

## **Schroder Multi Asset Revolution (the “ILP Sub-Fund”)**

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

### **Structure of the ILP Sub-Fund**

The ILP sub-fund is a feeder fund investing all or substantially all of its assets into Schroder Multi Asset Revolution (the “Underlying Fund”).

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

### **Information on the Manager**

#### Investment Manager

The Manager of Schroder Multi Asset Revolution 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”). 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.

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 Schroder Multi Asset Revolution.

### **Investment Objectives, Focus & Approach**

#### Investment objective

The investment objective of the Trust is to achieve long term capital appreciation through investment directly or indirectly in quoted equities, bonds and other fixed income securities in global markets. The Underlying Fund will invest in multiple asset classes and will be comprised of an actively managed basket of equities, fixed income, property and commodities related securities.

It is the Managers’ present intention to invest the assets of the Underlying Fund into various sub-funds of the Schroder International Selection Fund (ISF) and other collective investment schemes and exchange traded funds (collectively known as “Underlying Funds”). The Managers may from time to time at their sole discretion vary the percentage of assets of the Underlying Fund which may be invested into the Underlying Funds and may, subject to such regulatory approvals as may be required, vary the jurisdictions and types of Underlying Funds into which the Underlying Fund may invest, in accordance with the investment

objective and policy of the Underlying Fund. The investment managers of the Underlying Funds are domiciled in various countries, including the United Kingdom.

#### Investment focus and approach of the Managers

In an effort to create a portfolio that achieves the Underlying Fund's investment objective in a consistent manner, the Managers adopt an active management approach that is focused on creating a truly diversified investment portfolio outcome for the Underlying Fund's investors.

Unlike traditional balanced funds that simply focus on tactically allocating between defensive and growth assets, depending on the risk profile of the Underlying Fund and the Managers' relative view of such asset classes, the Managers recognise that between defensive assets and growth assets, there are a range of assets that can contribute to a combination of better returns and lower risk in a portfolio. These asset classes warrant consideration.

Additionally, the Managers recognise that over time, traditional defensive and growth asset classes may behave in a similar fashion and therefore may not always provide investors with a diversified portfolio outcome. By considering a broad range of asset classes, sub-asset classes and investment styles, the Managers attempt to increase the probability of achieving the investment objective in a consistent manner, over the long term.

#### **Risks**

##### General risks

Investments in the Underlying Fund are subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries that the Underlying Fund invests into or has exposure to.

Investors should be aware that the price of Units and the income from them, if any, may go down as well as up and that past performance is not necessarily a guide to the future performance of the Underlying Fund. Investors may not get back their original investment.

As the Underlying Fund may invest into the Underlying Funds, investments into the Underlying Fund will be subject to different degrees of economic, political, foreign exchange, interest rate, liquidity, default, regulatory and possible repatriation risks depending on the countries that the Underlying Funds invest into.

While the Managers believe that the Underlying Fund offers potential for capital appreciation, no assurance can be given that this objective will be achieved.

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

##### Specific risks

###### (a) Market risk

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.

###### (b) Equity risk

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

may also invest in convertible instruments which may be converted into equity. A convertible instrument tends to yield a fairly stable return before conversion but its price usually has a greater volatility than that of the underlying equity.

(c) Interest rate risk

Deposits in financial institutions and 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.

(d) Credit risk

The Underlying Fund is subject to the risk that some issuers of debt securities and other investments made by the Underlying Fund, including counterparties to swap transactions, may not make payments on such obligations, or an issuer (or counterparty) 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.

(e) Foreign securities risk

As the Underlying Fund may invest in securities throughout the world, it 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 Underlying Fund's securities may be subject to government taxes that could reduce the yield on such securities, and fluctuations 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.

(f) Emerging market securities risk

While the Underlying Fund will invest substantially in developed markets, it may also invest in emerging market securities such as Asian bonds and equities which may involve 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.

(g) Currency risks

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 Managers may manage the currency risks by hedging through forward currency contracts, currency futures, currency swap agreements or currency options.

(h) Derivatives risk

The use of futures, options, warrants, forwards, swaps or swap options involves increased risks. The Underlying Fund's ability to use such instruments successfully depends on the Managers' 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 Managers' predictions are wrong, or if the derivatives do not work as anticipated, the Underlying Fund could suffer greater losses than if the Underlying Fund had not used the derivatives. If the Underlying Fund invests in over-the-counter derivatives, there is an increased risk that a counterparty may fail to honour its contract. Derivatives transactions will not be used for speculation or leverage but may be used for efficient portfolio management and risk management. In the event that such instruments are used, the Managers will ensure that the risk management and compliance procedures and controls adopted are adequate and that they have the requisite expertise, experience and quantitative tools to manage and contain such investment risks. Investments in derivatives would normally be monitored and controlled by the Managers with regular mark-to-market valuations, careful research prior to investment and compliance monitoring to ensure careful compliance with the investment restrictions set out in the Deed with regard to derivatives.

