

# Schroder International Selection Fund US Smaller Companies (USD)

## Investment Objective and Policy

To provide capital growth primarily through investment in equity securities of smaller US companies.

## Fund Manager's Review

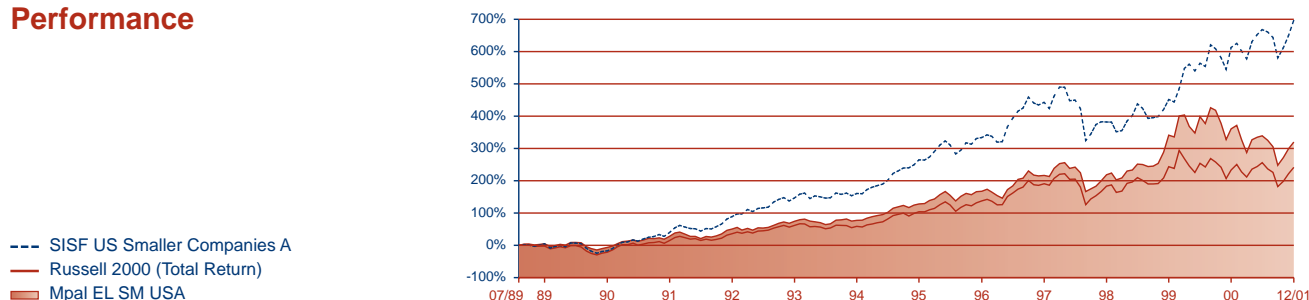


In the fourth quarter, the US market rallied sharply from its September low. Investors looked through disappointing data and towards better times ahead thanks to aggressive interest rate cuts, which will lead to increasing activity. The Federal Reserve cut rates 11 times in 2001, from 6.5% to 1.75%. We expect another move early this year before the easing cycle is complete.

Against this backdrop, investors' appetite for risk grew, and smaller companies outperformed their larger peers. There was also a move towards the technology sector. We believe smaller companies' shares should continue to perform well in the months ahead as investors anticipate an improving economy. We favour sectors which should benefit from these better prospects, such as technology, which in addition offers strong long-term growth at reduced share prices. We also hold an overweight in healthcare, which although not as linked to the economic cycle, has very strong long-term growth potential.

Over the next few months, we cannot rule out some short-term market volatility, and we believe corporate profits could be weak. However, through our disciplined approach to investing in overlooked and misunderstood companies, we believe we will continue to provide superior long-term performance.

## Performance



## Performance Statistics

Performance in USD (in %)	3 months	1 year	3 years	5 years	Since Launch	Beta	Annual Volatility
SIF US Smaller Companies A Accumulation	+17.2	+11.9	+65.5	+83.8	+697.5	0.58	17.51
Russell 2000 (TR)	+21.1	+2.5	+20.5	+43.7	+241.5	1.00	23.46
Competitor Average	+21.0	-9.1	+31.9	+57.0	+319.8	1.02	25.21

Source: Standard & Poor's Micropal (Fund), buying price to buying price; Standard & Poor's Micropal (Index)

Launch: 20/07/1989; Since launch statistics measured since earliest available date 31/07/1989.

Annual Volatility: Volatility is an estimate of the risk of an investment and is measured by the Lognormal Annualised Standard Deviation of the fund.

Beta: Beta is the relative measure of the sensitivity of an investment's return to changes in the benchmark's return. The Beta (or Slope) between two funds is the amount the first fund moves when the other moves by one. Beta and Annual Volatility are measured over the past three years.

Performance is calculated on an offer to offer basis of the accumulation shares. The distribution shares, with all dividends reinvested, are used as performance proxy prior to the creation of the accumulation shares.

