

Schroder Investment Management North America Inc.

Advisory Brochure

May 16, 2012

875 Third Avenue, 22nd Floor
New York City, New York 10022
(212) 641 3800
(212) 641 3804 (fax)
<http://www.schroders.com/us/>
Email : clientservicenyc@us.schroders.com

Item 1: Cover Page

Schroder Investment Management North America Inc. (the “Adviser”) is the United States affiliate of Schroders plc, a global asset management company. The Adviser is registered with the Securities and Exchange Commission (the “Commission”) as an investment adviser. This brochure provides information about the products and services that the Adviser provides. It also contains a description of the Adviser’s business practices and highlights risks and conflicts that might arise. The brochure also contains a description of the qualifications of the Adviser’s management and senior advisory personnel. Supplementary brochures are available that describe the qualifications of the investment personnel in more detail for specific investment strategies.

The information presented in this brochure was prepared by the Adviser, which is solely responsible for the content. Neither the Commission nor any State securities regulator has approved or verified the information contained in this brochure, and the mere fact of registration with the Commission in no way implies that the adviser has any particular level of skill or training to carry out its business.

PURSUANT TO AN EXEMPTION FROM THE COMMODITY FUTURES TRADING COMMISSION IN CONNECTION WITH ACCOUNTS OF QUALIFIED ELIGIBLE PERSONS, THIS BROCHURE OR ACCOUNT DOCUMENT IS NOT REQUIRED TO BE, AND HAS NOT BEEN, FILED WITH THE COMMISSION. THE COMMODITY FUTURES TRADING COMMISSION DOES NOT PASS UPON THE MERITS OF PARTICIPATING IN A TRADING PROGRAM OR UPON THE ADEQUACY OR ACCURACY OF COMMODITY TRADING ADVISOR DISCLOSURE. CONSEQUENTLY, THE COMMODITY FUTURES TRADING COMMISSION HAS NOT REVIEWED OR APPROVED THIS TRADING PROGRAM OR THIS BROCHURE OR ACCOUNT DOCUMENT.

If you have any questions about the content of this brochure, please contact us at the telephone number or e-mail address provided above. For specific questions about particular advisory services or products described in this brochure, you can find additional contact information at this worldwide website:

<http://www.schroders.com/us/contact-us>.

Additional information about Schroder Investment Management North America Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.



Schroders

Item 2: Statement of Material Changes

This brochure is the third amendment to the Firm's Advisory Brochure. This version includes information regarding:

1. Updates have been made to the minimum account size and fees for various products. Please see Item 5 for additional information.
2. Updates have been made to the Firm's assets under management table. Please see Item 4 for additional information.

In compliance with the changes to client disclosure documents (Formerly Part II of Form ADV) mandated by the Securities and Exchange Commission through the adoption of its revised Form ADV rule on July 28, 2010 the initial Advisory Brochure was filed with the SEC on March 31, 2011. The substance of the disclosures made in the last version of Part II of Form ADV do not differ materially from those made in this brochure other than in form and the level of detail. Certain of the disclosures in this brochure were not required or were made through a check-list form and have not appeared in this form in prior disclosure documents. In particular, the following sections were not part of the disclosures required by the preceding SEC rules:

- The information about the business of the Adviser was presented in Item 4 of this brochure could be inferred from answers to the prior Part II of Form ADV. The current textual presentation is new.
- The risks associated with particular strategies described in Item 8 of this view were not required in similar detail in the prior Part II of Form ADV. The risk-related text in Item 8 is therefore new.
- All of the disclosures in Item 18 of this brochure are new.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Statement of Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	6
Item 6: Performance-based fees and Side-by-Side Management	10
Item 7: Types of Clients	10
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9: Disciplinary Information	18
Item 10: Other Financial Industry Activities and Affiliations	18
Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading	19
Item 12: Brokerage Practices	20
Item 13: Review of Accounts	25
Item 14: Client Referrals and Other Compensation	25
Item 15: Custody	25
Item 16: Investment Discretion	25
Item 17: Voting Client Securities	26
Item 18: Other Financial Information	26
Item 19: Requirements for State-Registered Advisers	27
Index	28

Item 4: Advisory Business

The Adviser is an affiliate of Schroders plc, a London Stock Exchange-listed financial services company. The Adviser is indirectly owned in its entirety by that public company. Trustees of certain settlements made by members of the Schroder family hold in excess of 25% of the voting shares of Schroders plc. Schroders has been in business since 1804. The Adviser registered with the Securities and Exchange Commission in 1980.

The Adviser manages assets for domestic and foreign clients in strategies focusing on US equity and US fixed income securities, including US tax exempt securities. Those strategies are:

- US Large Cap
- US All Cap
- US Small Cap Core
- US Small/Mid Cap
- US Core Fixed Income
- US Core Fixed Income Plus
- US Corporate Bond
- Municipal Bonds Intermediate and Short Term
- Municipal Bonds Ultra Short Term
- Global Bond
- US and Global Credit
- Global and US High Yield

In addition, the Adviser markets strategies focusing on non-US equity and fixed income securities as well as multi asset, quantitative and alternative strategies. For these strategies, the Adviser delegates portfolio management of the account to an affiliated adviser—Schroder Investment Management North America Ltd (“SIMNA Ltd”). SIMNA Ltd is regulated by the Financial Services Authority in the United Kingdom and is also registered with the Securities and Exchange Commission as an investment adviser.¹ Our non-US strategies include:

- Multi Asset
- Global/EAFE Diversified
- Global/EAFE Alpha
- EAFE Alpha ADR
- Global/International Small Cap
- International Equities
- Emerging Markets
- Global Climate Change

The quantitative equity strategies are:

- Global Core
- Global Active Value
- Global ex-US Active Value
- Global Quality
- Global Blend
- North American Equity

The Adviser also offers alternative investment strategies including:

- Commodities
- Emerging Market Debt

¹As is the case with the Adviser, the mere fact that SIMNA Ltd is registered with the SEC does not imply that SIMNA Ltd. investment personnel necessarily possess any particular level of skill or training.

For investment products and services managed by SIMNA Ltd, the Adviser oversees the services. Clients and prospective clients contemplating investment in products managed by SIMNA Ltd will receive a similar brochure for SIMNA Ltd and should read carefully the disclosures in that brochure as well.

The Adviser primarily manages separate accounts on a discretionary basis for institutions, endowments, foundations, pension funds, government retirement plans, and insurance companies and, as sub-adviser, to registered investment companies sponsored by other advisers.² The specific guidelines for these types of accounts are generally the subject of negotiation with clients. Clients may provide restrictions that differ from the Adviser's usual style of managing for a particular strategy. Some strategies—particularly fixed income—may have more latitude for accepting deviations from the ordinary management style of a strategy.

