



## Schroder Global Emerging Market Opportunities Fund (the “ILP Sub-Fund”)

**This Fund Summary should be read in conjunction with the Product Summary**

### Structure of ILP Sub-Fund

The ILP sub-fund is a feeder fund investing all or substantially all of its assets into the Underlying Fund, a Sub-fund of the Schroder International Opportunities Portfolio (“Trust”). The Underlying Fund is to be offered by the Managers from time to time under the Trust will feed into Schroder International Selection Fund Global Emerging Market Opportunities (Schroder ISF GEMO). The Schroder ISF is an umbrella structured open-ended investment company with limited liability in Luxembourg, organised as a “société anonyme” and qualifies as a Société d’Investissement à Capital Variable under Part I of the law on undertakings for collective investment dated 17 December 2010, as amended.

The units in the ILP Sub-Funds are not classified as Excluded Investment Products.

### Information on the Manager

#### Investment Manager

The Manager of Schroder Global Emerging Market Opportunities Fund (the “Underlying Fund”) is Schroder Investment Management (Singapore) Ltd.

The Manager was incorporated in Singapore and has been managing collective investment schemes and discretionary funds since 1992. The Manager is part of the Schroder group (“Schroders”). The Manager is licensed and regulated by the Monetary Authority of Singapore.

Schroders has been managing collective investment schemes and discretionary funds in Singapore since the 1970s.

Schroders is a leading global asset management company, whose history dates back over 200 years. The group’s holding company, Schroders Plc, is and has been listed on the London Stock Exchange since 1959.

Schroders aims to apply its specialist asset management skills in serving the needs of their clients worldwide, through its large network of offices and over 300 portfolio managers and analysts covering the world’s investment markets.

Schroder Investment Management (Luxembourg) S.A., the management company of Schroder International Selection Fund, SICAV, is domiciled in Luxembourg and has been managing funds since 2005.

Schroder Investment Management Limited is domiciled in the United Kingdom and has been managing funds since 1985. Schroder Investment Management Limited is licensed and regulated by the Financial Conduct Authority.

The Managers, Schroder Investment Management (Luxembourg) S.A. and Schroder Investment Management Limited are wholly-owned subsidiaries of Schroders Plc.

### Other Parties

There are no other parties who advise the Manager in the management of the Underlying Fund.

### Investment Objectives, Focus & Approach

The Underlying Fund will invest substantially into the Schroder ISF Global Emerging Market Opportunities, whose investment objective is to provide a total return through investment in equity and equity related securities of emerging market countries worldwide. The Schroder ISF Global Emerging Market Opportunities may also invest in fixed income securities worldwide and liquidities for defensive purposes.

The investment approach of Schroder Investment Management Limited, as investment manager of the Schroder ISF Global Emerging Market Opportunities, is to have the flexibility to be aggressively positioned to maximize upside potential when market

conditions are favorable and also to be very defensively positioned when stock markets are weak. The fund can have up to 60% in cash and global bonds if necessary in order to protect returns on the downside. Typically, the majority of the portfolio is invested in emerging market equities as the investment manager believes these are likely to deliver the strongest returns over the longer term. The fund provides focused exposure to the best investment ideas generated by the investment manager's global team of emerging market experts.

## **Risks**

### General Risks

Investments into the Underlying Fund will be subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, repatriation, default and regulatory risks depending on the relevant Sub-Fund invested into.

Policyholders should be aware that the price of units and the income from them may go down as well as up. The performance of the Underlying Fund may be affected by changes in the market value of securities comprised in the portfolio which are subject to changes in interest rates, economic and political conditions and the earnings growth of corporations whose securities are comprised in the portfolio and is also subject to liquidity and repatriation risks.

While the Manager believes that the Underlying Fund offers potential for capital appreciation, no assurance can be given that this objective will be achieved. Past performance is not necessarily a guide to the future performance of the Underlying Fund. Policyholders may not get back their original investment.

Investments in the Underlying Fund are meant to produce returns over the long-term and are not suitable for short-term speculation. Policyholders should not expect to obtain short-term gains from such investment.

### Specific Risks

#### *(i) Market Risk*

The Underlying Fund is exposed to the market risk in the region in which it invests. The value of investments by the Underlying Fund may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

#### *(ii) Equity Risk*

The Underlying Fund may invest in stocks and other equity securities and their derivatives which are subject to market risks that historically has resulted in greater price volatility than experienced by bonds and other fixed income securities.