Financial Derivative Instruments ("FDIs")

(a) Types of FDIs

The FDIs which may be used by the Schroder ISF sub-funds 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, total return swaps, credit linked notes or futures or options on any kind of financial instrument.

The Schroder ISF sub-funds 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 Underlying Fund to FDIs will not exceed 100% of its Deposited Property at any time or such percentage as may be permitted under the Code.

The global exposure of each Schroder ISF sub-fund to FDIs will not exceed the total net assets of such Schroder ISF sub-fund. The overall risk exposure of each Schroder ISF sub-fund 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 any Schroder ISF sub-fund's total net assets under any circumstances. The Schroder ISF may not borrow for the account of any Schroder ISF sub-fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the Schroder ISF sub-fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

In respect of each FDI, the commitment will be quantified by using a commitment approach. This means that the market risk will be calculated by measuring the underlying exposure of the derivative positions of the Underlying Fund by notionally converting these into its underlying assets.

(c) Use of FDIs

As at the date of registration of the Underlying Fund's Prospectus, the Underlying Fund may invest in FDIs for the purposes of hedging and/or efficient portfolio management. The Schroder ISF sub-funds 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 relevant Schroder ISF sub-fund could suffer greater losses than if that sub-fund had not use the derivatives. If a Schroder ISF sub-fund invests in OTC derivatives, there is an 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

Schroders, 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 Schroders 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 the 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 the 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 on how the derivative investments should be monitored and to clarify any uncertainty in relation to the 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. At the written request of an investor, the Managers will procure that supplementary information relating to the relevant Schroder ISF sub-fund's risk management process employed by the Schroder ISF sub-funds to measure and manage the risks associated with the use of FDIs and the investments of the Schroder ISF sub-fund is provided to such investor, except for any information which the Schroder ISF sub-fund manager or the directors of the Schroder ISF may deem sensitive or confidential in nature or information which if disclosed, would not be in the interest of investors of the Schroder ISF sub-fund generally. The information to be disclosed shall be similar to that which is required to be disclosed under applicable laws and regulations in Luxembourg to investors.

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	
Trustee Fee	Fees applicable at the underlying level <sup>#</sup>
	Custodian Fee
Currently not more than 0.05% p.a. (currently not subject to any min. amount) Maximum 0.15% (subject to a min. of S\$15,000)	From 0% to 0.19% per annum
Annual management fee	1.25%

<sup>#</sup>The Underlying Fund may invest into various sub-funds of the Schroder ISF and other collective investment schemes and exchange traded funds.

The Trustee of 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 <sup>*</sup>
Schroder Multi Asset Revolution	4.50%	5.00%	6.20%	3.20%	3.00%

### Annualised Performance and Benchmark of the Underlying Fund

Underlying Fund / Benchmark	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception <sup>*</sup>
Schroder Multi Asset Revolution	-2.20%	4.45%	4.01%	3.34%	3.39%

<sup>\*</sup> *Schroder Multi Asset Revolution SGD* :Incepted on 12 May 1998

<sup>1</sup> *The performance data shown above refers to the performance of the Class E Accumulation share class. 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> *The fund aims to achieve absolute returns hence there is no benchmark as it is not constrained by benchmark index weightings.*

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

Underlying Fund	Expense Ratio	Turnover Ratio
Schroder Multi Asset Revolution	1.51%	35.72%

The expense and turnover ratios stated in the table above are as at 30 June 2016.

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 disclosed 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.

### Soft Dollar Commissions or Arrangements

In their management of the Underlying Fund, the Managers may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Underlying Fund and the soft dollars received are restricted to the following kinds of services:

- (a) research, analysis or price information, including computer or other information facilities;
- (b) performance measurement;
- (c) portfolio valuations; and
- (d) administration services.

The Managers may not receive or enter into soft dollar commissions or arrangements unless such soft dollar commissions or arrangements shall reasonably assist in their management of the Underlying Fund and the Managers shall ensure at all times that the transactions are executed at the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned. The Managers shall not enter into unnecessary trades in order to qualify for such soft dollar commissions or arrangements and shall not receive goods and services such as travel, accommodation and entertainment.

The description of soft dollars and the conditions set out above also apply to the investment managers of the Underlying Funds.

### 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 and the Underlying Fund. 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 the Underlying Fund, as a decision whether or not to make the same investment or sale for the Underlying Fund depends on factors such as the cash availability and portfolio balance of the Underlying Fund. However the Managers will use reasonable endeavours at all times to act fairly and in the interests of the Underlying Fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other unit trusts managed by the Managers and the Underlying Fund, the Managers will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Underlying Fund and the other unit trusts managed by the Managers.

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 Underlying Fund as well as the assets of the other unit trusts managed by the Managers. To the extent that another unit trust 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 Underlying Fund and the other unit trusts.

Associates of the Trustee may be engaged to offer financial, banking and brokerage services to the Underlying Fund. Such services, if provided, 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.