

Schroder Investment Management North America Inc.

Bay County Employees' Retirement System

April 2015

Richard Sennitt | Pacific ex Japan Small Cap Specialist



Schroders

Investment Philosophy and Team



Schroders

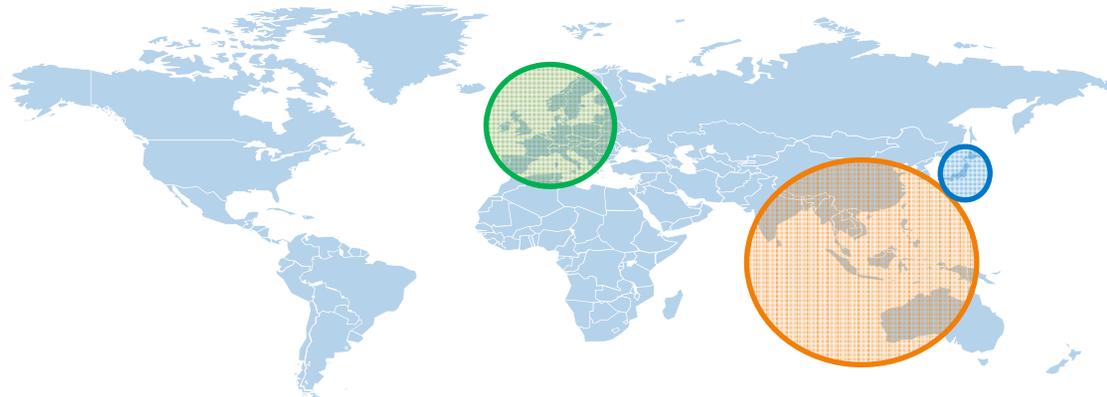
Investment philosophy

- Stock selection primary source of value added
- Growth and Quality, but at a reasonable price
- Long-term time horizon
- Strong risk framework
- A fully resourced and focused team

Resources

International small cap team – A fully resourced and focused team

- 21 specialists in international small company research and investment
- Core team of Lead Portfolio Manager and Regional Specialists have an average of 24 years investment experience and an average of 17 years tenure at Schroders
- Local presence and knowledge the key - primary research conducted out of Schroder research offices globally
- Team can draw on the broader Schroder focus list analysts – approximately 20% of holdings covered by focus list analysts
- Cross fertilization of investment ideas between regions and with Global Sector Experts



= Number of years with Schroders. (#) = Numbers of years investment experience.

Source: Schroders as of March 31, 2015. ¹September 30, 2014. ²Includes other coverage. ³Located in London

Performance



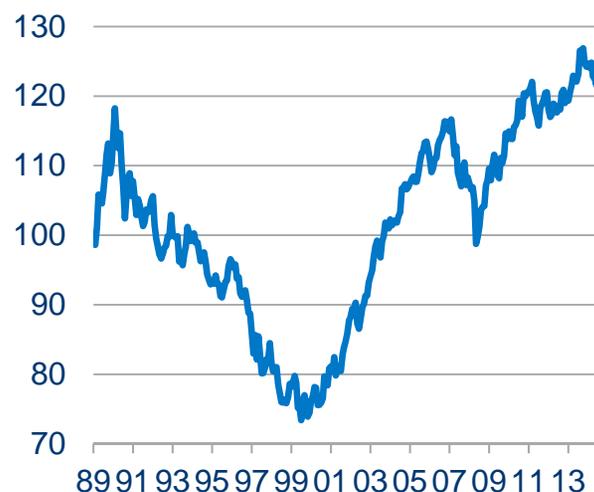
Schroders

Investment Environment

- Smaller companies outperformed their large cap peers in Q1 with the S&P EPAC SmallCap Index returning +5.6% compared to the MSCI EAFE Index return of +4.9%.
- Smaller companies outperformed in the United Kingdom, Pacific ex Japan and continental Europe while underperformed in Japan.
- By sector, smaller companies outperformance was driven by financials, energy and materials which more than offset the negative impacts from consumer discretionary, health care and industrials.

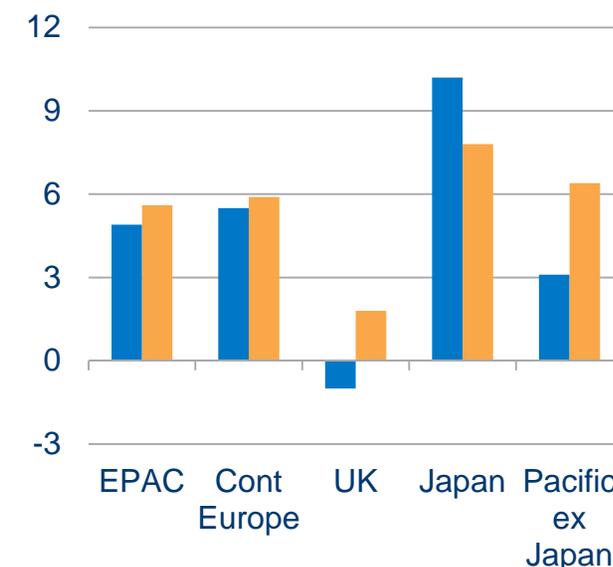
S&P EPAC SmallCap Index vs. MSCI EAFE Index¹

June 1989 = 100



MSCI EAFE and S&P EPAC SmallCap Index Performance in US\$(%)²

3 months to 31 March 2015



■ MSCI EAFE ■ S&P EPAC SmallCap

¹Source: Schroders, S&P, MSCI, 31 March 2015

²Source: Schroders, S&P

Performance shown is past performance. Past performance is not necessarily a guide to future performance. The value of investment can go down as well as up and is not guaranteed

Performance

SISCO** - Bay County Employees' Retirement System

Value: US\$ 26,587,112 as at 31 March 2015

Inception date: June 30, 2006

Performance to 31 March 2015 (in US\$%)

	Q1 2015	1 year	3 years*	5 years*	Since inception*
SISCO (NAV)**	+7.8	-1.8	+11.8	+9.9	+6.1
Index***	+5.9	0.0	+12.9	+10.7	+6.4
S&P EPAC SmallCap Index	+5.6	-1.5	+11.4	+9.2	+4.9
Value Added vs Index***	+1.9	-1.8	-1.1	-0.8	-0.3
Value Added vs S&P EPAC SmallCap Index	+2.2	-0.3	+0.4	+0.7	+1.2

Performance Attribution against S&P EPAC SmallCap Index

Contribution from	Q1 2015	1 year	3 years*	5 years*
Stock Selection	+1.6	-0.9	+0.9	+0.6
Region Allocation	-0.1	+0.6	-0.2	-0.1
Timing Residual	+0.7	0.0	-0.3	+0.2
Difference Relative to S&P EPAC SmallCap Index	+2.2	-0.3	+0.4	+0.7

*Annualized

**Schroder International Small Companies Fund (SISCO). Performance based on JPMorgan NAV and is subject to fair value pricing adjustments applied in periods of elevated market volatility using an independent service. As the benchmark is not subject to this practice, artificial gaps between NAV and index performances can result.

*** S&P EPAC SmallCap Index plus 150 basis points

Source: Schroders, S&P, Factset PA2, gross of fees. Past performance is not an indication of future performance. Please see full disclosures at the end of the presentation

Performance and Performance Attribution

3 months to 31 March 2015

	SISCO*		S&P EPAC SmallCap				
	End Weight	Total Return	End Weight	Total Return	Stock Selection	Regional Allocation	Total Effect
UK	16.7	0.9	19.9	1.8	-0.1	0.1	0.0
Continental Europe	41.9	9.6	42.1	6.0	1.3	0.0	1.3
Japan	19.8	12.6	22.0	7.8	0.9	0.0	0.9
Pacific ex Japan	11.2	2.1	16.0	6.4	-0.5	0.0	-0.5
Emerging Markets	6.4	5.9	-	-	-	0.0	0.0
Cash	4.0	-	-	-	-	-0.2	-0.2
Residual	-	-	-	-	-	-	0.7
Total	100.0	7.8	100.0	5.6	1.6	-0.1	2.2

Top 5 Active Contributors

3 months to March 31, 2015

	Return (%)	Contribution (%)
XING	53.5	0.50
Smurfit Kappa	24.1	0.29
Lectra	27.2	0.24
MaireTecnimont	27.5	0.22
Sorin	31.3	0.21

Top 5 Active Detractors

3 months to March 31, 2015

	Return (%)	Contribution (%)
Delta Lloyd	-14.4	-0.22
Halla Visteon Climate	-21.4	-0.21
TOM TAILOR	-12.7	-0.20
Montupet	-11.2	-0.17
Goldin Financial**	226.7	-0.17

* Schroder International Small Companies Fund (SISCO).