The Adviser also acts as the investment adviser to the Schroder Funds, which are sold in the US predominantly through intermediaries including broker-dealers, investment advisers and banks. The Adviser also serves as the manager and general partner of private investment partnerships or funds. When investment management services are offered through US registered funds or private investment vehicles, any sales of those products directly to investors are conducted through an affiliated broker-dealer named Schroder Fund Advisors LLC ("SFA"). SFA predominantly enters distribution or service agreements with other intermediaries. SFA is registered with the Financial Industry Regulatory Authority ("FINRA"). The FINRA license is a limited one. Other than fund sales—mostly done through other intermediaries and private placements—SFA does not execute securities transactions on behalf of clients of the Adviser.

The Adviser also manages some strategies for offshore affiliated advisers. This includes management of some offshore funds in Luxembourg. Not all of those strategies are available in the US. The Adviser has also registered in several Canadian provinces: Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan.

The Adviser does not sponsor a wrap fee program and does not actively manage accounts in wrap fee programs sponsored by others. It may provide model portfolios to wrap-fee program sponsors but all orders for the program's accounts are raised by the wrap fee program sponsor.

The table below shows the assets under management. The top lines show the total assets under management for all investment mandates in which the Adviser is the named investment manager or general partner. The total is broken down according to the assets that are managed by the Adviser and the assets that have been delegated to our affiliated adviser, SIMNA Ltd. For strategies marked with an asterisk, the Adviser is the investment adviser but SIMNA Ltd. serves as the sub-adviser. The lower part of the chart shows the split of total assets by the manager. The total assets managed by SIMNA Ltd is higher in the lower part of the chart as it reflects partial delegation of mandates primarily managed in the US.

² In a sub-advisory arrangement, the investment adviser appointed by the board of the fund delegates to another advisor the actual selection of securities for the fund, typically on a discretionary basis. Other responsibilities for operation of the fund—such as pricing, marketing and preparing information for the fund board—are retained by the principal adviser.

As of December 31, 2011	Assets	# of Accts
Owned By SIMNA Inc.	\$30,018,974,809 USD	225
Delegated to SIMNA Inc.	\$22,919,182,300 USD	107
Total SIMNA	\$52,938,157,109 USD	332
Managed by SIMNA Inc.	\$28,305,005,705 USD	283
Managed by SIMNA Ltd.	\$24,633,151,404 USD	49
	\$52,938,157,109 USD	332

Item 5: Fees and Compensation

The Adviser offers investment advisory services on either a discretionary or an advisory basis. The products available and the current fee structures are as follows:

I. U.S. EQUITIES

Large Cap

Separate Account

Management fee--- 0.50% with breakpoints at \$50 million and \$100 million

Minimum account size: \$30 million

All Cap

Separate Account

Management fee--- 0.80% with breakpoints at \$100 million and \$200 million

Minimum account size: \$30 million

Small/Mid Capitalization

Separate Account

Management fee --- 0.80% with breakpoints at \$100 million and \$200 million

Minimum account size: \$30 million

Small Capitalization Core

Separate Account

Management fee --- 0.925% with breakpoints at \$100 million and \$200 million

Minimum account size: This approach is capacity constrained and is currently not accepting any new separate accounts.

North American Equity (QEP)

Separate Account

Management fee --- 0.27% with breakpoints at \$100 million and \$200 million

Minimum account size: This approach is capacity constrained and is currently not accepting any new separate accounts.

II. NON-U.S. EQUITIES

International Diversified

Separate Account

Management fee --- 0.50% with breakpoints at \$50 million and \$100 million

Minimum account size: \$50 million

International Alpha

Separate Account

Management fee --- 0.70% with breakpoints at \$50 million and \$100 million
Minimum account size: \$50 million
Pooled Vehicle (3c-7) (EAFE Alpha Only)
Management Fee --- 0.60% on all assets
Minimum account size: \$10 million

International Alpha ADR

Separate Account

Management fee --- 0.70% with breakpoints at \$50 million and \$100 million
Minimum account size: \$50 million

International Small Cap

Separate Account

Management fee --- 0.95% on all assets
Minimum account size: \$100 million

Commingled Fund

Management fee --- 0.95% with breakpoints at \$10 million and \$50 million
Minimum account size: This approach is capacity constrained and is currently closed to new investors.

Pooled Vehicle (3c-7)

Management fee --- 0.90% on all assets
Minimum account size: \$5 million

Global Diversified

Separate Account

Management fee --- 0.50% with breakpoints at \$50 million and \$100 million
Minimum account size: \$50 million

Global Alpha

Separate Account

Management fee --- 0.70% with breakpoints at \$50 million and \$100 million
Minimum account size: \$50 million

Global – Climate Change

Separate Account

Management fee --- 0.70% with breakpoints at \$50 million and \$100 million
Minimum account size: \$100 million

QEP Global (ex-US) Value, QEP Global Value, QEP Global Quality, QEP Global Blend

Separate Account

Management fee --- 0.70% with breakpoints at \$50 million and \$100 million
Minimum account size: \$200 million

QEP Global Core

Separate Account

Management fee --- 0.32% with breakpoints at \$50 million and \$100 million
Minimum account size: \$200 million

Emerging Market Equity

Separate Account

Management fee --- 1.00% with breakpoints at \$100 million and \$200 million
Minimum account size: \$100 million

Commingled Fund

Management fee --- 1.00% with breakpoints at \$50 million, \$100 million, \$200 million and \$250 million

Minimum account size: \$10 million

III. FIXED INCOME

US Core Aggregate

Separate Account

Management fee --- 0.25% with breakpoints at \$100 and \$200 Million

Minimum account size: \$40 million

US Core Plus

Separate Account

Management fee --- 0.30% with breakpoints at \$100 and \$200 Million

Minimum account size: \$40 million

US Credit (Corporate)

Separate Account

Management fee --- 0.30% with breakpoints at \$100 and \$200 Million

Minimum account size: \$100 million

Municipal Bonds: Intermediate & Short-Term / Crossover and Duration

Neutral Core – (duration > 2 years)

Separate Account

Management fee --- 0.35% with breakpoints at \$25 million

Minimum account size: \$10 million

Municipal Bonds: Ultra Short-Term / Ultra Short-Term Crossover and Ultra Short-Term Duration NeutralCore – (duration 2 years or less)

Separate Account

Management fee --- 0.25% with breakpoints at \$25 million

Minimum account size: \$10 million

Global Aggregate Bond

Separate Account

Management fee --- 0.30% with breakpoints at \$100 and \$200 million

Minimum account size: \$200 million

High Yield: U.S. and Global

Separate Account

Management fee --- 0.50% on all assets.

