

# Schroder International Selection Fund

## European Smaller Companies

### A Accumulation Share Class

#### Investment Objective, Policy and Risk

To provide capital growth primarily through investment in equity securities of smaller European companies. Smaller European companies are considered companies which, at the time of purchase, form the bottom 30% by market capitalisation of each European market.

The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Investments in equities are subject to market risk and, potentially, to currency exchange rate risk. This fund may use financial derivative instruments as a part of the investment process. This may increase the fund's price volatility by amplifying market events.

#### Fund Overview

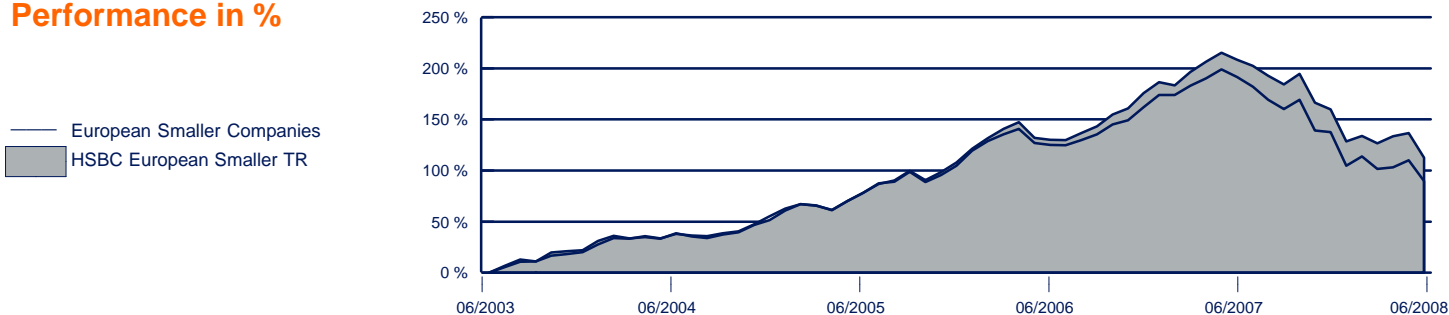


Andy Brough & Gillian de Candole

Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms and can go on to become household names. Our investment approach centres on stock selection, which means we focus on each company's ability to create value for shareholders, rather than try to predict what will happen in the wider economic environment.

We make more than 1,000 contacts with companies each year; during these meetings we seek to understand and evaluate the management's strategy and to assess the characteristics and competitive landscape of the relevant industries and sectors. As research coverage of smaller companies is limited, meeting company management is vital to our process. We believe our strategy of seeking out undervalued smaller companies across Europe, which are capable of organic growth, pricing power and earnings sustainability, will enable us to provide good long-term returns to shareholders.

#### Performance in %



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	3 months	1 year	3 years	5 years	Beta	Annual Volatility (%)
European Smaller Companies	-5.8	-34.9	6.7	89.8	0.95	15.03
HSBC European Smaller TR	-6.2	-31.1	19.2	112.5	---	15.26

#### Discrete Yearly Performance in %

	Q2/2007 - Q2/2008	Q2/2006 - Q2/2007	Q2/2005 - Q2/2006	Q2/2004 - Q2/2005	Q2/2003 - Q2/2004
European Smaller Companies	-34.9	29.5	26.6	29.1	37.8
HSBC European Smaller TR	-31.1	34.0	29.1	28.5	38.6

Past performance is not a guide to future performance and may not be repeated.

All fund performance data are on a NAV to NAV basis, net income reinvested. Data is not available for the time periods with no % growth stated. In case a share class is created after the fund's launch date, a simulated past performance is used, based upon the performance of an existing share class within the fund, taking into account the difference in the Total Expense Ratio.

Source: Schroders

#### Top 10 Holdings in %

Holding	% NAV
1. Schweizerhall	2.8
2. Babis Vovos	2.6
3. Rheinmetall	2.6
4. Compagnie Industriale Riunite	2.5
5. Acea Spa	2.5
6. YIT	2.5
7. DCC	2.4
8. Koninklijke Ten Cate	2.4
9. Saft Groupe	2.4
10. Groupe Bourbon	2.3
<b>Total number of holdings =</b>	<b>83</b>