**Stock not owned by the fund. Index return shown.

Source: Schroders, S&P, Factset PA2

Performance and Performance Attribution

12 months to 31 March 2015

	SISCO*		S&P EPAC SmallCap				
	End Weight	Total Return	End Weight	Total Return	Stock Selection	Regional Allocation	Total Effect
UK	16.7	-7.6	19.9	-3.8	-0.8	0.1	-0.7
Continental Europe	41.9	-6.6	42.1	-5.5	-0.6	0.1	-0.5
Japan	19.8	14.5	22.0	9.4	1.0	-0.2	0.8
Pacific ex Japan	11.2	-4.5	16.0	-0.7	-0.5	0.2	-0.3
Emerging Markets	6.4	8.7	-	-	-	0.5	0.5
Cash	4.0	-	-	-	-	-0.1	-0.1
Residual	-	-	-	-	-	-	0.0
Total	100.0	-1.8	100.0	-1.5	-0.9	0.6	-0.3

Top 5 Active Contributors

12 months to March 31, 2015

	Return (%)	Contribution (%)
Koito Manufacturing	79.2	0.42
Lectra	34.0	0.41
Auriga Industries	34.1	0.36
Nitta Corporation	48.3	0.35
Smurfit Kappa	18.8	0.35

Top 5 Active Detractors

12 months to March 31, 2015

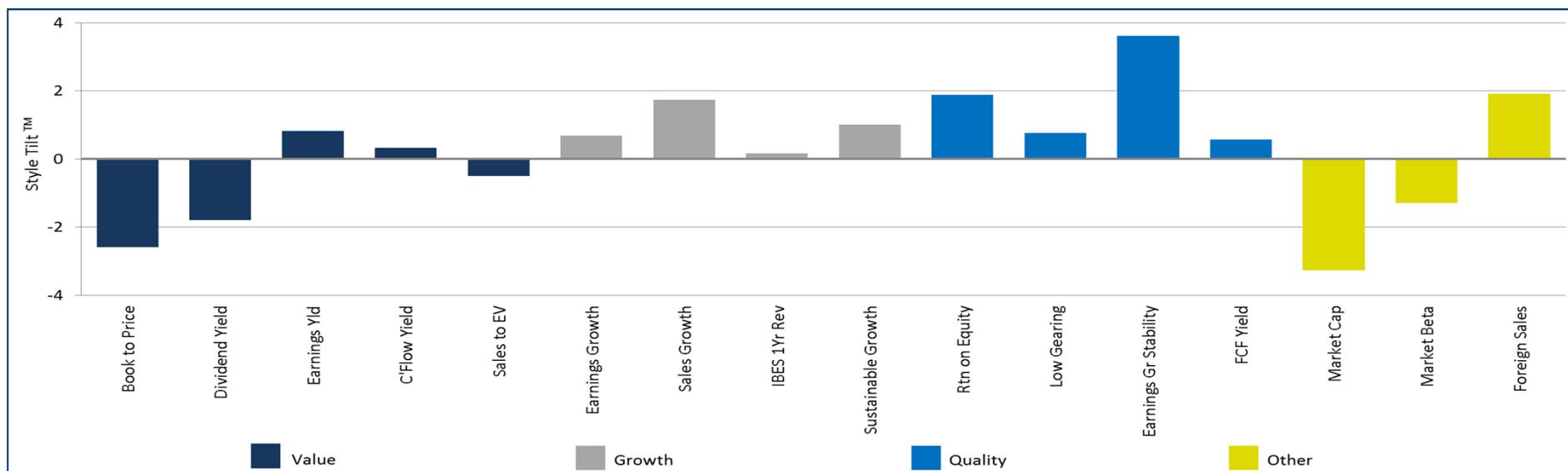
	Return (%)	Contribution (%)
OW Bunker	-100.0	-1.29
Kapsch TrafficCom	-53.5	-0.57
FBD Holdings	-55.9	-0.50
Storebrand	-36.9	-0.46
TOM TAILOR	-31.1	-0.39

* Schroder International Small Companies Fund (SISCO).

**Stock not owned by the fund. Index return shown.

Source: Schroders, S&P, Factset PA2

Fund* risk characteristics



<i>Predicted Risk</i>		<i>Active Risk Decomposition (from Style Research)</i>	
Tracking Error	3.03%	Stock Specific Factor	62.9%
Beta	0.98	Industrial Sectors	18.8%
Benchmark Volatility	16.1%	Countries (Market)	46.3%
Absolute Fund Volatility	16.1%	Risk Indices	18.9%
(Figures from Style Research unless otherwise stated)		Currency	6.4%
		X-Terms	-53.3%

* Schroder International Small Companies Fund (SISCO).

Source: Schrodgers Risk Report, Style Research, as at March 31, 2015

Portfolio characteristics are subject to change and should not be viewed as an investment recommendation. Please see full disclosures at the end of the presentation.

Fund characteristics

Schroders* vs S&P EPAC SmallCap Index

As at 31 March 2015

	Schroders*	Index
No of stocks	202	3,674
Free Market Capitalization US\$M		
Minimum	72	17
Maximum	12,943	16,751
Weighted Average	1,772	2,644
Median	998	363

Valuation factors	Schroders*	Index
P/E (12mo trailing)	15.0	16.6
P/CF	11.5	11.8
P/BV	2.1	1.7
LT Debt/Capital	26.0	28.2
ROE	14.3	11.7

	Schroders*	Index
Percentage >\$3Bn	19.9%	28.5%
Percentage >\$1Bn <\$3Bn	31.5%	34.5%
Percentage >\$0.5Bn <\$1Bn	27.2%	18.2%
Percentage <\$0.5Bn	21.4%	18.8%
Total	100.0%	100.0%

Valuation factors	Schroders*	Index
3 Year Sales Growth	8.6	6.6
3 Year Earnings Growth	17.8	12.6
Dividend Payout Ratio	27.5	34.4
Dividend Yield	1.8	2.1

* Schroder International Small Companies Fund (SISCO).
Source: Schroders, Style Research, Factset

Investment strategy:

Country weightings

We closed then quarter neutral in continental Europe, having added modestly over the period. While valuations are in neutral territory, confirmation of QE and a weaker euro has stimulated equity performance. Although consensus opinion is drawn towards export sensitive stocks as first to benefit from the translational benefits of the weaker currency, in practice we have found much better prospects in more domestically oriented cyclicals. Main sectorial additions were in consumer discretionary, industrials, and financials (although we remain marginally underweight in the latter two sectors) at the expense of health care. In country terms, we added most markedly to Italy, which along with Ireland are the biggest positive weights in the region, balanced by underweights in Switzerland, Spain and France.

The Fund remains underweight the United Kingdom, having moved a tad more so over the quarter. Political risk is definitely looming larger with sterling taking some of the strain (although still strong against the euro which is competitively challenging for many UK based exporters). The Conservative party's economic management credibility is being tarnished by some overtly populist proposals, prompted no doubt by opinion polls showing that another Coalition is the most likely outcome from the 7th May poll. We remain overweight industrials; underweight consumer discretionary and financials.

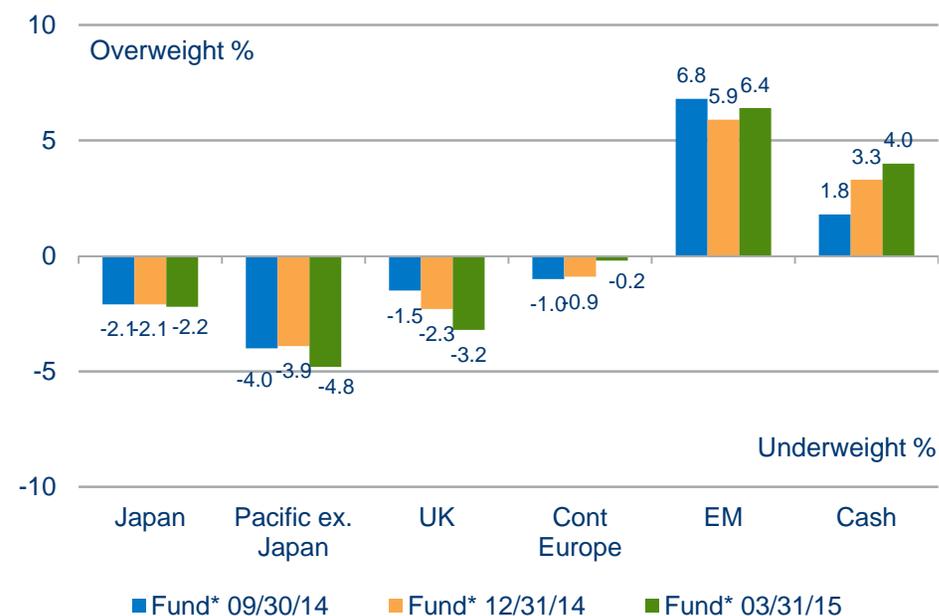
The underweight position in Japan has been essentially unchanged through the first quarter. With smallcaps underperforming large over the quarter, the allocation impact has been minimal to performance. Our underweight is accounted for by continued caution on financials. Although these might be seen as short-term beneficiaries of an "inflation" trade, we continue to struggle to find fundamentally attractive stocks in terms of growth and price. Key sector exposures remain industrials, I.T. and materials. Improving corporate governance and greater shareholder focus remain the key swing factors for a market which looks fairly up with fundamentals.

We remain overweight in aggregate to Pacific ex Japan and Emerging Markets, although we did reduce the exposure within developed regional markets (primarily Australia, to a lesser extent Singapore). Additions were focused upon Taiwan where we continue to identify a number of good quality niche companies, mainly in industrials and specialist consumer areas. It should be emphasised (again) that our focus is very much on non-commodity markets (Asia) and sectors. In case of the latter, two thirds of the regional exposure is accounted for by consumer discretionary, industrial and I.T. sectors. Despite the current (irrational?) exuberance currently on display in Chinese equity markets, we have struggled, and continue to struggle, to find names there that satisfy our fundamental criteria.

* Schroder International Small Companies Fund (SISCO).

