

**SCHRODER
US Mid Cap (UT)**

**OBSR Fund Rating
AAA /  Gold**

**obsr FUND
RATINGS**

Key Information

Launch Date	29 April 2005*	
Fund Size	£777.5m	
Type of Units Available	Income & Accumulation	
Distribution Date	31 July	
Historic Yield	Nil	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.25%
	Annual	1.50%

Classification

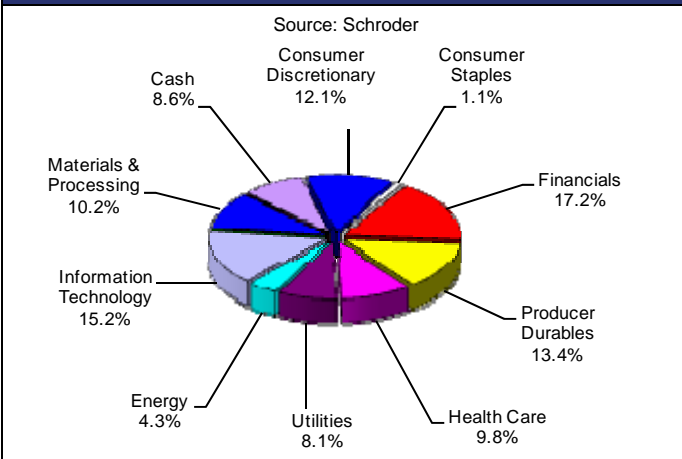
Sector	North America
Market Cap / Style	Mid & Small Cap / Blend
Benchmark/Index	Russell 2500

Management/Investment Style

Fund Manager	Jenny B Jones (April 2005)
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This fund offers a mid and small cap portfolio which is managed by an experienced US based manager using a bottom-up qualitative and quantitative process.

Asset Distribution - Sector



Investment Objective & Methodology

The fund aims to achieve capital growth through investment in stocks with market caps of between US\$1bn and US\$7bn. The manager aims to outperform the Russell 2500 by 2% to 3% per annum net of charges over a market cycle by using a bottom-up fundamental research process which blends qualitative and quantitative disciplines.

The fund manager, Jenny B Jones, has managed this fund since its re-launch in April 2005. She is based in New York and is supported by a team of six dedicated equity analysts. Although the final investment decision rests with the manager, the team works as a close unit and the analysts take individual responsibility for monitoring specific sectors.

The manager believes that, through bottom-up qualitative and quantitative research, she can identify stocks which will generate higher than average returns on invested capital and will outperform the benchmark over the long term. The initial investment universe consists of 1,200 companies chosen on the basis of their size. This will be reduced to 600 through her assessment of the quality of company management and whether the company has a superior business model and competitive advantage. Input will be sought from the company's competitors and sell side analysts and there will be some crossover with the Schroders' US Smaller Companies fund, which is managed using the same process. The universe is then further reduced to approximately 200 names. This will be achieved by identifying companies with potential for accelerating revenue and/or earnings growth and the potential for margin expansion. Financial metrics considered at this stage are cash flow return on investment, the level of debt and the return on assets. In addition, she will seek turnaround situations where a catalyst can be identified. The final part of the process consists of an assessment of the stocks' valuations using Price/Earnings, EV/EBITDA and discount to expected earnings growth. Stocks deemed attractive on this basis will be included within the portfolio, with the size of the holding driven by the degree of potential outperformance together with the perceived riskiness of the stock. When deciding whether to add a stock to the portfolio, the manager considers the stock's liquidity, whether or not it is superior to the holding that it will replace and the portfolio's overall exposure to the industrial sector in which the stock sits.

The fund will typically contain between 60 and 90 stocks and will be diversified by sector. The manager aims to hold 50% to 60% of the portfolio in superior growth companies which are attractively priced, 20% to 30% in steady growers and 20% to 30% in turnaround situations. If a stock reaches 90% of the price target, the stock will be reduced or sold. The maximum size of a position is 5% and the top ten positions will constitute more than 20% of the portfolio. Sector weights will be within 10% of the benchmark position. Cash will not constitute more than 5% of assets.

*This fund was previously the reorganised Schroder North American fund which was launched on 1 June 2001. It was re-launched in its current form on 29 April 2005.

Top Ten Holdings

	%
Energen	2.1
Questar	2.1
Crown	1.9
Amdocs	1.9
Airgas	1.9
Silgan	1.7
Partner Re	1.6
Big Lots	1.6
Verisign	1.6
Republic Services	1.6

Concentration (Top 10)	18.0
Total Number of Holdings	119

Source: Schroder

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012