#### *(iii) Currency Risk*

The assets and liabilities of the Underlying Fund may be denominated in currencies other than the Singapore dollar and the Underlying Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Singapore dollar and such other currencies. If the currency in which a security is denominated appreciates against the Singapore dollar, the value of the security would increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security. The Manager manages currency risks dynamically by hedging, if necessary, through forward currency markets.

#### *(iv) Interest Rate Risk*

Investments in bonds, debentures, loan stocks, convertibles and other debt securities may decline in value if interest rates change. In general, the prices of debt securities rise when interest rates fall, and fall when interest rates rise. Interest rate risk is generally greater for investments with long durations or maturities.

#### *(v) Credit Risk*

The Underlying Fund is subject to the risk that some issuers of debt securities and other investments made by the Underlying Fund may not make payments on such obligations. Further, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security and in the value of the

Underlying Fund. A change in the quality rating of a security can also affect the security's liquidity and make it more difficult to sell.

*(vi) Foreign Securities Risk*

The Underlying Fund invests in securities throughout the world is subject to numerous risks resulting from market and currency fluctuations, future adverse political and economic developments, the possible imposition of restrictions on the repatriation of currency or other governmental laws or restrictions, reduced availability of public information concerning issuers and the lack of uniform accounting, auditing and financial reporting standards or of other regulatory practices and requirements comparable to those applicable to companies in the investor's domicile. In addition, securities of companies or governments of some countries may be illiquid and their prices volatile and, with respect to certain countries, the possibility exists of expropriation, nationalisation, exchange control restrictions, confiscatory taxation and limitations on the use or removal of funds or other assets, including withholding of dividends. Some of the securities in the Underlying Fund may be subject to government taxes that could reduce the yield on such securities, and fluctuation in foreign currency exchange rates may affect the value of securities and the appreciation or depreciation of investments. Certain types of investments may result in currency conversion expenses and higher custodial expenses.

*(vii) Industry Risk*

The value of the units in the Underlying Fund will be susceptible to factors affecting the respective industries that they cover and may be subject to greater risks and market volatility than an investment in a broader range of securities covering various economic sectors.

*(viii) Emerging Market Securities Risk*

The Underlying Fund may invests in emerging market securities such as Asian bonds and equities is subject to certain considerations not typically associated with investing in securities listed on the major securities markets in developed countries, including but not limited to (a) restrictions on foreign investment and on repatriation of capital invested in emerging markets, (b) currency fluctuations, (c) the cost of converting foreign currency into Singapore dollars, (d) potential price volatility and reduced liquidity of securities traded in emerging markets, (e) political uncertainty and economic risks, including the risk of nationalisation or expropriation of assets and (f) risk arising from inadequate settlement and custody systems in certain countries.

*(ix) Counterparty Risk*

If a counterparty to a financial derivative contract entered into by the Underlying Fund or Schroder ISF GEMO were to default, the unrealised profit on the contract and its market exposure may be lost.

Financial Derivative Instruments ("FDIs")

(a) Types of FDIs

The FDIs which may be used by the Schroder ISF GEMO include, but are not limited to, options on securities, stock index options, forward currency contracts, currency futures, currency swap agreements, currency options, interest rate futures or options or interest rate swaps, financial or index futures, over-the-counter ("OTC") options, credit default swaps, equity swaps or futures or options on any kind of financial instrument.

The Schroder ISF GEMO may also enter into volatility futures and options transactions traded on a regulated market. These instruments measure market expectations of near term implied volatility conveyed by stock index prices and are used to hedge volatility within funds. Any such index has to meet the following requirements:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

(b) Exposure to FDIs

The global exposure of the Trust to FDIs will not exceed 100% of its Deposited Property at any time. The global exposure of Schroder ISF GEMO to FDIs will not exceed its total net assets. The Schroder ISF GEMO's overall risk exposure shall

consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings so that it may not exceed 210% of its total net assets under any circumstances.

The global exposure relating to derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Schroder ISF sub-funds may comprise of “Non-sophisticated” and “Sophisticated” sub-funds. The Schroder ISF sub-funds are generally “Non-sophisticated”, unless otherwise specified in the Schroder ISF’s Luxembourg prospectus in relation to a specific Schroder ISF sub-fund.

“Non-sophisticated” sub-funds calculate their global exposure resulting from the use of FDIs on a commitment basis. In respect of each FDI, the commitment may be calculated by adding to the unrealised net present value of each derivative contract an amount corresponding to an “add-on” percentage applied to the nominal value of each derivative contract. The add-on percentage is determined in accordance with a methodology taking into account the nature of the asset class underlying the derivative, counterparty exposure and market volatility. Information on this add-on methodology can be obtained by investors upon request. Non-sophisticated Schroder ISF sub-funds must comply with the limits and restrictions specified in the Schroder ISF’s Luxembourg prospectus when using FDIs. Such Schroder ISF sub-funds will make use of FDIs on an accessory and/or temporary basis in a manner which does not materially alter their risk profile over what would be the case if derivatives were not used.

