

# Schroder International Selection Fund

## US Dollar Liquidity

### A Accumulation Share Class

#### Investment Objective, Policy and Risk

To provide liquidity and current income, to the extent consistent with the preservation of capital, through investment in high quality short-term debt securities that are denominated in USD, provided that (i) at the time of acquisition, the average initial or residual maturity of all such securities held in the portfolio does not exceed 12 months, taking into account any financial instruments connected therewith, or (ii) the terms and conditions governing those securities provide that the applicable interest rate is adjusted at least annually on the basis of market conditions.

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

#### Fund Overview



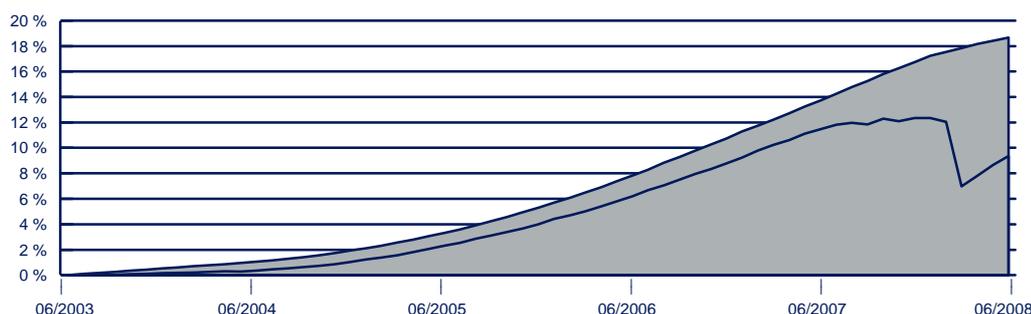
Steven Lear

Around two thirds of the Schroder ISF US Dollar Liquidity portfolio is invested in short-term government debt, certificates of deposit (CDs) and commercial paper – very secure and liquid investments. The fund has provided steady, positive returns since its launch in 2001, but has seen a moderate fall in value in the first quarter of 2008. Investors have been very cautious about investing in securitised markets given global news stories about declining liquidity in this sector, and the remaining one third of the portfolio has been impacted. These are mortgage-backed securities (MBS) and asset-backed securities (ABS), and the vast majority of those held in the fund are highly rated by credit risk ratings agencies. However, in the short term they have been impacted by this supply/demand imbalance in the market; but not by defaults and downgrades.

We do not intend to make further investments in the MBS or ABS sector, but also we do not plan to sell current holdings at these levels, which do not reflect longer term value. While it can't be predicted how long it will take for the market to reach a more normal level of liquidity and price stability, the recent moves by the US Federal Reserve (Fed) are targeting the liquidity constraints that are specifically impacting these securities, and we are hopeful that this will promote liquidity as we move through the second quarter of 2008.

#### Performance in %

— US Dollar Liquidity  
 ■ Citi USD 1m Eurodeposit LC



#### Performance in %

	3 months	1 year	3 years	5 years	Beta	Annual Volatility (%)
US Dollar Liquidity	2.2	-1.9	6.9	9.4	2.94	1.51
Citi USD 1m Eurodeposit LC	0.7	4.3	14.8	18.7	---	0.13

#### Discrete Yearly Performance in %

	Q2/2007 - Q2/2008	Q2/2006 - Q2/2007	Q2/2005 - Q2/2006	Q2/2004 - Q2/2005	Q2/2003 - Q2/2004
US Dollar Liquidity	-1.9	4.9	3.8	2.0	0.4
Citi USD 1m Eurodeposit LC	4.3	5.5	4.4	2.3	1.0

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

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

Source: Schroders

#### Top 5 Holdings in %

Holding	% NAV
1. WaMu Mortgage Pass Through Certificates 5.056% 25/07/2046	4.3
2. Countrywide Alternative Loan Trust 5.366% 20/11/2035	2.6
3. Washington Mutual 5.056% 25/07/2046	2.2
4. Residential Accredit Loans 5.436% 25/09/2045	2.0
5. Countrywide Alternative Loan Trust 3.75625% 25/08/2036	1.6
<b>Total number of holdings =</b>	<b>22</b>



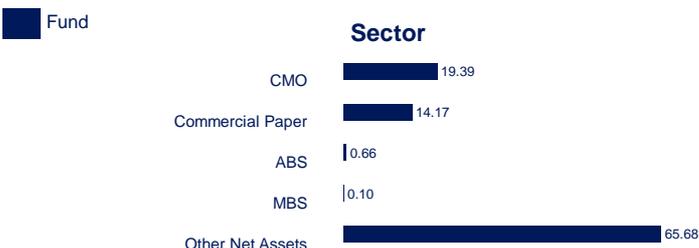
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#### Asset Allocation in %



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

79.04% of the fund was held as cash or short term investments with 1 month or less to maturity. Any negative cash position represents borrowing of a temporary nature to cover timing differences on trade settlements.

#### Key Information

Morningstar Ratings are sourced from Morningstar.

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

<b>Fund Launch Date</b>	20/09/2001
<b>Total Fund Size (Million)</b>	USD 160.2
<b>Fund Base Currency</b>	USD
<b>S&amp;P Fund Management Ratings</b>	-
<b>Morningstar Rating</b>	★★
<b>Modified Duration of Fund in Years</b>	0.19
<b>Modified Duration of Index in Years</b>	---
<b>Reuters</b>	LU0136043808.LUF
<b>Bloomberg</b>	SISFULA LX
<b>Initial Fee</b>	5.26 %
<b>Annual Management Fee</b>	0.50 %

#### Minimum Investment Amount

EUR 1,000 or USD 1,000 or their near equivalent in any other freely convertible currency. The minimum subscription amount may be waived at the Director's discretion.

#### Investment Manager

Schroder Investment Management North America Inc., 875 Third Avenue, 22nd Floor, New York, New York 10022- 6225, United States

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The Schroder ISF US Dollar Liquidity is within the scope of the European Union Directive 2003/48/EC (Taxation of Savings Income in the Form of Interest Payments), as implemented in Luxembourg Law.

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

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

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