Source: Schroders, S&P. Regional weights are subject to change and should not be viewed as an investment recommendation. This slide contains the views of the International Small Cap Team. These views are subject to change and do not necessarily represent the views of Schroders

Measured against S&P EPAC SmallCap Index



Fund* weight % at 03/31/15					
19.8	11.2	16.7	41.9	6.4	4.0
Index weight % at 03/31/15					
22.0	16.0	19.9	42.1	-	-

Portfolio positioning

Country Sector Matrix

S&P EPAC SmallCap Index as of 31 March 2015

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	42.1	5.4	2.2	0.6	10.3	3.8	10.0	3.7	3.9	0.8	1.3
EM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	22.0	4.3	1.8	0.1	4.1	1.4	5.8	2.4	2.0	0.0	0.1
Pacific ex Japan	16.0	3.3	1.1	0.4	3.8	1.7	2.0	1.4	1.8	0.3	0.3
UK	19.9	5.0	0.7	0.5	5.1	0.7	4.0	1.5	1.6	0.5	0.4
Total	100.0	18.0	5.8	1.6	23.4	7.7	21.7	9.0	9.3	1.6	2.1

SISCO*** as of 31 March 2015

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	41.9	7.4	2.4	0.0	9.8	2.4	9.4	5.4	3.3	0.8	0.9
EM	6.4	2.4	0.0	0.0	1.7	0.5	1.0	0.9	0.0	0.0	0.0
Japan	19.8	3.2	1.8	0.0	1.7	1.0	5.8	3.1	3.1	0.0	0.0
Pacific ex Japan	11.2	3.8	0.7	0.0	1.1	0.7	2.0	1.1	1.4	0.4	0.0
UK	16.7	3.2	0.3	0.8	3.4	0.6	5.7	1.6	0.9	0.0	0.2
Total*	96.0	20.0	5.2	0.8	17.6	5.2	23.9	12.1	8.7	1.2	1.2

SISCO*** vs. S&P EPAC Small Cap Index

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	-0.2	2.0	0.2	-0.6	-0.6	-1.4	-0.6	1.8	-0.7	0.0	-0.4
EM	6.4	2.4	0.0	0.0	1.7	0.5	1.0	0.9	0.0	0.0	0.0
Japan	-2.2	-1.1	0.0	-0.1	-2.4	-0.4	0.1	0.7	1.1	0.0	-0.1
Pacific ex Japan	-4.8	0.5	-0.4	-0.4	-2.7	-1.0	0.0	-0.4	-0.4	0.1	-0.3
UK	-3.2	-1.8	-0.4	0.3	-1.7	-0.1	1.7	0.0	-0.6	-0.5	-0.2
Total**	-4.0	2.1	-0.6	-0.8	-5.7	-2.5	2.3	3.1	-0.6	-0.4	-0.9

* Cash 4.0%

** Difference due to 4.0% cash weighting

*** Schroder International Small Companies Fund (SISCO).

Source: Schroders, S&P.

Recent Stock Transactions

SISCO*

Significant New Buys since September 30, 2014

Security	Country	Weight March 31, 2015 %
Elis Sa	France	0.6
Ovs Spa	Italy	0.6
Beter Bed	Netherlands	0.6
OC Oerlikon	Switzerland	0.5
Anima Holding	Italy	0.5
Yoox S.P.A.	Italy	0.4
Hkbn Ltd.	Hong Kong	0.4
Shenzhou International	China	0.4
Sporton International	Taiwan	0.4
Brewin Dolphin	United Kingdom	0.3

Significant Complete Sales since September 30, 2014

Security	Country	Weight September 30, 2014 %
Auriga Industries	Denmark	0.9
Amplifon S.P.A.	Italy	0.7
Modec, Inc.	Japan	0.6
Csr Plc	United Kingdom	0.5
Jyske Bank	Denmark	0.5
Vard Holdings	Singapore	0.5
Cts Eventim	Germany	0.4
Prysmian S.P.A.	Italy	0.4
John Wood	United Kingdom	0.4
Kier Group	United Kingdom	0.4

* Schroder International Small Companies Fund (SISCO).
Source: Schroders

SISCO*

Top ten holdings by region – March 31, 2015

Europe

Country	Security	Weight in fund %	Weight in region %
Ireland	Smurfit Kappa	1.7	4.0
Switzerland	Helvetia Holding	1.4	3.4
Italy	Mairetecnimont S.P.A.	1.4	3.3
Germany	Xing Ag	1.3	3.0
Ireland	Glanbia Plc	1.2	3.0
Denmark	Matas A/S	1.2	2.9
Italy	Cerved Information Solutions	1.2	2.8
Germany	Stabilus Sa	1.2	2.8
Germany	Zeal Network	1.1	2.6
France	Lectra Sa	1.1	2.5
Total		12.8	30.3

Japan

Country	Security	Weight in fund %	Weight in region %
Japan	Trusco Nakayama	1.0	5.2
Japan	Nitta Corporation	1.0	5.1
Japan	Tokai Tokyo Financial	0.8	4.1
Japan	Arcs Company,	0.8	3.8
Japan	Kissei Pharmaceutical	0.7	3.7
Japan	Nec Networks	0.7	3.4
Japan	Daibiru Corporation	0.6	3.3
Japan	Tsuruha Holdings	0.6	3.2
Japan	Kuroda Electric	0.6	3.1
Japan	Nippon Densetsu	0.6	2.9
Total		7.4	37.8

* Schroder International Small Companies Fund (SISCO).
Source: Schroders

UK

Country	Security	Weight in fund %	Weight in region %
UK	Dcc Plc	0.7	4.2
UK	Grainger Plc	0.6	3.7
UK	Grafton Group	0.6	3.6
UK	Dechra Pharmaceuticals	0.6	3.6
UK	Kennedy Wilson	0.6	3.5
UK	IG Group	0.5	3.1
UK	London Stock Exchange	0.5	3.0
UK	Persimmon Plc	0.5	3.0
UK	Investec Plc	0.5	2.9
UK	SSP Group	0.5	2.8
Total		5.6	33.4

Asia ex. Japan, Emerging Markets

Country	Security	Weight in fund %	Weight in region %
Hong Kong	Techtronic Industries	1.2	6.7
Hong Kong	Johnson Electric	0.9	5.1
Australia	Iluka Resources	0.6	3.4
Hong Kong	Samsonite International	0.6	3.4
Taiwan	Chroma Ate	0.6	3.4
South Korea	Halla Visteon	0.6	3.3
Malaysia	Bursa Malaysia	0.5	3.1
Australia	Computershare Limited	0.5	2.9
Australia	Mirvac Group	0.5	2.7
Taiwan	Eclat Textile	0.4	2.6
Total		6.4	36.6

Investment Outlook and Strategy



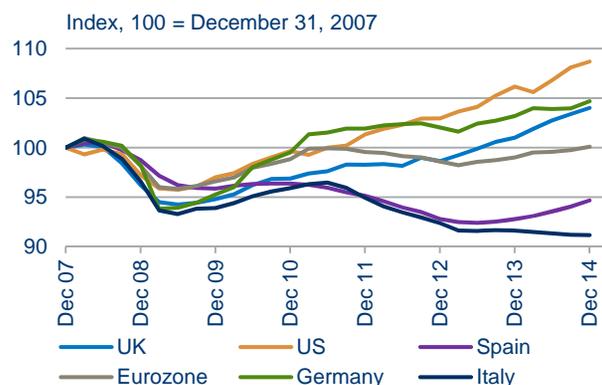
Schroders

Overview

Diverging global trends

- Two speed growth in developed markets and in emerging
- Real growth, but precious little pricing power
- Focus on stocks which can thrive amid disinflationary growth and disruption
- Valuations are neither a support or a constraint
- The legacy of debt – still the big risk to markets

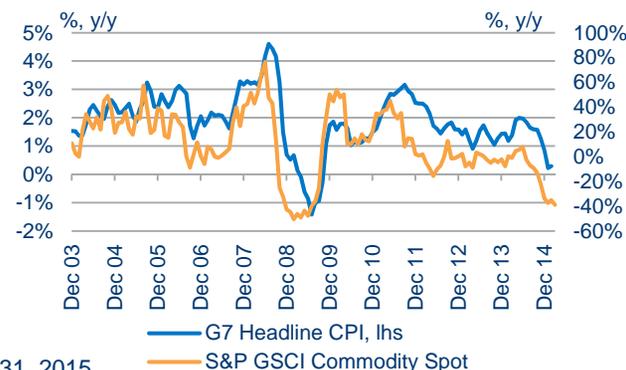
GDP since the crisis¹



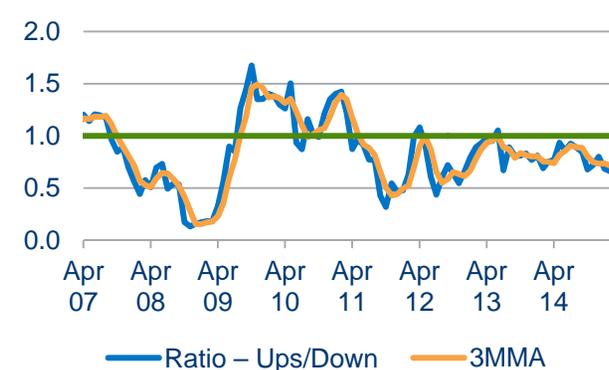
Global economic data upside – few surprises²



