

# Schroder Life Diversified Growth Fund

## Key Information

Total Fund Size	GBP 3,375,815,098.8
Fund Base Currency	GBP
Fund Launch Date	31/05/2006
Unit Creation Date	
Series 1	31/05/2006
Series 2	15/08/2008
Series 3	31/08/2010
NAV per Unit at Month End	
Series 1	GBP 66.56
Series 2	GBP 63.29
Series 3	GBP 55.22

## Risk Considerations and Rating

← Low Risk		High Risk →		
1	2	3	4	5

These ratings give an indication of the risk level of the fund only in relation to SPML's overall fund range and are not relative to all unit trusts available in the UK (1= Low Risk, 5= High Risk).

Where a fund holds investments denominated in currencies other than sterling investors should note that exchange rates may cause the value of these investments, and the income from them, to rise or fall. Investments in smaller companies may be less liquid than in larger companies and price swings may therefore be greater than in larger company funds. Less developed markets are generally less well regulated than the UK, they may be less liquid and may have less reliable custody arrangements. Investors should be aware that investments in emerging markets involve a high degree of risk and should be seen as long term in nature. The fund invests in higher-yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds. A small proportion of the fund may invest in unregulated Collective Investment Schemes which may be closed for subscription and/or redemptions, may be subject to certain restrictions or limitations, and there is unlikely to be an active secondary market in the shares or units of such underlying schemes. Investors should be aware that the fund may invest in derivatives and in alternative investments (hedge funds, property funds and private equity) which involve an above-average degree of risk and can be more volatile than investment in equities or bonds. The target return is an estimate and is not guaranteed. The yields quoted are not guaranteed and may rise and fall in the future. The fund is not tied to replicating a benchmark and holdings can therefore vary from those in the index quoted. For this reason the comparison index should be used for reference only.

## Fund Codes

Bloomberg	Series 1	SCHDIVG:LN
	Series 2	SCHDIV2:LN
	Series 3	SCHDIV3:LN
ISIN	Series 1	GB00B1XH4R95
	Series 2	GB00B1XH5984
	Series 3	GB00B4RGTV23
SEDOL	Series 1	B1XH4R9
	Series 2	B1XH598
	Series 3	B4RGTV2

## Fund Approach

The objective of the Schroder Life Diversified Growth Fund is to generate a return of RPI +5% per annum over a five to seven year period. The Life Diversified Growth Fund supports goals where there is a desire to grow assets to a similar extent to equities, but with reduced volatility. The Fund can invest in a broad array of asset classes, equities, bonds and a range of diversifiers. The Fund may also invest in a wide range of investments including transferable securities, derivatives, cash, deposits, collective investment schemes, warrants and money market instruments.

## Performance Analysis

Performance (%)	3 months	1 year	3 years p.a.	5 years p.a.
Diversified Growth Fund	1.9	7.6	5.3	3.2
RPI + 5%	2.3	8.1	9.2	8.2
60% FTSE All Share + 40% FTSE World ex UK Hedged to GBP	3.6	14.0	7.0	1.1

Discrete Yearly Performance (%)	Q4/2011 - Q4/2012	Q4/2010 - Q4/2011	Q4/2009 - Q4/2010	Q4/2008 - Q4/2009	Q4/2007 - Q4/2008
Diversified Growth Fund	7.6	-4.7	13.9	26.0	-20.2
RPI + 5%	8.1	9.8	9.8	7.4	6.0
60% FTSE All Share + 40% FTSE World ex UK Hedged to GBP	14.0	-4.7	12.8	29.7	-33.7

**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested.**

Some performance differences between the fund and the benchmark may arise because the fund performance is calculated at a different valuation point from the benchmark.

Source: Schroders

Performance is quoted net of fees, on a price to price basis, based on closing prices rather than Fund NAV. The performance will be reduced by the impact of the management fees which can vary depending on the share class held.

## Fund Manager Comment

### Performance Summary

Most assets classes delivered positive returns over the quarter, but, within equities, the quarter was marked by the end of US equity outperformance relative to other regions. Over the quarter the fund returned 1.9% net of fees which lagged the Retail Price Index (RPI) +5% return of 2.3%. The global equity comparator (60% FTSE All Share and 40% FTSE World ex UK hedged to GBP) was up 3.6%.

### Investment Outlook

The political uncertainty that has weighed on market sentiment is gradually lifting. However the cyclical environment remains challenging and we expect interest rates to remain low and growth anaemic over 2013. All in all, central bank policy, particularly in the US, has helped to compress yields across markets. Within equities, our "core" exposure continues to emphasize quality but we have started to take tactical advantage of pockets of extreme value.

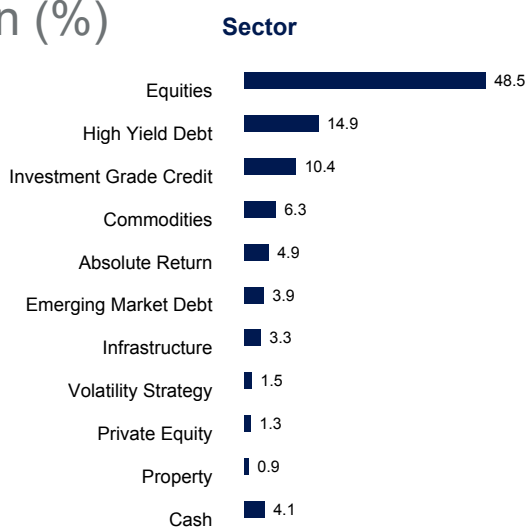


# Schroders

## Top 10 Holdings

Holdings	% NAV
1. Segregated Schroder QEP Global Blend Portfolio	20.4
2. S&P 500 Index Future	7.3
3. iShare Passive US Investment Grade Corporate Bond ETF	6.5
4. Segregated Schroder Quality Yield Equity Basket	5.5
5. Neuberger Berman High Yield Bond Fund	5.4
6. Schroder UK Alpha Plus Fund	4.5
7. Schroder ISF Global High Yield	4.5
8. Russell 2000 Index Future	4.2
9. Segregated Schroder Asset Backed Securities Portfolio	3.9
10. Physical Gold ETF	3.9
<b>Number of funds = 39</b>	

## Asset Allocation (%)



The fund may invest in options to implement a portfolio protection strategy. Where we have invested in options we use the premium exposure in the asset allocation.

Source: Schroders

## Information

<b>Initial Fee</b>	NIL
<b>Annual Management Fee</b>	Series 1: 0.75%
<b>Minimum Investment Amount</b>	£1 million
<b>Dealing Cut Off Time</b>	12:00 hours (GMT)
<b>Valuation</b>	12:00 hours (GMT)
<b>Investment Manager</b>	Schroder Investment Management Limited, 31, Gresham Street, London EC2V 7QA, London, United Kingdom
<b>Insurer</b>	Schroder Pension Management Limited, 31 Gresham Street, London EC2V 7QA.

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