Minimum account size: \$100 million

Global Credit (Corporate)

Separate Account

Management fee --- 0.30% with breakpoints at \$100 and \$200 million

Minimum account size: \$100 million

IV. ALTERNATIVES

Emerging Market Debt

Pooled Vehicle (3c-7)

Management fee --- 1.15% up to \$10 million + performance fee

or for Accounts over \$10 million

0.90% with breakpoints at \$50 million and \$100 million + performance fee

Minimum account size: \$10 million

Commodities

Separate Account

Management fee --- 0.80% on all assets + performance fee

Minimum account size: This approach is capacity constrained and is currently not accepting any new separate accounts.

Pooled Vehicle (3c-7)

Management fee --- 0.75% on all assets + performance fee

or

Management fee --- 1.15% with breakpoints at \$100 million

Minimum account size: \$1 million

INVESTMENT COMPANIES

The Adviser serves as the investment adviser for the following registered investment companies:

Schroder Absolute Return EMD and Currency Fund

Management fee --- 0.90% of average net assets.

Schroder QEP North American Equity Fund

Management fee --- .25% of average net assets.

Schroder U.S. Opportunities Fund

Management fee --- 1.00% of average net assets.

Schroder U.S. Small and Mid Cap Opportunities Fund

Management fee --- 1.00% of average net assets.

Schroder International Alpha Fund

Management fee --- 0.80% of average net assets.

Schroder International Multi-Cap Value Fund

Management fee --- 0.80% of average net assets.

Schroder Emerging Market Equity Fund

Management fee --- 1.00% of average net assets.

Schroder Total Return Fixed Income Fund

Management fee --- 0.25% of average net assets

Schroder QEP Global Value Fund

Management fee --- 0.55% of average net assets.

Schroder QEP Global Quality Fund

Management fee ---0.55% of average net assets

The Adviser may, from time to time, voluntarily waive all or a part of its advisory fees, and agree to pay certain expenses of a fund. Some funds currently have contractual fee waiver and expense reimbursements in effect. Please review fund prospectuses for more information at www.schroderfunds.com.

Item 6: Performance- based fees and Side-by-Side Management

The Adviser sometimes enters into agreements for performance-based fees with qualified clients. Some private funds also have fees calculated in part on performance. There may be instances in which a portfolio manager is managing accounts in the same strategy that have differences in the fee paid by difference accounts. In rare instances, this may include the management “side-by-side” of accounts with performance based and non-performance based fee. Managers have a potential conflict of interest arising from the fee difference among accounts. The Adviser monitors for such conflicts by reviewing account performance.

Accounts in the same strategy are included in a single composite for the purposes of performance presentations for that strategy. Trades for accounts in the same strategy are generally carried out as aggregated trades. In such trades, each account gets an average price and shares pro rata in the transaction cost. Where trades are done in the aggregate, a portfolio manager cannot favor one account over the other. In addition, a performance committee consisting of investment and compliance staff oversees these composites including a review of any account that is an “outlier.” An outlier would be any account that deviated significantly from the performance of the composite as a whole. Portfolio managers are required to explain whenever account performance is significantly different than composite results. The Adviser believes that the outlier review would identify accounts that needed further analysis if a manager unduly favored one account in the same strategy.

Item 7: Types of Clients

The Adviser provides investment management services predominantly to institutions, endowments, foundations, pension funds, government retirement plans, and insurance companies and, as sub-adviser, to registered investment companies sponsored by other advisers. These clients and prospects are usually sophisticated investors.

The Adviser does offer municipal bond strategies through separate accounts and markets to high net worth clients in addition to institutions. The high net worth clientele generally consists of individuals, trusts, family offices, endowments, pension funds and private investment funds. The Adviser also manages mutual funds open to retail investors but the Adviser almost exclusively markets mutual funds through intermediaries such as broker-dealers. Some institutional clients or fund of funds products may have direct investments in the funds.

The Adviser manages private institutional vehicles including trusts and partnerships and offers those only on a private placements basis. In order to invest in private vehicles, prospective clients generally must be “qualified purchasers” as defined under Section 2(a) (51) of the Investment Company Act of 1940.

The Adviser generally requires a minimum account size/annual fee as shown under Item 5. However, in certain circumstances the minimum account size may be reduced and the advisory fee negotiated.

The Adviser reserves the right not to enter into an advisory agreement with any person or institution for any legally acceptable reason.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

1. Small Cap and Small and Midcap Strategies

The US Small Cap and Midcap Equity investment strategies use a bottom-up, fundamental and research based approach. Jenny Jones, the portfolio manager, and a team of analysts work to identify companies that have compelling business models, strong management teams and attractive valuation levels. Research resources come from company management, competitors, media and suppliers. The portfolios in the strategies hold 100-150 stocks. Portfolios are diversified by type of company, with approximately 50-60% of the portfolio invested in mispriced growth opportunities, 20-50% in companies with stable and dependable earnings and revenue characteristics), and 0-20% in turnarounds. The strategies are flexible core investment styles; they aim to adapt to changing market dynamics throughout the economic cycle.

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investments in small and medium capitalization companies generally carry a greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies, and less liquidity.

2. US Large Cap

The US Large Cap equity market is generally efficient with a great deal of public information available to investor. The sector nonetheless has pricing inefficiencies. The Large Cap strategy relies on proprietary fundamental research to identify companies that the market misperceives or underestimates with respect to their potential for growth. Finding companies with this 'growth gap' is key to the success of the strategy. The portfolio management team, led in the US by Joanna Shatney, focuses on companies with unrecognized earnings growth potential or positive change measured by improving cash flows and returns on invested capital. The strategy invests in three types of growth stocks: secular growth, cyclical growth and opportunistic ideas.

Risks

All investments involve risks including the risk of possible loss of principal. The market value of a portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. The returns for the strategy depend on the quality of the proprietary research carried out by the team.

3. International and Global Small Cap

The International Small Companies strategy has a core investment style with a growth bias. It is managed in London for the Adviser by a team led by Matthew Dobbs. The investment strategy uses a bottom-up, fundamental, research-based approach. The portfolio manager and analysts seek to identify those companies that have compelling business models, strong management teams, attractive valuation levels and favorable long-term growth prospects. The team invests in undervalued stocks where it identifies catalysts for appreciation. The portfolio of 200-250 stocks is diversified by region, country and type of company. It contains companies that typically exhibit solid return and growth characteristics, stronger

than average balance sheets and cash flow attributes, and valuations broadly similar to or below those of the universe. The focus is on companies' long-term growth prospects with an investment horizon of approximately three years. The team seeks to manage risk at the security and country level.