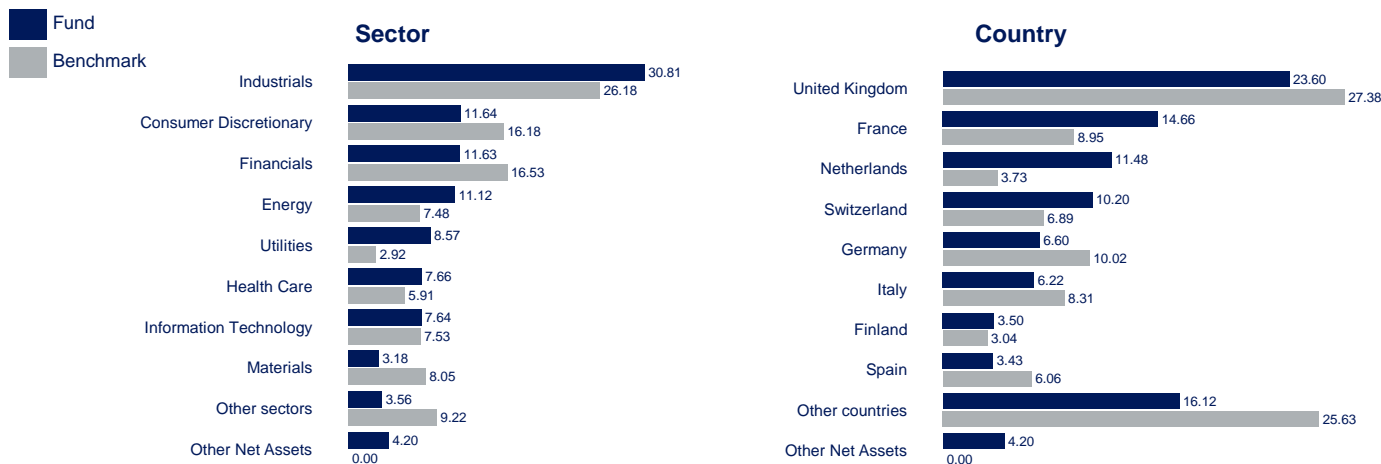
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#### Asset Allocation in %



Other Net Assets is comprised of pure Cash (Cash in Bank), Payables and Receivables, Unrealised Profit and Loss on Forwards/ Futures/ Swaps & Options and short term investments with 1 month or less to maturity.

1.94% of the fund was held as cash or short term investments with 1 month or less to maturity. Any negative cash position represents borrowing of a temporary nature to cover timing differences on trade settlements.

#### Key Information

Morningstar Ratings are sourced from Morningstar.

S&P Fund Management Ratings are sourced from S&P.

<b>Fund Launch Date</b>	07/10/1994
<b>Total Fund Size (Million)</b>	EUR 305.2
<b>Fund Base Currency</b>	EUR
<b>S&amp;P Fund Management Ratings</b>	A
<b>Morningstar Rating</b>	★★★
<b>Reuters</b>	LU0106237406.LUF
<b>Bloomberg</b>	SCHIESA LX
<b>Initial Fee</b>	5.26 %
<b>Annual Management Fee</b>	1.50 %
<b>Minimum Investment Amount</b>	EUR 1,000 or USD 1,000 or their near equivalent in any other freely convertible currency. The minimum subscription amount may be waived at the Director's discretion.
<b>Investment Manager</b>	Schroder Investment Management Limited, 31, Gresham Street, London EC2V 7QA, United Kingdom

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The Schroder ISF European Smaller Companies is not within the scope of the European Union Directive 2003/48/EC (Taxation of Savings Income in the Form of Interest Payments), as implemented in Luxembourg Law.

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Subscriptions for shares of the Company can only be made on the basis of its latest prospectus and simplified prospectus together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies of which can be obtained, free of charge, from Schroder Investment Management (Luxembourg) S.A., 5, rue Hohenhof, L-1736 Senningerberg, Luxembourg. The Company is a Luxembourg-registered UCITS recognised in the UK under Section 264 of the Financial Services and Markets Act 2000. There will be no right to cancel any agreements to purchase shares under section 6.7 of the UK Financial Services Conduct of Business Sourcebook. All or most of the protection provided by the UK regulatory system does not apply to investments in the Company and compensation will not be available under the UK Financial Services Compensation Scheme.

In accordance with the current prospectus, other than for Schroder ISF Global Property Securities, Schroder ISF Asia Pacific Property Securities, Schroder ISF European Defensive and Schroder ISF Middle East, the Company will seek UK distributor status for all distribution A and C shares and I shares of Schroder ISF Taiwanese Equity.

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