

Schroder Investment Management North America Inc.

Bay County Employees' Retirement System

April 2016

Richard Sennitt | Pacific ex Japan Small Cap Specialist

Cathie Mazza | Institutional Director



Schroders

Investment Philosophy and Team



Schroders

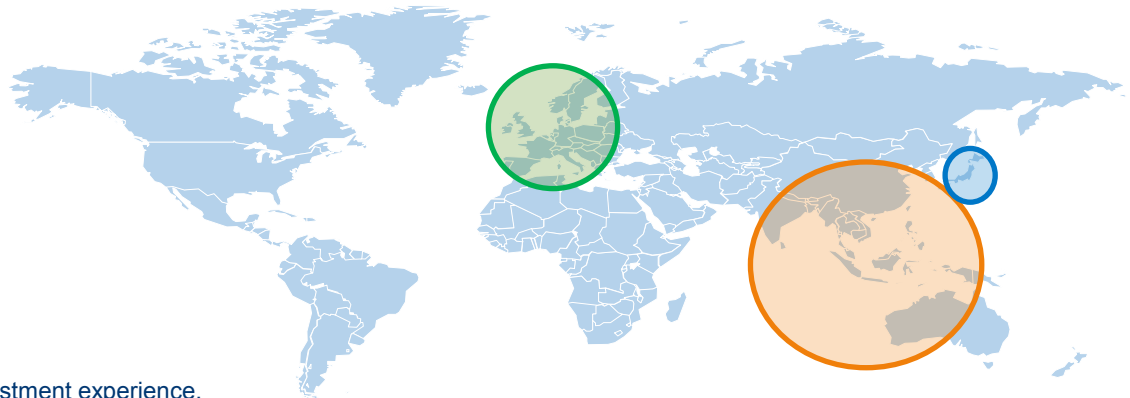
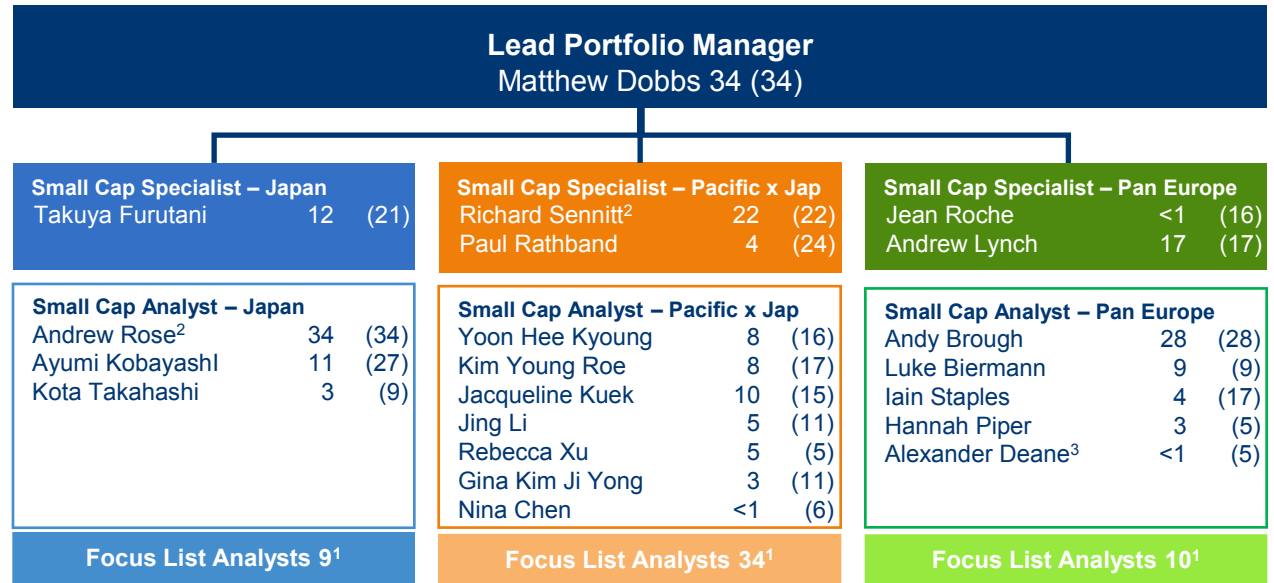
Investment philosophy

- 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 23 years investment experience and an average of 15 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 April 1, 2016. ¹September 30, 2015. ²Located in London. ³Includes other coverage

