

SCHRODER UK Alpha Plus (UT)

OBSR Fund Rating
AAA / Gold

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RATINGS

Key Information

Launch Date	24 June 2002	
Fund Size	£2549.5m	
Type of Units Available	Income & Accumulation	
Distribution Dates	31 January, 31 July	
Historic Yield	0.34%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.50%

Classification

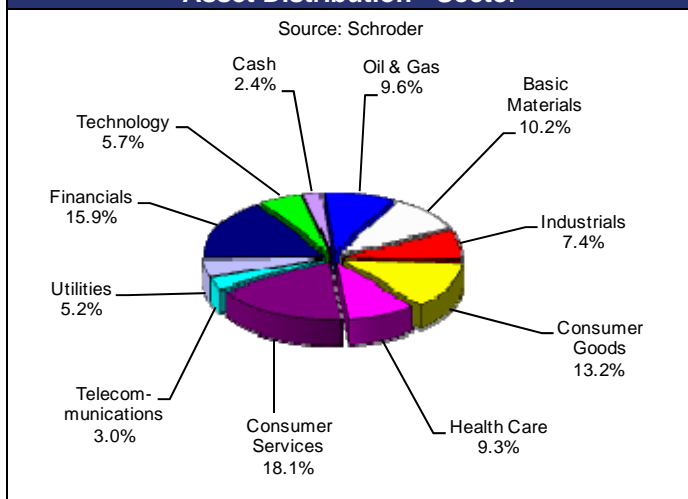
Sector	UK All Companies
Market Cap / Style	Large Cap Bias / Blend
Benchmark/Index	FTSE All-Share

Management/Investment Style

Fund Manager	Richard Buxton (June 2002)
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The fund manager aims to add value over the investment cycle, through a concentrated portfolio of his strongest convictions in primarily large-cap UK equities. The fund's higher performance mandate and risk profile set it apart from Schroders' more conventional UK equity funds.

Asset Distribution - Sector



Investment Objective & Methodology

The scheme's investment objective is to provide capital growth through investment in UK and other companies. In order to achieve the objective the manager will invest in a focused portfolio of securities. The emphasis is on investments in UK companies. The scheme may also invest in companies headquartered or quoted outside the UK where those companies have material or critical operations within, or derive significant business from, the UK. Fixed interest securities may be included in the portfolio. The fund aims to be top decile relative to its peer group over rolling three-year periods.

The manager, Richard Buxton, heads the group's experienced Specialist UK team and is also responsible for building the model used for the institutional portfolios. The team focuses on specialist and institutional high-performance mandates.

The manager's investment approach is based upon his aim to generate positive returns over the long-term through the identification of stocks that he believes will rise in value by at least 10-20% for the ensuing three years. Philosophically, he tends to be a rather contrarian investor and is prepared to wait for long-term ideas to come to fruition. Nevertheless, he is also prepared to adjust the portfolio where he feels able to derive benefit from shorter-term market conditions. The investment process combines bottom-up and top down considerations, with the bottom-up tending to dominate the portfolio structure. Many of the top-down views are formulated by the manager, but he also uses internal and external sources to provide input on the macro-economic environment and stock market cycles. From a bottom-up perspective, he is able to draw upon a dedicated UK analyst team, the members of which work very closely with the fund managers. The research template varies by sector but the objective is to study the dynamics of the industry and identify the sustainability of returns, conduct company cash flow and balance sheet analysis and assess management ability. Stocks are ranked on a one to four scale relative to the regional sector (one representing an analyst's strongest conviction) on a 12-18 month horizon. However, the manager will also look at a three to six-month framework for investments in order to exploit temporary price anomalies and market volatility. To reconcile the analysts' longer-term focus with any shorter-term views, he usually has an opinion as to where the market is heading as a result of his personal research into UK macroeconomic fundamentals. In this way, he seeks to add value over the investment cycle through his stock-picking ability and skills at executing sector or thematic strategies at their optimal time.

The portfolio will typically hold between 20 and 40 stocks. Stock positions are conviction-led but he does factor in market-cap weightings. When a stock disappoints, he prefers to cut the position entirely. At a sub-sector level, a position can build up to a maximum 30% exposure of the total portfolio whilst the maximum contribution to tracking error from any one stock is 20%. However, there is no specific tracking error target and the fund may take large positions against the index. Up to 20% of the fund may be held in gilts and/or cash. Due to the large-cap orientation the approach should prove scaleable, although Schroders will seek to cap the size of the fund if this becomes an issue in the future.

Top Ten Holdings

	%
GlaxoSmithKline	5.6
Tate & Lyle	4.6
Royal Dutch Shell	3.9
BG Group	3.7
Shire Pharma Group	3.7
Xstrata	3.4
Burberry Group	3.3
Rolls Royce Group	3.1
Experian Group	3.0
Standard Chartered	3.0
Concentration (Top 10)	37.3
Total Number of Holdings	38

Source: Schroder

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Data as at 31 December 2011
Last Updated January 2012