients a comprehensive range of products and services.

Further information about Schroders can be found at www.schroders.com/us

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