Low inflation bewitches central banks³



Earnings revisions⁴



¹Source: Thomson Datastream, Schroders. Updated March 31, 2015

²Source: Thomson Datastream. 31 March 2015

³Source: Thomson Datastream, Schroders 31 March 2015

⁴Source: FactSet MSCI. 31 March 2015

Small Cap Valuations

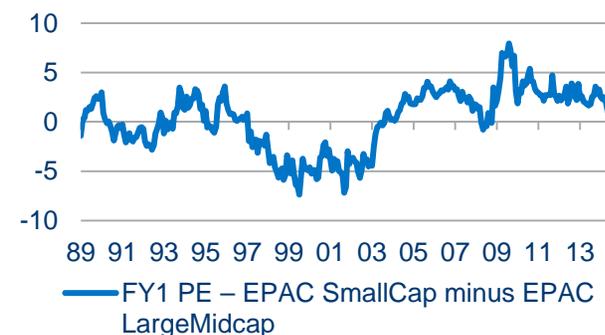
- Small caps offer reasonable value by historic standards based on cyclically adjusted PERs and Price to book value
- Compared to large cap peers, valuations are reasonable, but not particularly attractive

S&P EPAC SmallCap Index vs. MSCI EAFE Index¹

June 1989 = 100



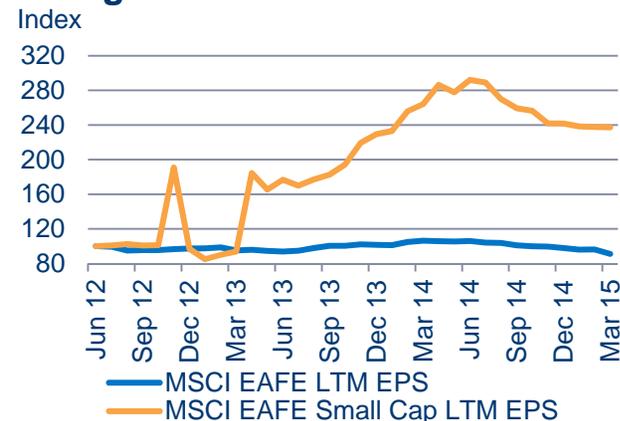
FY1 PE – S&P EPAC SmallCap minus S&P EPAC LargeMidCap²



Not extended on Price/Book Value³



EPS growth⁴



¹Source: Schroders, S&P, MSCI, 31 March 2015

²Source: Schroders, FactSet PA2, S&P, 31 March 2015

³Source: Schroders, S&P, 31 March 2015

⁴Source: FactSet MSCI, 31 March 2015

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Investment Outlook

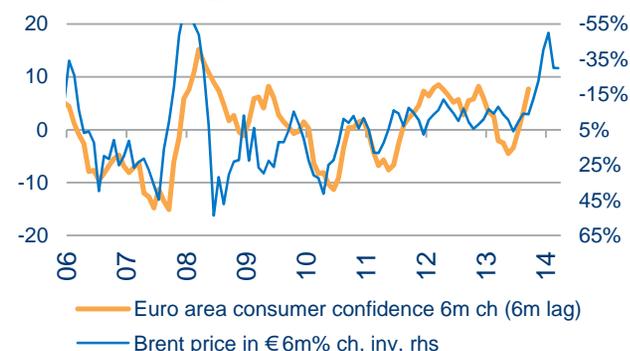
Continental Europe

- Consensus has been negative on European economy, amid calls for accelerated QE
- Cyclical sectors already depressed relative to defensive
- Lower energy costs (if sustained) should give boost to consumption
- Bank lending is finally showing signs of life
- While we do not expect a big capex recovery, it is at cyclically depressed levels
- Small cap valuations reasonable

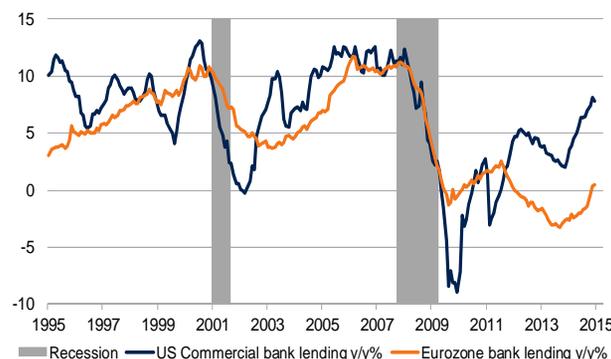
European cyclicals to defensives¹



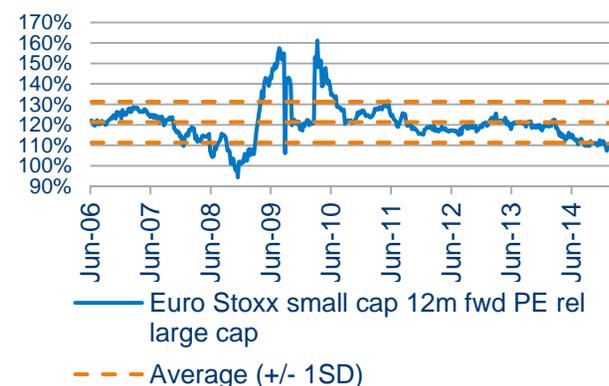
Consumer should benefit from lower energy costs¹



Bank lending begins to pick up in the Eurozone²



Europe small very cheap vs large¹



¹Source: Source: Credit Suisse, Thomson Datastream, March 31, 2015

²Source: Thomson Datastream, Schrodgers. 26 March 2015

Investment Outlook

Continental Europe – the bottom-up case

Company Classification	Examples
High Quality Growth	Zeal Network 1.1%
	Borregaard 0.9%
	Eurofins Scientific 0.6%
Periphery Misnomers	Smurfit Kappa 1.7%
	Paddy Power 0.7%
“Rare” Assets	Xing 1.3%
	Lectra 1.1%
	RIB Software 0.8%
Compelling Value	Helvetia 1.4%
	Delta Lloyd 1.0%
	freenet 0.8%
	StoreBrand 0.7%

The portfolio data shown is for the Schroder International Small Companies Fund (SISCO). Stocks held and weights are subject to change and should not be viewed as an investment recommendation.

Regions and securities are mentioned for illustrative purposes only and should not be viewed as a recommendation to buy/sell.

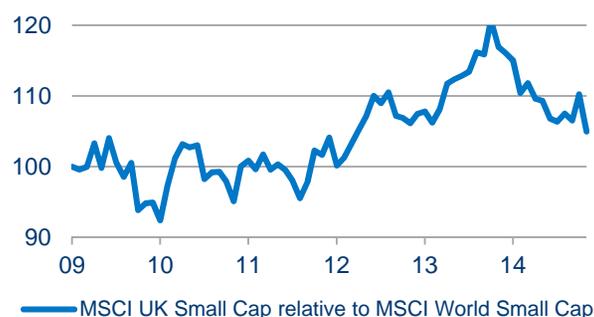
The securities shown were/are holdings in the strategy but the timing of purchases, size of position and the return may vary amongst portfolios within the same strategy. A list of all recommendations made for the strategy within the immediately preceding period of not less than one year will be provided upon written request. You should not assume that recommendations made in the future will be profitable or will equal the performance of the security discussed above. Source: Schroders March 31, 2015.

Investment Outlook

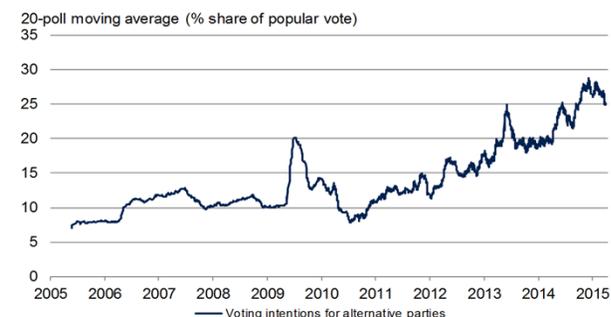
United Kingdom

- Smaller companies have retraced all the relative gains of 2013
- Economy expanding, but momentum decelerating as political uncertainty has risen
- Sterling still strong against the euro
- Scope for household earnings to start to expand, although debt burden is high

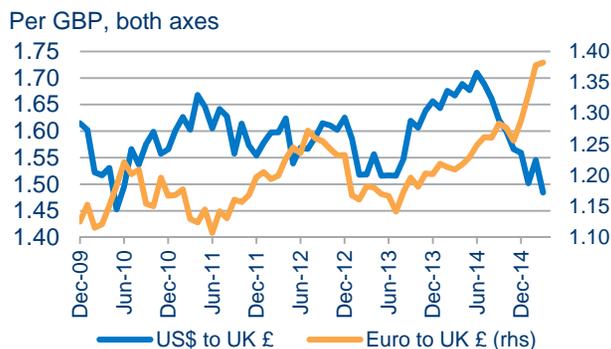
UK smaller companies performance¹



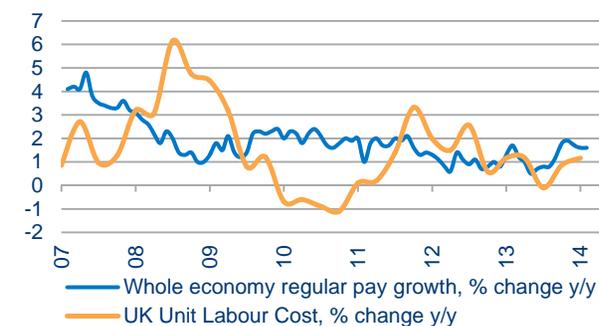
Voters signal discontent with mainstream parties²



UK exchange rate³



UK wage growth⁴



¹Source: Factset. December 31, 2014

²Source: ukpollingreport.co.uk, Schroders. Last poll end date 26 March 2015 - Voting intentions for all parties excluding the Conservative Party, the Labour Party and the Liberal Democrat party.