The Global Small Cap team, also led by Matthew Dobbs, seeks to identify quality growth companies through fundamental research. This includes the attractions of each company's business model, gauging the scope and visibility of growth, the risks to that growth, and the quality and focus of its management. The portfolio management team looks further out than the immediate market value. It judges investments with a two to three-year time horizon applying a disciplined fair-value methodology.

The portfolio managers pick stocks within a regional framework. The team reviews an entire portfolio, monitors the overall sector positioning and ensuring that the balance of risks and return is within expectations. The team also determines how to distribute the portfolio among regions, placing emphasis on regions with the most attractive prospects for smaller companies.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets. Investments in small capitalization companies generally carry greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies, and less liquidity.

4. International Equities

The International Equity Alpha strategy offers a concentrated, fundamental research-driven approach, aimed at delivering strong outperformance over the longer term within the context of a risk management framework. The portfolio management team, led by Virginie Maisonneuve, works to identify reasonably priced quality growth companies that demonstrate a sustainable competitive advantage. The strategy focuses on selecting the best investment ideas that are identified by team of locally based equity analysts and global sector specialists throughout the Schroders organization. The portfolio generally holds between 40–60 positions reflecting the best international ideas from the team. The strategy relies on global sector expertise and local knowledge from analysts.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets. Products with high turnover may experience higher transaction

costs.

5. Emerging Market Equity

The Emerging Market Equity strategy provides exposure to a range of developing countries around the world. These countries are generally characterized by a stronger growth potential than mature economies, which leads to the opportunity for premium returns but often with higher risk attached. The investable universe is commonly defined by the MSCI Emerging Markets Index, which covers 22 countries and over 750 stocks. Key characteristics of the strategy, with at portfolio management team led by Allan Conway are as follows:

- Targets 50% added value added from country and 50% from stock decisions.
- Employs a proprietary quantitative country model drives country decisions.
- Uses detailed fundamental research to drive stock selection.
- Applies active risk management including alpha-adjusted tracking error and stop-loss.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets.

6. Global Climate Change

This strategy focuses primarily on companies that benefit from efforts to help mitigate or adapt to the effects of climate change. This includes companies engaged in :

- Mitigation: Products and services that help to prevent the worst of future climate change. For example, companies developing new technologies to reduce greenhouse gas emissions.
- Adaptation: Products and services that help to accommodate the effects of climate change. For example, companies that construct buildings designed to withstand more extreme weather.

The team, led by Simon Webber, does not invest in companies where the investment case is not significantly affected by climate change or companies whose products decrease in demand due to climate change. Principal investment themes of the strategy are energy efficiency; low carbon fossil fuels; clean energy; sustainable transport; and environmental resources. The portfolio is benchmark-unconstrained with a portfolio of 50 to 80 stocks representing “best ideas” without regard to company size.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets.

7. QEP Strategies

The Global unconstrained strategies, which include a Value, Quality and Blend approach, are index unconstrained, and diversified. The portfolio management team, headed by Justin Abercrombie, applies a proprietary investment analysis based on an evaluation of a number of valuation metrics such as dividends, cash-flow, earnings, sales and asset-based measures as well as quality metrics such as financial strength, profitability and stability. The team starts with a universe of over 15,000 stocks of all sizes across more than 40 countries including both developed and emerging markets. It assigns a value and quality rank for each stock and typically focuses on the top third of the respective rank for each strategy. Stock position sizes are non-market cap and determined by both a market impact model incorporating cost and liquidity considerations as well as an evaluation of a company's risk and fundamentals. Companies with better fundamentals and/or lower risk will receive higher weights in portfolios. The portfolios are diversified over many hundreds of stocks to avoid concentrations at the stock, sector or region levels.

The team sells securities when it believes they are fully priced, if their fundamentals have deteriorated or if it is taking advantage of investments that the team considers more attractive or that provide better diversification to the portfolio. The investment process may result in frequent trading of portfolio securities.

The Global Core and North American Equity strategy adopt a similar stock evaluation scheme as the unconstrained strategies but position sizes are constrained to the benchmark with the objective of delivering a portfolio with low risk relative to the index.

Risks

All investments, domestic and foreign, involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. Emerging markets pose greater risks than investments in developed markets. Products with high turnover may experience higher transaction costs.

FIXED INCOME

1. Municipal Bonds

The municipal bond team led by Susan Beck and Dan Scholl, use fundamental, bottom-up security selection of less-followed municipal bonds with a goal of delivering: maximum after-tax yield and income in high levels of credit quality.

Key features of the approach include:

- Research-driven process
- Diversified portfolios
- Relative-value security selection
- Focus on high-quality, higher-yielding issues
- Duration-neutral approach
- Experienced, specialist portfolio managers and analysts

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including volatility of the municipal bond market, interest rate risk, credit risk, liquidity risk and inflation/deflation risk.

2. Fixed Income Core and Core Plus

The Core Fixed Income strategy seeks to maximize total return by investing across the full maturity and investment grade spectrum of US fixed income sectors and securities. The investment team, led by Wesley Sparks, focuses on active sector rotation and security selection—supported by extensive proprietary fundamental, technical and quantitative research. The team makes investment decisions on a relative-value basis. Key features include:

- Risk management central to investment philosophy, process and implementation
- Sector and security selection are the key drivers of alpha
- Portfolio duration is tightly controlled within +/- 10% range of benchmark duration

The team also uses a similar approach for a Core Plus strategy. That strategy permits up to a 20% allocation, respectively, to high yield and non dollar securities. Emerging market debt securities may also be utilized in the strategy, but are incorporated into the total 40% allocation to the plus sectors.

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, mortgage and asset-backed securities risk, U.S. Government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs and may result in taxable capital gains.

3. US Corporate Bond

The Corporate Bond strategy focuses on individual security selection and industry weightings. The strategy relies on the fundamental research done by the Adviser's analysts and its own internal quantitative tools and valuation screens. Potential investments are evaluated on a relative value basis. The team, led by Wesley Sparks, seeks the most attractive trade-off between risk and reward. It does not select investments by sector or industry. Key features include:

- Research-driven process using a relative-value approach to decision making
- Fundamental credit research, backed by quantitative tools
- Risk budget varies based on expected returns, volatility and confidence

- Opportunistic approach in changing market conditions

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, mortgage and asset-backed securities risk, U.S. Government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs and may result in taxable capital gains.