“Sophisticated” sub-funds apply a Value-at-Risk (VaR) approach to calculate their global exposure. In respect of such Schroder ISF sub-funds, the investment restrictions set forth in the Schroder ISF’s Luxembourg prospectus on the use of FDIs are not applicable.

#### (c) Use of FDIs

The Underlying Fund may invest in FDIs for the purposes of hedging and/or efficient portfolio management. The Schroder ISF GEMO may invest in FDIs for purposes other than hedging and/or efficient portfolio management in accordance with the Schroder ISF’s Luxembourg prospectus and the limits and conditions on the use of FDIs under applicable laws in Luxembourg.

#### (d) Risks on use of FDIs

The use of FDIs involves increased risks. The ability to use such instruments successfully depends on the relevant investment manager’s ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the relevant investment manager’s predictions are wrong, or if the derivatives do not work as anticipated, the Schroder ISF GEMO could suffer greater losses than if Schroder ISF GEMO had not use the derivatives. If Schroder ISF GEMO invests in OTC derivatives, there is increased risk that a counterparty may fail to honour its contract. In the event the relevant investment manager uses such instruments, they are of the view that they have the necessary expertise to control and manage the use of derivatives. Investments in derivatives would normally be monitored and controlled by the relevant investment manager with regular mark-to-market valuations, careful research prior to investment and compliance monitoring to ensure careful compliance with the investment restrictions and limits set out in the Schroder ISF’s Luxembourg prospectus with regard to derivatives.

#### Risk Management and Compliance Controls

The Schroder group, being the group of companies to which the Managers belong, has established a Group Derivatives Committee (the “Committee”) which assumes responsibility for identifying and overseeing the management of the key operational risks faced by the Schroder group from the use of derivatives. The Committee also approves, communicates and assesses the adequacy and effectiveness of the derivative risk management framework, and will escalate significant issues relating to derivatives to key stakeholders.

The Committee reviews and approves funds using derivatives and new derivative instruments to ensure that the key operational risks have been identified and mitigated before launch of the fund or execution of the instrument, and is responsible for the policy on new instruments. After approval by the Committee, new derivative instruments are recorded in a derivative-instruments register. This process is designed to ensure that new derivative instruments are assessed prior to investment by the funds to ensure that the Managers have the appropriate processes and controls in place to mitigate operational, investment and credit risks.

The Managers’ fund managers have primary responsibility for ensuring that derivative transactions are consistent with the investment objective of a fund. Derivative positions are monitored to ensure that derivative usage is consistent with a fund’s

investment objectives and in line with the way a fund is offered. Funds are categorised by their performance/risk profiles and risk-related parameters are set for each fund category. The risk related parameters are monitored by independent product managers, assisted by an investment risk team, and exceptions are investigated and resolved.

The Managers' fund managers are required to liaise with the risk or compliance team to agree how the derivative investments should be monitored and clarify any uncertainty in relation to interpretation of rules or monitoring requirements prior to investing or as soon as the uncertainty arises. The risk or compliance team is responsible for performing independent compliance monitoring of investment restrictions. The risk or compliance team ensures that the fund managers are made aware of changes to regulations, including those in relation to derivatives usage. The Managers have a system in place to monitor investment restrictions. Where the system does not have the capability to monitor a particular instrument or restriction, the monitoring process is supplemented either by in-house or external systems and/or manual processes.

The Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and that they have the requisite expertise and experience to manage and contain such investment risks.

**The above should not be considered to be an exhaustive list of the risks which potential policyholders should consider before investing in the ILP Sub-Fund. Potential policyholders should be aware that an investment in the ILP Sub-Fund may be exposed to other risks of an exceptional nature from time to time.**

### Fees and Charges

In addition to the fees and charges shown in the Product Summary, the following fees are also payable through deduction from the asset value of the ILP sub-fund:

Fees Payable by the Underlying Fund, which the ILP sub-fund invests into		
Annual management fee	1.20%	
Trustee Fee* (per annum)	Fees applicable at the Schroder ISF level <sup>#</sup> (per annum)	
	Custody fee	Administration fee
Currently not more than 0.05% per annum (currently not subject to any minimum amount) Maximum 0.25% (subject to a minimum of S\$10,000.00)	Up to 0.50%	Up to 0.2%

\* *Trustee Fee is expressed as a percentage per annum of the Underlying Fund's daily net assets during the year.*

<sup>#</sup> *The fees at the Schroder ISF level are expressed as a percentage per annum of the net assets of the respective Schroder ISF sub-fund.*

The Trustee of the Underlying Fund is HSBC Institutional Trust Services (Singapore) Limited.