³Source: Thomson Datastream, Schroders, March 31, 2015

⁴Source: Thomson Datastream, Updated March 31, 2015

Investment Outlook

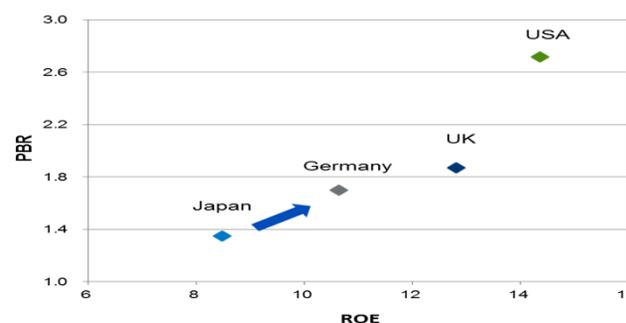
Japan

- “Abenomics” a vast experiment in the power of money printing. Can it address entrenched structural issues?
- Export volumes have not yet responded but labour market is tightening
- Scope to raise ROIC is largely in hands of management
- Signs of more independent voices in boardrooms

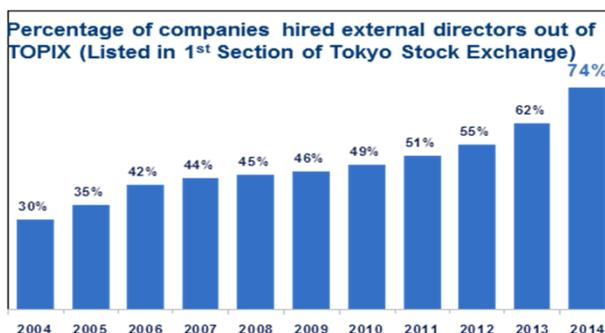
Labour market is tightening¹



Japan’s P/Bk has upside²



Improving corporate governance³



Themes⁴

Theme	Examples
Automation	Nabtesco, Obara
Auto supply chain	Koito, TPR, Eagle
E-Commerce	Kakaku.com, Digital Garage
Infrastructure	Nippon Densetsu
I.T. capex	NEC Networks, OBIC

¹Source: Thomson Datastream, Schroders, March 31, 2015

²Source: Datastream, MSCI Index base, as at September 2014

³Source: Tokyo Stock Exchange, Schroders, October 2014

⁴Source: Schroders, December 31, 2014

Investment Outlook

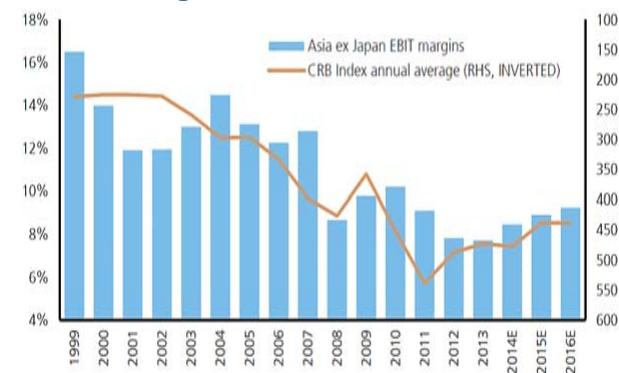
Asia ex Japan/Emerging Markets

- Portfolio exposure remains largely confined to Asia
- Region has de-rated given lack of superior earnings growth
- There are structural issues (China, currency challenges), but they seem relatively soluble
- Lower input costs should be a big tailwind, and aid the consumer and fiscal/trade balances.

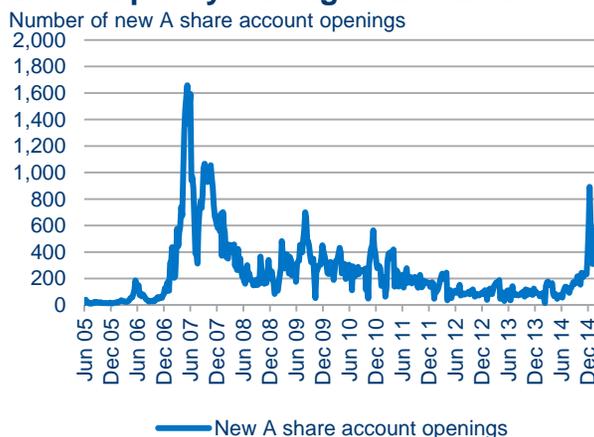
Asia Pacific countries are net oil importers¹

Country	2015 current account balance (% GDP) if Brent price average for 2015 is		
	USD70	USD60	USD50
China	2.7	3.0	3.2
Hong Kong	1.3	1.8	2.3
India	-0.8	-0.4	0.0
Indonesia	-1.6	-1.2	-0.9
Korea	5.9	6.2	6.5
Malaysia	4.8	4.7	4.5
Philippines	3.0	3.1	3.2
Singapore	18.8	19.1	19.5
Taiwan	11.9	12.1	12.3
Thailand	3.3	4.1	4.8

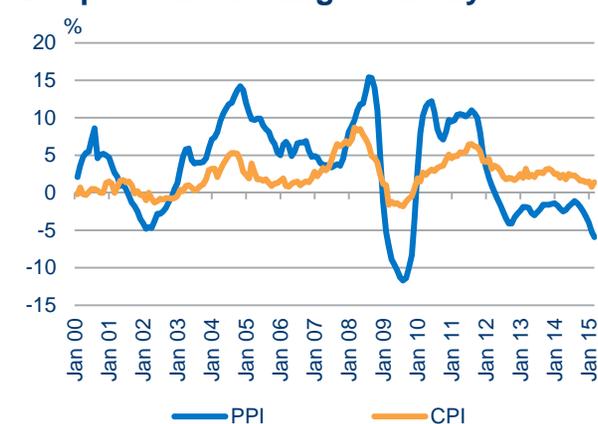
Falling commodity prices are good for Asian margins²