4. Global High Yield

The Global High Yield strategy seeks to generate total return by investing across the full maturity spectrum of below investment grade corporate bonds denominated in various currencies. The strategy may invest up to 30% in investment grade corporate bonds and government securities. The strategy typically does not invest in equities, leveraged loans, or emerging market sovereigns.

The team, led by Wesley Sparks, considers issue selection (including investment decisions on seniority/subordination, covenant protection, maturity, and bond versus CDS exposures). It takes into account sector weightings. The team has a tilt toward credit quality that typically contributes excess returns relative to the benchmark. Positions in three other areas are also actively managed: geographic country exposure, duration and curve positioning, and liquidity. Key characteristics of the strategy include:

- Research-driven, themes-based investment process.
- Analysts rigorously evaluate issuers for fundamental value, relative value and volatility.
- Relative value approach to decision making with opportunistic management in changing markets.
- Risk management is embedded in the investment process.

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, mortgage and asset-backed securities risk, U.S. Government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs and may result in taxable capital gains.

OTHER

1. Commodities

The Schroders Commodities Strategy's objective is to give investors a diversified exposure to commodities, through investment in commodity futures and commodity-related equities. The Strategy is actively managed on a long-only and unleveraged basis by the Adviser. The London based team is led by Rob Howell, with oversight by Geoff Blanning. The investment opportunity set includes more than 60 commodities traded on a wide variety of exchanges around the world.

The strategy is:

- Research driven, actively managed.
- Long only, no leverage.

- Index unconstrained.
- Invests in futures, equities, swaps and cash.
- Equal emphasis on agriculture, energy and metals.
- Diversified approach.

Risks

Commodities investment carries significant risks and should only be considered by sophisticated investors who understand the nature of these risks. The Strategy will invest principally in commodity-related derivative instruments, including exchange futures and over the counter swaps on commodities, futures on commodity indices, option contracts, options on futures contracts, and structured notes. Investments in commodity-linked derivative instruments may subject the strategy to greater volatility than investments in traditional securities. Indirect investment in commodities may cause the strategy to face market risk from the value of the underlying asset together with geopolitical, supply, currency exchange rate and interest rate risks.

2. Emerging Market Debt and Currency

The Emerging Market Debt (EMD) Strategy is an absolute return product managed with the aim of delivering high returns with low volatility, while maintaining a low correlation to other products. The broad range of assets offered by this under-researched asset class presents diverse opportunities for consistent returns. The portfolio management team, led by Geoff Blanning, seeks to add value by actively managing exposure to both external and local debt, as well as local currencies. The management team may at times make investments that provide exposures to debt obligations or currencies of countries other than emerging market countries, including the United States.

The team's approach to portfolio construction considers both risk control and return maximization. Before purchasing a security, the team considers the risk of loss for every security and analyzes it, using fundamental, quantitative, sentiment and technical analysis. In house research is applied across all EMD countries and debt sectors within those countries. The strategy employs strict diversification rules.

Key feature of the strategy include:

- Use of chart analysis to optimize buy / sell prices.
- Disciplined use of cash when appropriate.
- No restriction on credit quality.
- Use of a portfolio stop-loss discipline.
- Limits set are "realistic" to the effect that over a market cycle many of them could be reached.

Risks

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, mortgage and asset-backed securities risk, U.S. Government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs and may result in taxable capital gains. Emerging markets pose greater risks than investment in developed markets.

Item 9: Disciplinary Information

There have been no disciplinary actions against the Adviser, its officers or directors.

Item 10: Other Financial Industry Activities and Affiliations

The Adviser is also registered in Canada in the capacity of Portfolio Manager with the Securities Commissions in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan.

The Adviser is also registered with the National Futures Association as a Commodities Trading Adviser.

The Adviser maintains significant relationships relating to its advisory business with affiliated companies: Schroder Investment Management North America Ltd ("SIMNA Ltd") provides sub-advisory services on fund and separate account mandates for strategies as described in Item 4. SIMNA Ltd is registered with the SEC and also regulated by the Financial Services Authority in the United Kingdom. SIMNA Ltd is also registered in Canada in the capacity of Portfolio Manager with the Securities Commissions in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec and Saskatchewan. The Adviser oversees the management by SIMNA Ltd, but the London-based investment teams carry out day to day management of delegated accounts. SIMNA Ltd receives a portion of the advisory fees that the Adviser receives as compensation. Some of the members of the Board of Directors of the Adviser also serve as Directors of SIMNA Ltd.

Schroder Fund Advisors LLC ("SFA"), is a wholly owned subsidiary registered as a broker dealer with FINRA and an exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan. SFA distributes the shares of the Schroder mutual funds. SFA also conducts private placements of institutional investment vehicles that are offered in reliance on exceptions to the Investment Company Act of 1940. SFA may solicit existing qualified clients to invest into those vehicles. SFA also performs administrative services for some of the Schroder funds and is paid a fee based on each fund's average daily net assets.

The Adviser has delegated some back office functions to Schroder Investment Management Ltd. ("SIM"). SIM is a London-based investment manager regulated by the Financial Services Authority and not registered with the SEC. It provides finance, clearance and settlement and IT system support for the Adviser.

The Adviser has an affiliate called Schroder New Finance Capital LLP ("SNFC") a UK company registered with the Financial Services Authority and the SEC. SNFC manages several hedge fund-of-funds products that SFA offers on a private placement basis in the US. SFA may solicit existing qualified clients of the Adviser to invest in SNFC products.

The Adviser may purchase for certain accounts shares of funds for which the Adviser serves as the investment manager. The Adviser will not assess its advisory fee on the portion of an account that is invested in such funds.

Private investment funds organized by the Adviser may invest in the same securities as those invested in behalf of other clients, including registered investment companies. The private investment funds' trading methodologies are generally different than that of other accounts and may include short selling and the

aggressive use of leverage. At times, the private investment funds may be selling short securities held long in other portfolios. The Adviser is aware of potential conflicts of interest created in part by the compensation structure of the funds. It has instituted procedures to assure that transactions effected on behalf of the private funds do not adversely impact other clients. The Adviser is the investment manager for the Schroder Capital Management Collective Trust. The Trust consists of co-mingled funds available to ERISA/Public Sector pension plans. Where the Adviser has discretion over allocation of pension assets, it may invest the pension's funds in the Trust. In such instances, the Adviser will generally not assess an advisory fee at the trust level. The fees are generally negotiated at the time the agreement is executed when investments in the Trust are contemplated. The day to day management of the Trust has been delegated to SIMNA Ltd.

Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading

The Adviser has adopted a Code of Ethics that sets forth the standards of business conduct that it requires of all its supervised persons. The Code of Ethics addresses the Adviser's and its access persons' fiduciary obligations to its clients. The Code also addresses confidentiality of client information and includes the Adviser's Insider Trading Policy and its Policy on Personal Securities Transactions, discussed in further detail below. The Code of Ethics also requires all supervised persons to comply with the federal securities laws and to inform the Chief Compliance Officer of suspected violations of the Code. Clients or prospective clients who wish to request a copy of the Code of Ethics may do so by contacting the Chief Compliance Officer at Schroder Investment Management North America Inc., 875 3rd Avenue, 21st Fl, New York, NY 10022.

The Adviser's officers, directors and employees may, from time to time, buy or sell for themselves securities that the Adviser also buys or sells on behalf of clients. The Adviser imposes restrictions on such transactions in accordance with applicable law and regulations. All directors, officers, employees and supervised persons of the Adviser are subject to the provisions of a Code of Ethics regarding personal securities transactions and an Insider Trading Policy. These policies are designed to prevent conflicts of interest and violations of law by persons subject to the Code. In particular, all directors, officers and employees are generally required to pre-clear their personal transactions with a Senior Fund Manager and Compliance. In this way, all personal securities transactions can be monitored or, if necessary, prohibited or delayed so as not to conflict with a client transaction. The Adviser has also imposed upon employees a mandatory 60 day holding period on transactions in registered investment companies it advises or sub advises.

From time to time and in accordance with the terms of the Adviser's Code of Ethics, there may be instances when the Adviser may be precluded from trading in certain securities for its advisory clients' accounts. These instances may arise if the Adviser receives material non-public information from an issuer. The Adviser maintains a restricted list to prevent trading in securities under those circumstances.

Item 12: Brokerage Practices

The Adviser selects brokers or execution forums to try to obtain the overall best execution for its clients. The Adviser does not execute trades for clients through affiliated broker-dealers. Its traders route orders where they expect to obtain the most favorable overall price and efficient execution. Traders do not operate under constraints concerning their choice of brokers other than on the basis of their creditworthiness or client restrictions.

The Adviser uses a number of brokerage firms. Some are full service firms that may execute on the Adviser's behalf and others are electronic crossing networks, automated trading firms or execution-only firms. The Adviser deals with brokerage firms that it deems capable of providing best price and execution and is financially stable. All counterparties are approved by a Credit Committee operated globally for the firm. The Committee reviews the brokerage firm when trading begins and at least once a year. Where appropriate the Adviser establishes credit limits for the counterparties.

1. *Research Commissions*

The Adviser places trades for equity securities with broker-dealers that provide research. The Adviser may pay higher total commissions on equity trades when executing trades that include a provision for research. The traders negotiate total commissions and the split of the commissions between the portion that compensates the broker-dealer for execution or research. Both US and UK law permit use of commissions to pay for research, and the Adviser programs are in compliance with both. Fixed income trades do not include a provision for research.

The Adviser may have an incentive to choose a broker based on receiving research or brokerage services but research does not play a role in broker selection. The trading desk trades where it believes it will obtain best execution. The Adviser tries to establish programs at the brokers where its traders execute orders. The Adviser periodically reviews where the trading desk is trading and establishes or changes programs at its top brokers.

The Adviser considers best price and efficient execution as the paramount considerations in choosing where to trade for clients. The Adviser establishes maximum commission rates for equity trading by type of security and reviews those rates periodically based on industry standards. The Adviser reviews both commission rates and overall commissions to monitor whether trades are being executed within guidelines. For trades placed through some electronic crossing networks and automated trading systems, the commission rates may include total commissions that are above the minimum rate that broker provides for execution-only. Additional commissions may be paid in light of research services provided, typically provision of third party research and services from other brokers or service providers. Research may constitute a larger portion of the total commission paid to an electronic crossing networks or automated trading systems than a similar commission paid to a full service broker that charges higher execution rates as a result of committing its own capital or providing other execution services.

The Adviser's research programs make research payments under the safe harbor in Section 28(e) of the Exchange Act. Because UK regulation has a more narrow definition of research than US regulation, the Adviser maintains some programs from which only research from broker dealers is paid to accommodate UK clients. The Adviser may obtain research in print or through verbal security analysis and opinion in these programs. The services the Adviser receives in its US only programs may include third party reports or services, seminars, computer software and certain related hardware for arranging and processing research data, portfolio evaluation services and brokerage services. Analysis of economic, political and market factors is also provided. The Adviser seeks research services that complement or expand on

its internal research.

When the Adviser delegates management accounts to SIMNA Ltd, trades for that account will ordinarily be placed by SIMNA Ltd's trading desk. In those instances, the commissions paid may also reflect research services by the offshore broker that are used by SIMNA Ltd. in the management of those accounts. SIMNA Ltd. only obtains research services permissible under the safe harbor set forth in Section 28(e) of the Securities Exchange Act of 1934 and the SEC interpretations thereunder.

Note however, that some research programs outside of the US may not operate identically to US programs. Where this is the case, SIMNA Ltd always complies with local broker-dealer and investment management rules and participates only to obtain research permissible under US law. If a research program offshore does not fully comply with US law, SIMNA Ltd and the Adviser determine in good faith whether participating complies with its fiduciary duty. If a client is subject to a regulatory requirement that its brokerage commissions comply with 28(e), the Adviser and SIMNA Ltd exclude those accounts from participating in any non US program that does not comply strictly with the requirements of 28(e) and related SEC guidance.

Portfolio managers periodically vote for the brokerage firms that provide research products or services and the value of such products or services. Brokers providing general research services are ranked as to their usefulness. The Adviser may also request a broker to provide a specific research product or service which may be proprietary to the broker or produced by a third party. The Adviser does not agree with any broker to direct a specific or minimum amount of commissions. It makes no commitment to compensate the broker if commissions fall short of covering the target level of commission for the specific research service. Although not obligated to do so, the Adviser may, at its discretion, voluntarily pay the balance due in cash from its own resources.

The Adviser may subscribe to investment research services that have a "mixed use", i.e., a part of the service is used in the investment decision making process and a part is used for non-research purposes. The Adviser allocates of that portion used for investment research and will pay for the non-research portion dollars from its own resources.

The Adviser maintains a brokerage committee to oversee its commission practices. The committee includes representatives of the equity investment teams, trading, legal and compliance. The committee reviews issues including: which brokers the trading desk uses, soft dollar and other research programs, commission rates, the eligibility of services received and changes in research programs.

Because of the nature of the markets, most bond transactions are executed "over-the-counter" on a net basis. Therefore, execution ability dominates the decision for the selection of broker-dealers on bond transactions.