Performance



Schroders

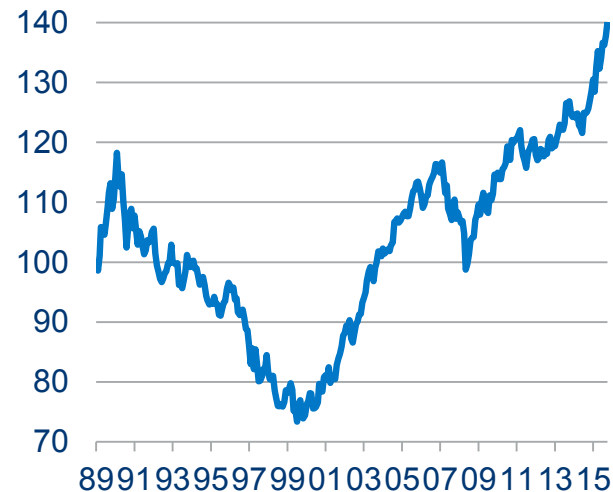
Performance

Investment environment – Q1 2016

- International equities fell sharply to mid-February but rebounded thereafter to end the quarter only modestly down in US dollar terms. The actions of central banks and a recovery in the oil price were important contributors to the market turnaround.
- Smaller companies outperformed their large cap peers with the MSCI EAFE Small Cap Index down 0.6% compared to the 3.0% fall of the MSCI EAFE Index.
- By region, outperformance came thanks to strong relative performance in Japan and continental Europe.
- By sector, small caps outperformed strongly in financials with lesser contributions from health care, consumer discretionary and I.T.. There was only modest offset from energy.

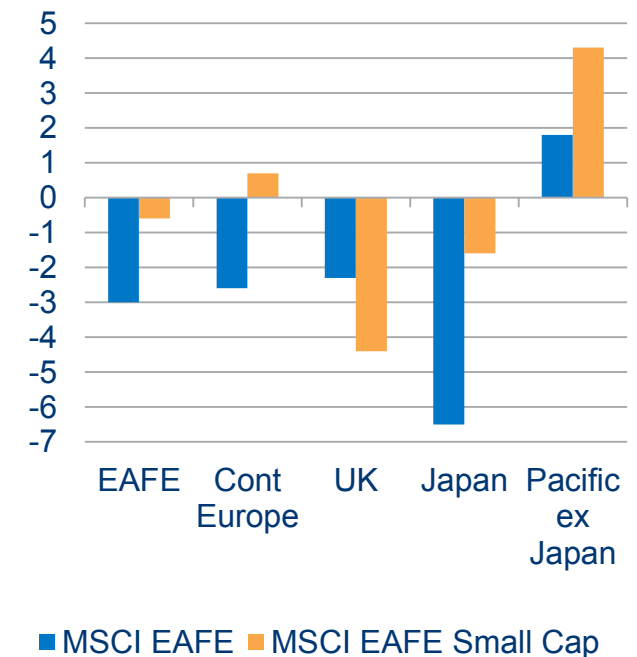
S&P EPAC SmallCap Index vs. MSCI EAFE Index¹

June 1989 = 100



MSCI EAFE and MSCI EAFE Small Cap Index Performance in US\$(%)²

3 months to 31 March 2016



¹Source: Schroders, S&P, MSCI, 31 March 2016

²Source: Schroders, MSCI

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\$ 27,153,786 as at 31 March 2016

Inception date: June 30, 2006

Performance to 31 March 2016 (in US\$%)

	Q1 2016	1 year	3 years*	5 years*	Since inception*
SISCO (NAV)**	-0.7	+2.1	+9.4	+5.9	+5.7
Bay County Index***	-0.2	+4.1	+9.3	+7.4	+6.2
Fund Index****	-0.6	+2.6	+7.8	+5.9	+4.7
Value Added vs Bay County Index***	-0.5	-2.0	+0.1	-1.5	-0.5
Value Added vs Fund Index****	-0.1	-0.5	+1.6	0.0	+1.0

Performance Attribution against Fund Index****

Contribution from	Q1 2016	1 year	3 years*	5 years*
Stock Selection	-1.0	-0.6	+1.8	+0.4
Region Allocation	+0.4	+0.3	-0.3	-0.2
Timing Residual	+0.5	-0.2	+0.1	-0.2
Difference Relative to Fund Index****	-0.1	-0.5	+1.6	0.0

*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.

***Fund Index plus 150 basis points

**** S&P EPAC SmallCap to 12/31/2015, then MSCI EAFE Small Cap (NDR)

Source: Schroders, S&P, MSCI, 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 2016

	SISCO*		S&P EPAC SmallCap to 12/2015, then MSCI EAFE Small Cap (NDR)				
	End Weight	Total Return	End Weight	Total Return	Stock Selection	Regional Allocation	Total Effect
UK	17.3	-4.9	19.4	-4.4	-0.1	0.1	0.0
Continental Europe	38.6	2.1	38.8	0.7	0.5	0.0	0.5
Japan	26.0	-5.4	30.2	-1.6	-1.0	0.1	-0.9
Pacific ex Japan	8.8	0.0	11.6	4.3	-0.4	-0.1	-0.5
Emerging Markets	6.6	1.6	-	-	-	0.1	0.1
Cash	2.7	-	-	-	-	0.2	0.2
Residual	-	-	-	-	-	-	0.5
Total	100.0	-0.7	100.0	-0.6	-1.0	0.4	-0.1

Top 5 Active Contributors

3 months to March 31, 2016

	Return (%)	Contribution (%)
OC Oerlikon	15.9	0.16
Elis	17.4	0.16
Ascom Holding	18.7	0.15
ZEAL Network	13.7	0.13
MaireTecnimont	10.8	0.13

Top 5 Active Detractors

3 months to March 31, 2015

	Return (%)	Contribution (%)
OBIC Business Consultants	-24.1	-0.23
Dalata Hotel	-15.1	-0.22
Unipres Corporation	-23.1	-0.20
Banca Popolare dell'Emilia	-37.7	-0.18
Kumiai Chemical Industry	-17.9	-0.14

* Schroder International Small Companies Fund (SISCO).