Local liquidity driving China market³



Despite a weakening economy⁴



¹Source: BofA Merrill Lynch, January 2015

²Source: UBS, January 2015

³Source: Bloomberg, March 31 2015

⁴Source: Bloomberg, Thomson Datastream, March 2015

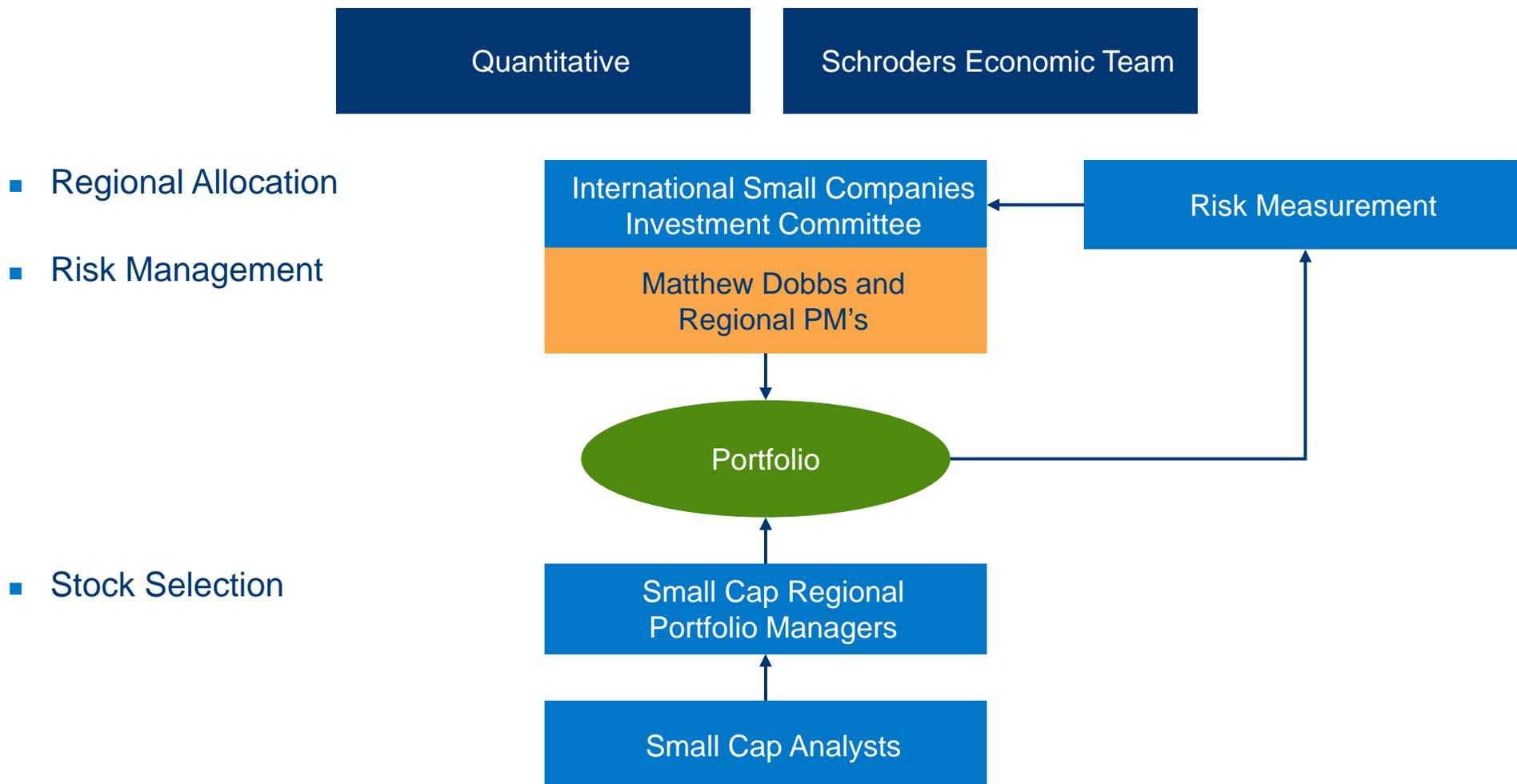
Appendix



Schroders

Investment process

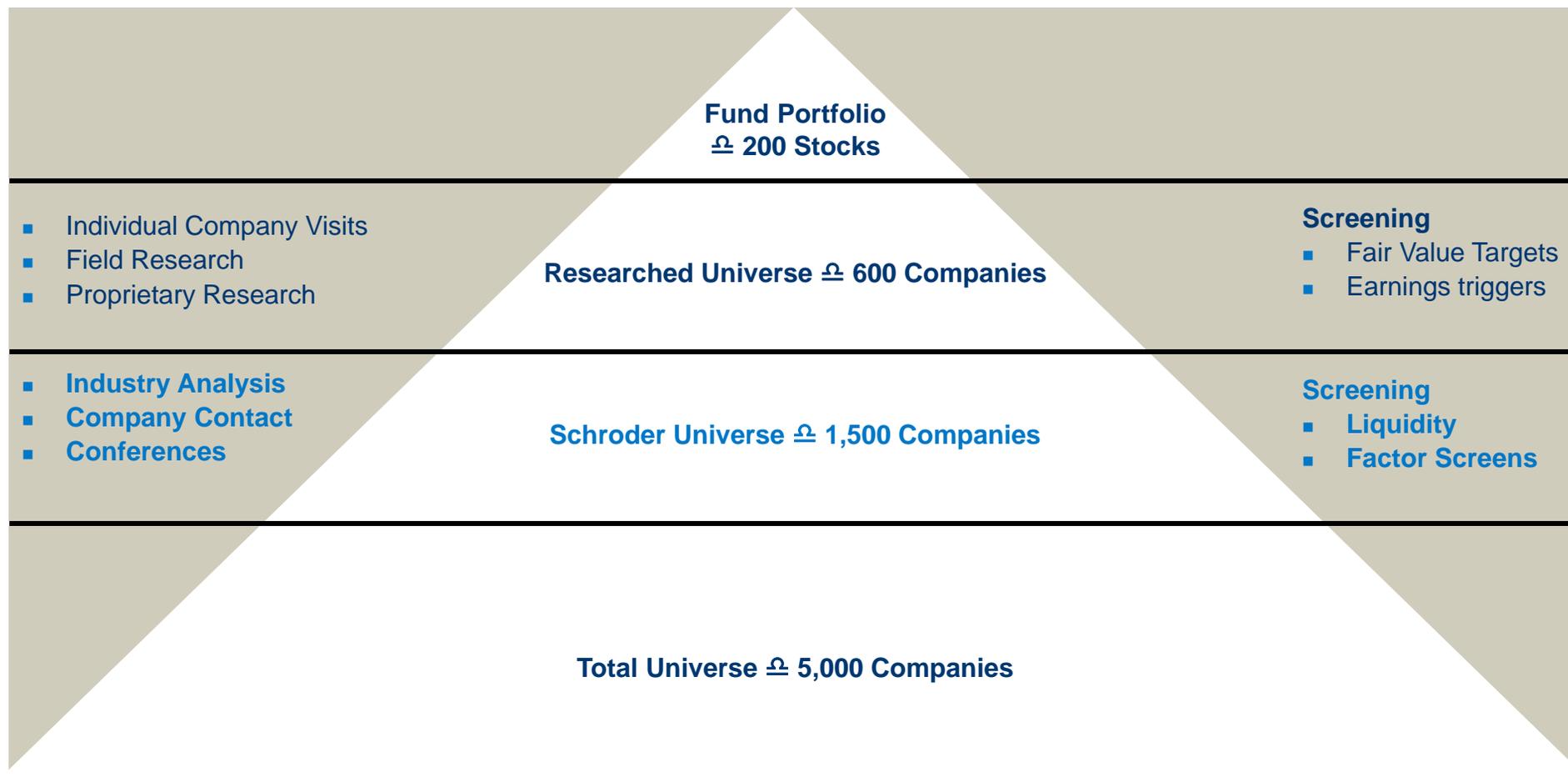
Overview



Source: Schrodgers as of March 31, 2015

Investment process

Stock selection



Source: Schroders as of March 31, 2015

Investment process

Factor screens help define Schroder universe

- Concentrate investments in quintiles 1 and 2
- Source new ideas
- Challenge views on stocks held in quintiles 4 and 5

The equally weighted metrics underlying each criterion are:

Criterion	Metrics
Growth	EPS revisions Revisions ratio
Quality	ROE ROA Change in ROE (year on year)
Value	Earnings yield

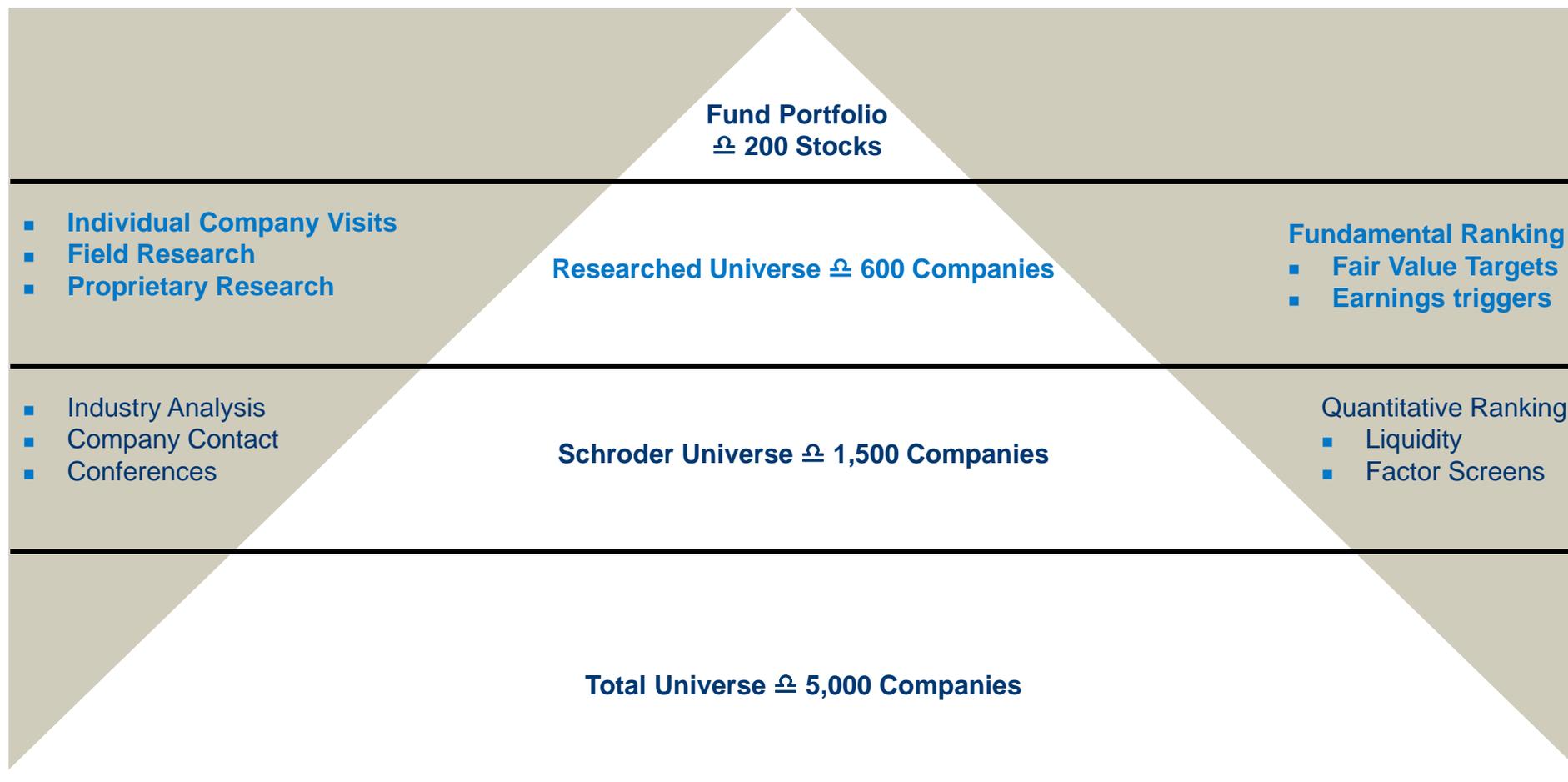
Pan-Europe - December 31, 2013				VALUE		QUALITY					EARNINGS											
Company Symbol	Company Name	SEDOL Number	Country	% Rank COMBINED (OVERALL)	COMBINED SCORE (1-4)	Market Cap (Euros, Millions)	Price (Euros)	% Rank VALUE (OVERALL)	PE Ratio (FY1 earnings)	% Rank Earnings Yld (=1/PE)	% Rank QUALITY (OVERALL)	ROE (%) (trailing earnings)	% Rank ROE	Return on Total Assets (%)	% Rank ROA	Change in ROE (% per annum)	% Rank Change in ROE	% Rank EARNINGS (OVERALL)	EPS Revisions	EPS Revisions	Revisions Ratio (%)	% Rank Revisions Ratio
B6632T	Bakkafrost P/F	B6632T	DENMARK	1	1	550	11.3	3	7.7	3	1	44.7	4	11.2	11	13.5	7	28	-0.7	53		22
B64G90	Beazley PLC	B64G90	UNITED KINGDOM	1	1	1,742	3.3	9	10.1	9	12	18.8	21	4.3	43	2.6	23	2	22.8	5	11.1	10
009049	Bellway p.l.c.	009049	UNITED KINGDOM	1	1	2,368	19.4	19	12.8	19	17	9.2	53	6.6	27	4.2	15	4	4.1	19	57.1	1
B64NSP	Costain Group PLC	B64NSP	UNITED KINGDOM	1	1	224	3.3	7	9.2	7	5	73.8	2	6.2	29	2.2	25	1	17.4	6	33.3	3
B635TG	EnQuest PLC	B635TG	UNITED KINGDOM	1	1	1,313	1.6	5	9.0	6	19	32.5	7	14.9	6	-6.7	87	2	12.7	8	18.8	6
B94Y1F	Hiscox Ltd	B94Y1F	UNITED KINGDOM	1	1	2,935	8.3	11	10.8	11	11	15.9	28	5.5	34	3.8	17	5	6.8	14	15.0	8
469191	Leroy Seafood Group ASA	469191	NORWAY	1	1	1,157	21.2	6	8.9	6	8	20.4	18	4.1	45	12.5	7	13	0.4	35	11.1	10
B39HW2	Metall Zug AG Class B	B39HW2	SWITZERLAND	1	1	502	1,967.7	9	10.1	9	23	8.0	57	3.7	48	145.6	2	1	73.0	2	100.0	1
458971	Nolato AB Class B	458971	SWEDEN	1	1	387	16.4	16	12.6	17	4	25.1	13	6.9	26	7.4	10	8	6.4	15		17
B1W5NW	SalMar ASA	B1W5NW	NORWAY	1	1	1,004	8.9	3	7.9	3	3	43.0	4	6.2	30	17.2	6	31	-3.1	68	11.1	11