**Past Performance<sup>1</sup> and Benchmark<sup>2</sup> of the Underlying Fund:** as at 31 December 2016

**NOTE: PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

### Cumulative Performance and Benchmark of the Underlying Fund

Underlying Fund / Benchmark	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception*
Schroder Global Emerging Market Opportunities Fund	10.70%	1.90%	3.90%	N.A.	-0.70%

### Annualised Performance and Benchmark of the Underlying Fund

Underlying Fund / Benchmark	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception*

Schroder Global Emerging Market Opportunities Fund	-11.78%	-2.24%	-3.93%	2.75%	3.76%
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\* *Schroder Global Emerging Market Opportunities Fund SGD: Incepted on 8 October 2010, Source: Morningstar, bid to bid, dividends reinvested in SGD as at 30 November 2015*

- <sup>1</sup> Performance shown in fund currency and calculated before sales charges are deducted. Fees and charges payable through deduction of premium or cancellation of units are excluded in deriving the performance. Performance is calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.
- <sup>2</sup> This fund aims to achieve absolute returns hence there is no benchmark as it is not constrained by benchmark index weightings.

### Expense Ratio and Turnover Ratio of the Underlying Fund

Underlying Fund	Expense Ratio	Turnover Ratio
Schroder Global Emerging Market Opportunities Fund	1.78%	0.50%

The expense ratio is calculated in accordance with the Investment Management Association of Singapore guidelines on the disclosure of expense ratios. It does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, foreign exchange gains /losses, front or back-end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. It is calculated by dividing expenses by daily average NAV, and multiplied by the appropriate factor to annualise the figure and is disclose as a percentage.

The turnover ratio is calculated based on the lower of purchases and sales expressed as a percentage of the daily average net asset value.

The expense ratio and turnover ratio stated in the table above is for the period ending 30 June 2016.

### Soft Dollar Commissions or Arrangements

It is the Managers' investment policy that the Trust invests primarily in the Schroder ISF in Luxembourg. The managers of the sub-funds in Schroder ISF accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Schroder ISF and such soft dollar commissions or arrangements received or entered into are restricted to the following kinds of services:

- (a) research, analysis or price information, including computer or other information facilities;
- (b) portfolio valuations; or
- (c) performance measurements.

In their management of the Schroder Global Emerging Market Opportunities Fund, the Managers currently do not receive or enter into any soft dollar commissions or arrangements.

### Conflict of Interest

The Managers may from time to time have to deal with competing or conflicting interests between the other unit trusts which are managed by the Managers with one or more Sub-Funds. For example, the Managers may make a purchase or sale decision on behalf of some or all of their other unit trusts without making the same decision on behalf of such Sub-Funds(s) as a decision whether or not to make the same investment or sale for such Sub-Fund(s) depends on factors such as the cash availability and portfolio balance of such Sub-Fund(s). However the Managers will use reasonable endeavours at all times to act fairly and in the interests of such Sub-Fund(s). In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds and such Sub-Fund(s), the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the other funds and such Sub-Fund(s).

The factors which the Managers will take into account when determining if there are any conflicts of interest as described above include the assets (including cash) of the Sub-Fund(s) as well as the assets of the other funds managed by the Managers. To the extent that another fund managed by the Managers intends to purchase substantially similar assets, the Managers will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Sub-Fund(s)



and the other funds. Associates of the Trustee may be engaged to offer financial, banking and brokerage services to the Sub-Fund(s), which services will be provided on an arm's length basis.

### **Reports**

The financial year-end of the ILP Sub-Fund is 30 June. Aviva Ltd will make available semi-annual report and annual audited report of the ILP Sub-Fund within 2 months and 3 months respectively from the relevant reporting periods.

In addition, Aviva Ltd will make available financial reports of the Underlying Fund as they become available from the Investment Manager. Policyholders can access these reports via the Aviva website [www.aviva.com.sg](http://www.aviva.com.sg).

### **Specialised ILP Sub-Fund**

The ILP sub-fund is not a specialised sub-fund as set out in MAS Notice 307 on Investment-Linked Policies issued by the Monetary Authority of Singapore.