2. Trade Aggregation and Allocation

When the Adviser buys or sells securities for multiple clients, it ordinarily aggregates all client transactions to obtain more favorable prices, and efficient execution. Clients participating in an aggregated order will receive an average price and a pro-rata share of the transaction costs. There may be variable costs relating to aggregate trades imposed directly by the broker-dealer or custodian for an account that are not shared with other clients. Some clients may not be able to participate in because of regulatory or client-imposed restrictions. In those instances, trades are placed in a

manner calculated to achieve the best overall execution for all clients.

When the adviser does not aggregate client orders traders may not be able to negotiate a single price for each client order and the prices may be less favorable than those achieved through aggregation. Commissions and transaction costs will not be uniform for all accounts. The adviser may not aggregate orders for all clients for reasons including the following:

- A client may direct that the Adviser use a specific type of broker such as the use of minority-owned broker dealers);
- A client may prohibit the use of one or more broker-dealers, sometimes for regulatory reasons;
- A client may require that the Adviser use a particular brokerage firm for some or all trades; or
- Some offshore markets may prohibit trade aggregation.

The Adviser also maintains procedures for allocating initial public offerings (“IPOs”) for its accounts. Accounts that are similarly managed will generally aggregate their expressions of interest orders.

Allocations of the shares in the IPO are made in a fair and equitable manner. The Adviser may exclude accounts from participating based on a client restriction, such as broker restrictions.

The Adviser allocates among eligible accounts on a pro-rata basis unless allocating a pro-rata would cause the participating account to receive only a de minimis amount such as a small odd lot. If an account could only receive a de minimis allocation, the Adviser will eliminate that account from the trade. If more than one portfolio manager indicates interest in an IPO, the allocation is first made to each portfolio manager based on the indications of interest and then allocated pro rata to each portfolio manager’s accounts. If the Adviser receives an allocation in an IPO too small to meaningfully aggregate, it will allocate to managers on an alternating basis. The Adviser then allocates to accounts for each manager in accordance with the policy set forth above. The Chief Compliance Officer must approve any allocation made other than on a pro-rata basis.

The Adviser may manage accounts that have significant investment by affiliates of the Adviser, as seed capital or as capital investments. In circumstances where the interest in an account on behalf of an affiliate of the Adviser exceeds 25%, the Adviser places restrictions on the trading of those accounts. Such accounts may be included in aggregated trades but only when its participation has been determined prior to the order, and the account may receive no more than a pro-rata allocation of securities.

Trades in municipal bonds often are for small lots that cannot be allocated across all accounts. The Adviser generally allocates among client accounts based on one or more of the following criteria:

- Client guidelines, including state specific needs;
- Cash availability;
- Duration needs;
- Sector needs, and
- Client restrictions, including issuer limitations, ratings, etc.

Trades in other fixed income mandates are generally allocated pro rata for accounts managed against the same or similar benchmarks. Transactions may be otherwise

allocated to (i) equalize sector weightings relative to other portfolios with similar mandates; (ii) when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, and (iv) with respect to sale allocations, allocations may be given to accounts low in cash. Any allocation that is made other than on a pro-rata basis is reviewed by Compliance. Allocations are generally made prior to trade placement. Block trades that are placed without a prior allocation are allocated promptly thereafter and in any event not later than the close of trading on that day.

The Adviser may enter into arrangements with wrap program sponsors to provide a model portfolio. The financial services company that receives the model uses that model to construct portfolios for its clients. The sponsor of the program will buy or sell the same securities that the Adviser buys and sells for its clients. Because the sponsor places all trades for clients in model programs, these trades would not be aggregated with trades that Adviser places for its clients. Under most circumstances, the Adviser transmits its model after it places trades for client accounts. Trading generated by model programs could under some circumstances cause prices for a given security to increase and could adversely affect trading for client accounts.

The Adviser does not have discretion to trade securities on behalf of accounts in model programs. Trades for discretionary clients will likely be placed while models for the programs of other financial services companies are still being formulated into orders by the sponsoring firms. Under most circumstances, the timing will effectively confer priority on orders placed by the Adviser for its discretionary accounts. If the Adviser determines that this priority is unfairly disadvantaging the model programs, it may attempt to communicate models simultaneously with placing orders for discretionary client accounts. The Adviser will not delay orders for its discretionary accounts in order to confer priority on a model program. In instances where the Adviser may give priority in the communication of its model among different non-discretionary clients on a rotating basis if it determines that fair treatment of its client requires that measure.

3. *Client Restrictions on Brokers*

A client may direct the Adviser in writing to use a particular broker-dealer. Such restrictions on broker use can adversely affect best execution. Where a client restricts all or most trading to a particular broker-dealer, that client cannot benefit when traders buy an aggregate block for other accounts at a favorable price. The Adviser also may not be able effectively to negotiate commission rates with that client's preferred brokerage firm. The client may also be unable to obtain allocations of new issues of securities if their designated broker cannot independently. The Adviser will only do business with broker dealers that it believes can meet their financial obligations from trading. The Adviser ordinarily will not accept an instruction to trade with a broker-dealer that is not credit-worthy.

Clients sometimes ask to send trades to a particular broker-dealer in recognition of services/payments provided to the client by the broker or dealer. A client who chooses to designate the use of a particular broker or dealer on a "restricted" basis, should consider whether such a designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be attainable by the Adviser, or may receive less favorable execution of some transactions, or both. Prospective clients should consider the possible costs or disadvantages of such an arrangement with

the value of the services provided. The Adviser reserves the right to refuse such requests where it believes that it cannot achieve best execution.

4. *Cross Trading*

The Adviser may, from time to time, recommend that a client sell a particular security while at the same time recommend that a different client buy the same security. Except for ERISA clients, the Adviser may “cross” the same security between client accounts. In the case of “cross trades” involving registered investment companies, the Adviser will only effect such transactions in compliance with Rule 17a-7 under the Investment Company Act. The Adviser does not receive any additional compensation as a result of such transactions and only engages in such transactions when it is in the best interest of its clients to do so.

5. *Transactions with Clients*

Ordinarily, accounts in which affiliates of the Adviser have an interest in excess of 25% will not buy securities from, or sell them to, client accounts. The Adviser will not arrange such trades for types of clients such as registered investment companies where there is a regulatory prohibition on such trades. In rare circumstances, the Adviser may engage in transactions with clients where the Adviser believes that the client account will benefit—for example to provide liquidity during periods of market turmoil—and only at prices that the Adviser believes are fair. If transactions of this nature are undertaken, the Adviser will obtain prior written agreement from the client following disclosure of the nature of the interest that the Adviser or its affiliates has in the transaction and the reasons for undertaking the transaction.

