

**SCHRODER
Income (UT)**

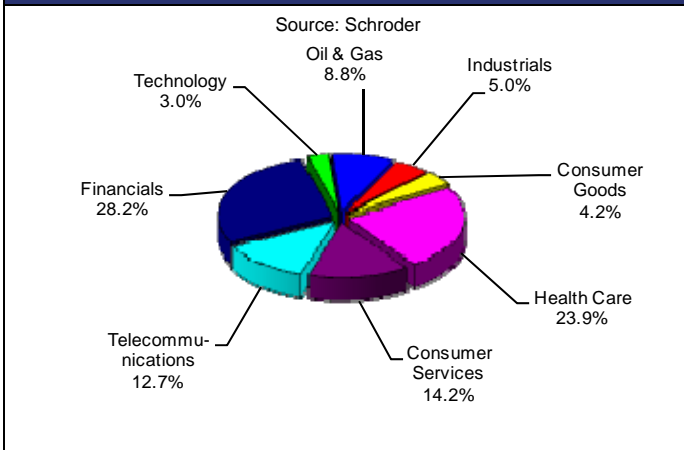
**OBSR Fund Rating
A /  Bronze**



Key Information

Launch Date	5 November 1968	
Fund Size	£1056.6m	
Type of Units Available	Income & Accumulation	
Distribution Dates	25 April, 25 October	
Historic Yield	3.99%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.50%

Asset Distribution - Sector



Top Ten Holdings

	%
Vodafone Group	7.1
AstraZeneca	6.5
GlaxoSmithKline	6.2
Legal & General	4.7
RSA	4.5
Old Mutual	4.5
BP	4.5
Pfizer	4.4
Royal Dutch Shell	4.4
Merck & Co	4.4
Concentration (Top 10)	51.1
Total Number of Holdings	42

Source: Schroder

Classification

Sector	UK Equity Income
Market Cap / Style	Large Cap Bias / Value Bias
Benchmark/Index	n/a (see below)

Management/Investment Style

Fund Managers	Kevin Murphy (May 2010) Nick Kirrage (May 2010)
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Offers investors a value-oriented, large and mid-cap UK equity portfolio consisting predominantly of FTSE 350 stocks, selected using a bottom-up, research driven investment process. The fund is designed to achieve a growing level of income with the opportunity for some capital growth.

Investment Objective & Methodology

The fund aims to provide a growing income by investing primarily in UK equities. Although the fund is not tied to a benchmark, it is measured against the FTSE All-Share Index for reporting purposes and, within Schroders, the manager's objective is to achieve a first quartile performance against the peer group on a rolling three-year basis.

The fund is co-managed by Kevin Murphy and Nick Kirrage. Kevin Murphy joined Schroders in 2000 on the graduate scheme and Nick Kirrage joined on the same basis a year later. As part of the Specialist Value Team the managers worked closely with the fund's previous managers Nick Purves and Ian Lance, from whom they assumed responsibility for the fund in May 2010. The managers are currently also responsible for the Schroder Recovery fund, which they have managed since July 2006. From a research perspective, they are also able to draw upon the well resourced pan-European analyst team.

The investment philosophy is founded on the belief that markets are inefficient. In the short term, this means that share prices are more volatile than company fundamentals and in the long term the effect is that markets are slow to adjust to structural changes. These inefficiencies create pricing anomalies that can be exploited by having a detailed understanding of companies and their future prospects, resulting in portfolio positions that may be considered contrarian. The investment process is based on bottom-up, fundamental research which is undertaken by the pan-European Equity analyst team. The managers also take into account macroeconomic factors when forming their investment ideas. The majority of investments are made with a long-term time horizon in mind and the managers concentrate on structurally and financially robust companies that have strong cash flows, credible management and consistency of earnings. Such companies are expected to generate a rising level of income over the medium term. Careful attention is paid to avoid 'value traps', that is, a company that has the characteristics of a good investment but operates in a difficult environment and as a consequence may struggle to perform. In terms of portfolio management, it is the managers' policy to sell profitable investments and recycle the proceeds into companies that offer more attractive revenue streams. Holdings are also sold if there has been a fundamental change within the company thus the assumptions originally made to justify the investment are no longer valid.

The fund will typically comprise of 45-70 stocks. There are no stock or sector restrictions and the manager can hold a maximum of 20% of the fund assets in cash, convertible or fixed interest securities.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012