Source: Schroders

The security information shown is for illustrative purposes, is subject to change, and is not a recommendation to buy/sell. Past performance is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed.

Investment process

Stock selection



Source: Schroders as of March 31, 2015

Investment process

What we look for in investments

Quantitative

Sustainable Growth

- High real EPS growth
- Visibility of earnings
 - Strong product or service franchise
 - Strong market share
 - Beneficiary of structural change
- Limited financing risk

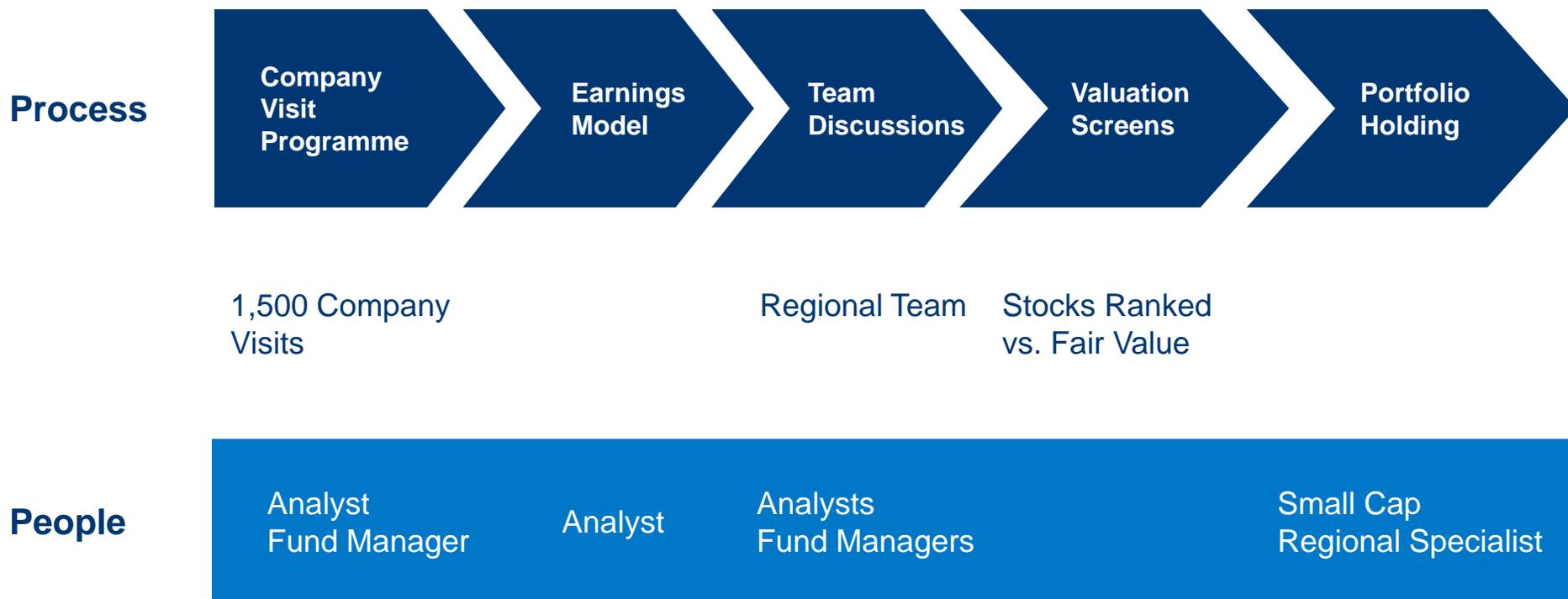
Qualitative

Management Assessment

- Interest in shareholder value
- Focused strategy
- Sound business practices
- Historic record of success
- Length of time with company

Investment process

Building stock portfolios



Source: Schroders as of March 31, 2015

Investment process

Sell discipline

Our methodology seeks to identify holdings that offer poor relative potential and in which conviction is low

The decision to sell a position may be based on:

- Position reaches fair value target price
- Opportunity cost perceived in comparison to alternative investment
- Fundamental deterioration makes original target price no longer appropriate

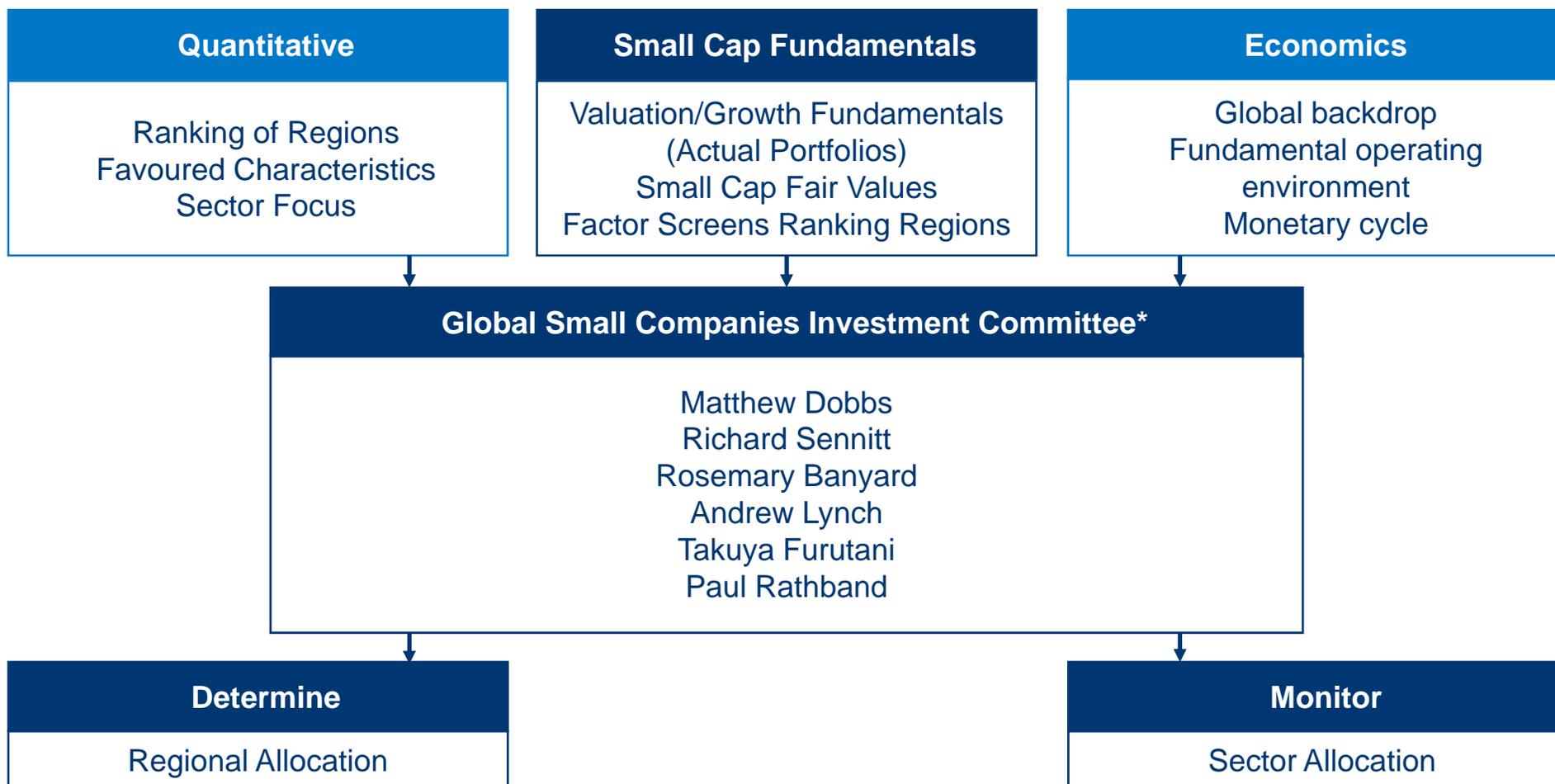
Investment process

Portfolio construction – Overview

- Smallcap regional portfolio managers have primary responsibility for regional portfolio construction
- Regional and Sectoral weightings are reviewed by smallcap team to ensure compliance of overall portfolio with
 - Regional Allocation targets
 - Risk/Return expectations
 - Avoidance of unintended biases (i.e. sector over-concentration)
- Supplemented by ongoing monitoring of overall portfolio by Matthew Dobbs