Item 13: Review of Accounts

Portfolio managers review all transactions in client accounts on a daily basis. The Adviser also assigns product managers to each team. The product manager reviews the portfolio characteristics and act as the liaison with clients. Portfolio managers or product managers approve client reports before the Adviser sends them to clients. Additional reviews take place when necessary. The events that might trigger additional reviews can include change in client objectives; unusual investment environments; or a change in investment strategy. The Adviser uses an automated system that allows its compliance function to review trades daily to confirm that the trades meet regulatory requirements and client guidelines.

Item 14: Client Referrals and Other Compensation

The Adviser may occasionally enter into solicitation agreements with unaffiliated third parties. The Adviser will pay a portion of its advisory fee to the third party for introducing or servicing accounts. Any such arrangements must comply with SEC Rule 206(4)-3. Among other requirements, the Adviser must ensure that the third party provides a written disclosure statement that sets forth the terms of the arrangement. There are currently no solicitation agreements in place. Legacy payments are being made under a terminated agreement with respect to one client.

Item 15: Custody

The Adviser does take or retain custody of client funds or securities. Clients retain their own custodians and the Adviser does not make custodial recommendations. The Adviser does act as general partner to some private institutional partnerships. The partnerships are audited and the audit reports delivered to investors in the partnerships in compliance with SEC Rule 206(4)-2. The Adviser has authority to deduct fees for some clients.

Item 16: Investment Discretion

The Adviser generally manages investments on a discretionary basis. Under a discretionary arrangement, portfolio managers have the authority to determine which securities to buy and sell, consistent with the client's investment guidelines. In some instances, however, there are restrictions imposed by clients on investments in specific industries or companies.

The Adviser provides model portfolios to sponsors of third party wrap programs. In those instances, the Adviser only has discretion over the model. The sponsoring firm all raises orders for the underlying accounts after determining how to implement the model for its individual clients. The Adviser does not include the assets in model portfolio programs as part of its assets under management as set forth in Item 4 above.

The Adviser may enter into trade delegation agreements under which orders from offshore affiliates route orders in US securities to the Adviser's trading desk for execution. In such instances, those orders may be aggregated with orders for the Adviser's clients or executed sequentially subject to a written order priority procedure.

Item 17: Voting Client Securities

The Adviser treats the voting of proxies as an important part of its management of client assets. It votes proxies in a manner that it deems most likely to protect and enhance the longer term value of the security as an asset to the account.

The Adviser has a Proxy Committee consisting of investment professionals and other officers which is responsible for ensuring compliance with its proxy voting policy. That committee includes input from all offices including affiliated advisers. The actual voting of proxies is carried out by Schroder Investment Management Ltd., the UK affiliate of the Adviser. When voting proxies, the Adviser and its affiliates follow a Corporate Governance Policy (the "Policy"). The Policy sets forth positions on recurring issues and criteria for addressing non-recurring issues. The Proxy Committee exercises oversight to assure that proxies are voted in accordance with the Policy and that any votes inconsistent with the Policy are documented.

The Adviser uses proxy research from third party service providers. It considers their recommendations for voting on particular proxy proposals. The Adviser bears ultimate responsibility for proxy voting decisions. Occasionally, proxy voting proposals may raise conflicts between the Adviser's interests and those of its clients. Those conflicts are managed in accordance with the procedures set out in the Policy.

If the Adviser receives a proxy relating to an issuer that raises a material conflict of interest, the proxy is voted after review by the Global Head of Equities. The proxy will be voted as follows:

- if a proposal or aspect of the meeting business is specifically addressed by the Policy, the Adviser will vote or act in accordance with the Policy unless the Adviser considers it is in the best interests of clients to depart from the Policy. In that case or if the proposal or meeting business is not specifically covered by the Policy, the Adviser may vote or act as it determines to be in the best interest of clients, provided that such vote or action would be against the Adviser's own interest in the matter
- if the Adviser believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then the Adviser will either (a) vote in accordance with the recommendations of a third party (which will be the supplier of our proxy voting processing and research service); or (b) obtain approval of the decision from the Adviser's Head of Equities: the rationale of such vote will be recorded in writing; or (c) in exceptional cases, inform the client(s) of the conflict of interest and obtain consent to vote as recommended by the Adviser. If the third-party recommendation is unavailable, we will not vote.

A copy of the entire Proxy Voting Policy and information as to specific votes are available to clients upon request. Requests should be made to your Client Service Representative.

Item 18: Other Financial Information

The Adviser is a subsidiary of a public company in the UK, Schroders plc. Schroders plc is listed on the London Stock Exchange. The shareholder reports for Schroders plc are available on the internet at <http://ir.schroders.com/>. Clients or prospective clients may also obtain copies of Schroders plc reports by contacting their Client Service Representative.

Item 19: Requirements for State-Registered Advisers

The Adviser makes notice filings with each State and may register some of its employees as advisory representatives in States that so require.

Index

- Adviser. See SIMNA Inc.
- Assets under Management, 6
- Brokerage practices, 22
- Brokerage Practices
 - Client Restrictions on Brokers, 25
 - Cross Trading, 26
 - Research Commissions, 22
 - Trade Aggregation and Allocation, 23
 - Transactions with Clients, 26
- Code of Ethics, 21
- Commodities, 18
- Custody of Assets, 27
- Disciplinary actions, 20
- Emerging Market Debt, 19
- Emerging Market Equity, 14
- Fees
 - Performance Based Fees, 11
 - Standard Fees, 7–10
- Fixed Income Core and Core Plus, 16
- Global Climate Change, 14
- Global High Yield, 17
- International and Global Small Cap, 12
- International Equities, 13
- IPO allocations, 24
- Minimum account sizes, 7–9
- Multi Asset Growth, 17
- Municipal Bonds, 15
- Mutual Funds, 9
- Proxy voting, 28
- QEP Strategies, 15
- Risks, 12–19
- Schroder Fund Advisors, 20
- SIMNA Inc.
 - Canadian registrations, 5
 - delegations to SIMNA Ltd, 4
 - fiduciary obligations to its clients, 23
 - overview of the company, 4, 28
 - relationship to Schroder Fund Advisors LLC, 5
 - relationship with New Finance Capital LLP, 20
 - relationship with SIM Ltd, 20
 - relationship with SIMNA Ltd, 4, 20
 - Types of clients, 11
- Small Cap and Small and Midcap strategies, 12
- Strategies managed, 4
- Table of Contents, 3
- US Corporate Bond, 16
- US Large Cap, 12