**Past performance is not necessarily a guide to future performance and may not be repeated. Investors may not get back the full amount invested, as prices of shares and the income from them may fall as well as rise. Exchange rate changes may cause the value of any overseas investments to rise or fall.**

## Top 10 Holdings

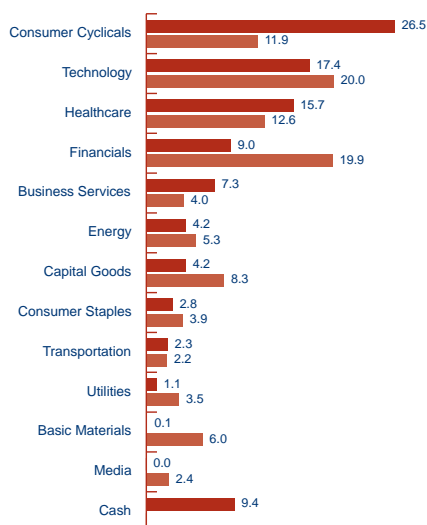
	% NAV
1. Amphenol Corp.	1.7
2. DaVita Inc	1.6
3. Performance Food Group Co.	1.6
4. AmerisourceBergen Corp	1.6
5. Affiliated Managers Group	1.5
6. Dal-Tile International Inc.	1.5
7. Apria Healthcare Group Inc.	1.5
8. SPX Corp.	1.5
9. CEC Entertainment Inc.	1.5
10. Applebees International Inc.	1.4

# Schroder International Selection Fund US Smaller Companies (USD)

## Asset Allocation in %



## Sector



## Technical Details

### Investment manager:

Schroder Investment Management North America Inc., 787 Seventh Avenue, 34th Floor, New York, NY 10019-6016, USA

**Fund Size:** USD 515.2 Million

### Fees:

The total annual fees quoted apply to 'A' shares which are offered at net asset value per share plus an initial charge of 5.00% of the unrounded offer price (which is 5.26315% of the net asset value per share), a maximum annual management fee of 1.50%, an annual administration, custody and statutory fee of 0.40% and Luxembourg tax of 0.06%. For your information, the Luxembourg annual subscription tax was reduced from 0.06% to 0.05% on 1 January 2002. 'B' shares are offered at the management fee quoted for the 'A' shares with an additional annual fee (a distributors' fee) of 0.60% per annum of the net assets. There is no initial charge on 'B' shares

### Fees:

Each class of share of each Sub-Fund is listed on the Luxembourg Stock Exchange and all prices are published in the Financial Times and Financial Express. Prices may be published in other local newspapers in the individual countries in which the Fund is registered, in accordance with the registration.

**Bloomberg ticker number:** SCHUSSALX, SCHUSBALX

**Reuters code:** LU0106261612.LUF, LU0106261885.LUF

**Rating:** S&P Fund Ratings AA  
S&P Fund Stars \*\*\*\*  
Forsyth Partners Rating AAA

The value of the Schroder International Selection Fund US Smaller Companies class may fluctuate more than other funds due to the greater potential volatility of share prices of smaller companies.

This document does not constitute an offer to anyone, or a solicitation by anyone, to subscribe for shares of Schroder International Selection Fund (the "Fund"). Nothing in this document should be construed as advice. Subscriptions for shares of the Fund can only be made on the basis of its latest 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. The shares of the Fund have not been registered under the United States Securities Act of 1933 and are not for distribution in the United States of America or any of its territories or possessions or to or for the benefit of a United States person (as defined in the prospectus). The Fund is a Luxembourg-registered UCITS recognised in the UK under Section 264 of the Financial Services and Markets Act 2000. All or most of the protections provided by the UK regulatory system do not apply to investments in the Fund and compensation will not be available under the UK Financial Services Compensation Scheme. The Fund is not managed in order to qualify for UK distributor status. It may not meet the requirements of investors subject to UK taxation.

An investment in the Fund entails risks, which are more fully described in the prospectus. **Past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of shares and the income from them may fall as well as rise. Exchange rate changes may cause the value of any overseas investments to rise or fall.** Schroders has expressed its own views and opinions in this document and these may change. Approved for issue in the UK by Schroder Investment Limited, 33 Gutter Lane, London, EC2V 8AS. Regulated by the FSA.