Investment process

Portfolio construction – Regional allocation



* Source: Schroders as of March 31, 2015

Investment process

Controlling portfolio risk

PRISM brings together alternative risk measurement and management tools into a single report

- Online
- Interactive

PRISM integrates both internal and external tools

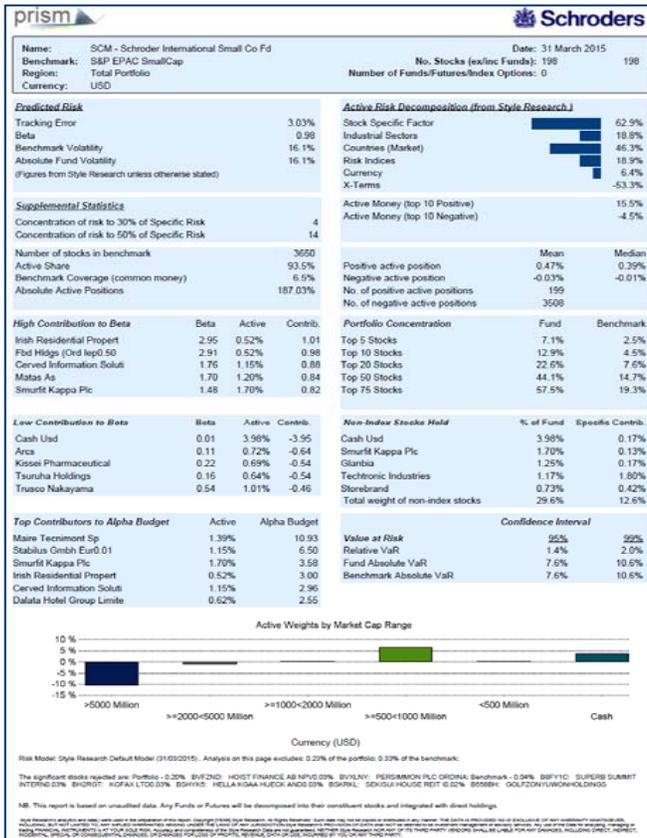
- Risk analysis
- Characteristics analysis
- Other statistical measures

The PRISM Risk Report identifies active risk and the sources of risk by decomposing active portfolio positions into Stock Specific/Sector and Style factors

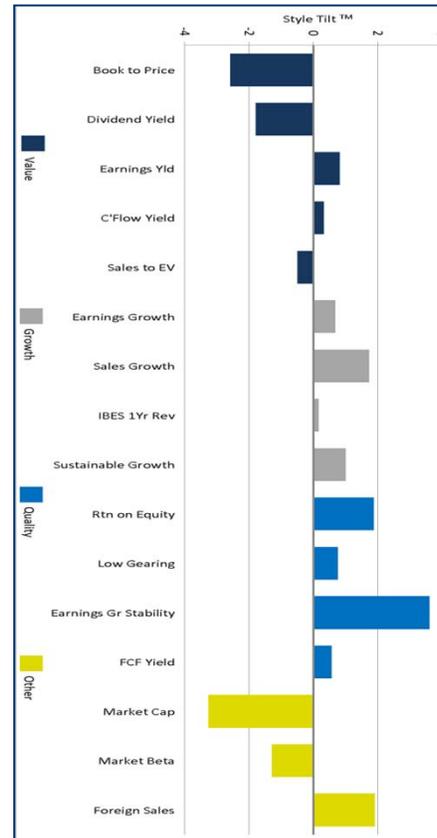
Investment process

Portfolio risk investment strategy manager – overview

Overview



Characteristics



Stock Detail

Portfolio Risk Investment Strategy Manager
 SCM - Schroder International Small Co Fd - Total Portfolio
 31 March 2015
 Percentage of risk attributed to stock specific factors: 62.9%

Overweight Stocks

Name	Sector	Country	Active	Specific Contrib (%)	Total Marginal	Alpha Budget
Cash: Usd			3.96	0.2	0.15	2.4
Smurfit Kappa Plc	Materials	Ireland	1.70	0.1	0.06	3.6
Maire Tecnimont Sp	Industrials	Italy	1.39	0.4	0.24	10.9
Helvetia Holding	Financials	Switzerland	1.32	0.4	0.00	0.2
Glanbia	Consumer Staples	Ireland	1.25	0.2	0.02	1.1
Xing Ag	Information Techno	Germany	1.24	2.1	0.05	2.2
Matas As	Consumer Discrete	Denmark	1.20	1.3	0.04	1.6
Technonic Industries	Consumer Discrete	Hong Kong	1.17	1.8	0.05	2.0
Cerved Information S	Financials	Italy	1.15	1.8	0.08	3.0
Stablius GmbH Eur0.0	Industrials	Luxembourg	1.15	3.6	0.17	6.5
Zeal Network Se Npv	Consumer Discrete	Germany	1.10	1.3	0.05	1.8
Lectra	Information Techno	France	1.09	1.2	0.05	1.9
Trusco Nakayama	Industrials	Japan	1.01	0.4	0.00	-0.1
Nitta	Industrials	Japan	1.00	0.5	0.00	0.1
Ety International	Financials	Switzerland	0.97	1.0	0.02	0.8
Tom Tailor Holding	Consumer Discrete	Germany	0.97	0.4	0.04	1.4
Montpet	Consumer Discrete	France	0.92	1.6	0.06	2.0
Sorin	Health Care	Italy	0.88	0.3	0.03	0.8
Delta Lloyd Nv	Financials	Netherlands	0.85	0.3	0.01	0.2
Johnson Electric Ho	Industrials	Hong Kong	0.84	0.6	0.03	1.0
Interrollhdg NS0	Industrials	Switzerland	0.84	0.3	0.02	0.6
Borregaard Asa	Materials	Norway	0.84	1.0	0.03	0.7
Rib Software Ord Sth	Information Techno	Germany	0.84	1.1	0.05	1.3
Applus Services Sa N	Industrials	Spain	0.80	1.2	0.06	1.5
Rubis	Utilities	France	0.77	0.3	0.01	0.3
Loomis Ab	Industrials	Sweden	0.76	0.2	0.01	0.3
Tokai Tokyo Financia	Financials	Japan	0.74	0.4	0.00	0.1
Storebrand	Financials	Norway	0.73	0.4	0.01	0.2
Arcs	Consumer Staples	Japan	0.72	0.2	0.01	0.4
Intrum Justitia Ab	Industrials	Sweden	0.72	0.3	0.02	0.4
Braas Monier Buildin	Materials	Germany	0.72	0.3	0.02	0.6
Credit Emiliano	Financials	Italy	0.71	0.2	0.01	0.2
Dcc	Industrials	UK	0.70	0.2	0.02	0.6
Paddy Power	Consumer Discrete	Ireland	0.69	0.2	0.06	1.3
Kissei Pharmaceutical	Health Care	Japan	0.69	0.2	0.00	0.1

Stocks with large positive contributions to alpha budget should coincide with the strongest forecasts for outperformance (and vice versa).
 Analysis on this page excludes 0.23% of the portfolio. Analysis on this page excludes 0.33% of the benchmark.

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Risk management

Risk management guidelines

- Cash not to exceed 5% of the value of a portfolio
- Stock weights: No formal limits, but generally between +/- 2% relative to the benchmark
- Sector weights: No formal limits, but generally between +/- 7% relative to benchmark
- Country weights: No formal limits, but generally between +/- 7% relative to the benchmark
- Emerging Markets subject to client preference
- Derivatives: Not used

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Past performance is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed

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Performance Figures

Performance figures are presented on a "gross basis" not reflecting the deduction of investment advisory fees

Index Benchmark Comparison

Performance is compared to the S&P EPAC SmallCap Index (prior to October 1st 2008 the index name was S&P/Citigroup EMI EPAC), a widely accepted benchmark for International equity accounts. This index is unmanaged and does not reflect the deduction of any fees or expenses

Past Performance

The returns presented represent past performance and are not necessarily representative of future returns which may vary. The value of investments can fall as well as rise as a result of market or currency movements

Opinions

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April 2015