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

Source: Schroders, S&P, MSCI, Factset PA2

Performance and Performance Attribution

12 months to 31 March 2016

	SISCO*		S&P EPAC SmallCap to 12/2015, then MSCI EAFE Small Cap (NDR)				
	End Weight	Total Return	End Weight	Total Return	Stock Selection	Regional Allocation	Total Effect
UK	17.3	1.9	19.4	2.1	-0.1	0.0	-0.1
Continental Europe	38.6	5.9	38.8	4.6	0.4	0.0	0.4
Japan	26.0	0.5	30.2	3.4	-0.8	0.0	-0.8
Pacific ex Japan	8.8	-4.5	11.6	-3.6	-0.1	0.0	-0.1
Emerging Markets	6.6	2.4	-	-	-	0.2	0.2
Cash	2.7	-	-	-	-	0.1	0.1
Residual	-	-	-	-	-	-	-0.2
Total	100.0	2.1	100.0	2.6	-0.6	0.3	-0.5

Top 5 Active Contributors

12 months to March 31, 2016

	Return (%)	Contribution (%)
Interroll Holding	58.2	0.44
Ubisoft Entertainment	75.4	0.43
Naturex	52.9	0.33
Ai Holdings	60.6	0.31
Paddy Power Betfair	69.5	0.30

Top 5 Active Detractors

12 months to March 31, 2016

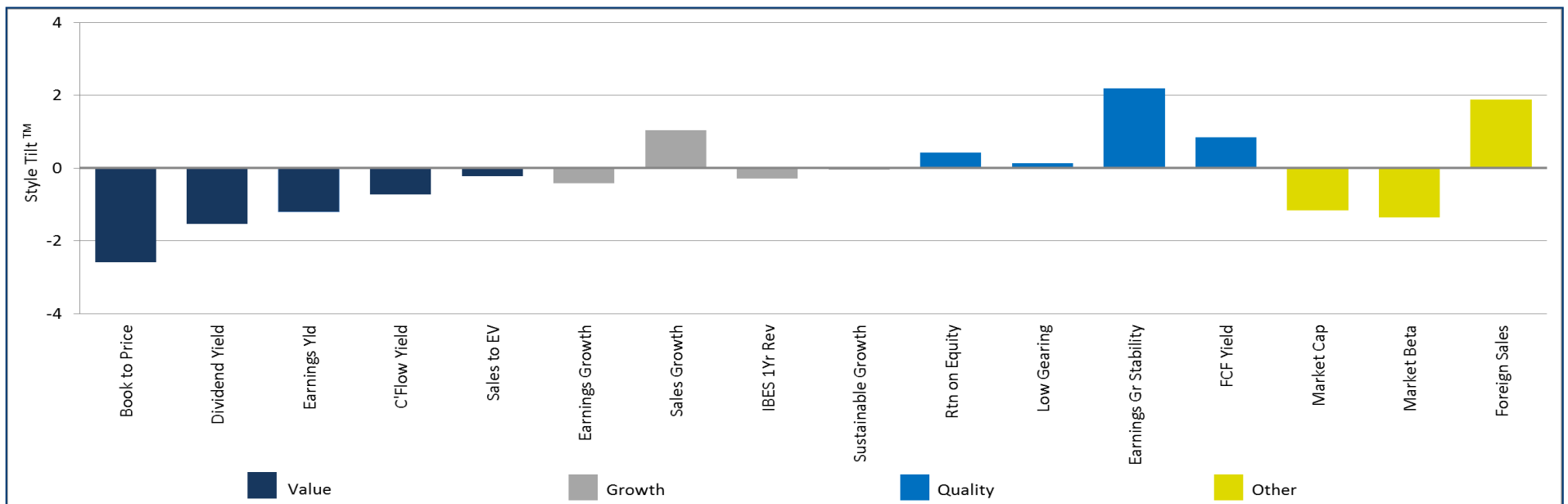
	Return (%)	Contribution (%)
Delta Lloyd	-69.8	-0.67
TOM TAILOR	-60.1	-0.66
RCS MediaGroup	-60.8	-0.35
Banca Popolare dell'Emilia	-45.3	-0.27
Tokai Tokyo Financial	-26.0	-0.27

* Schroder International Small Companies Fund (SISCO).

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

Source: Schroders, S&P, MSCI, Factset PA2

Fund* risk characteristics



Predicted Risk

Tracking Error	2.96%
Beta	1.00
Benchmark Volatility	14.6%
Absolute Fund Volatility	14.9%

(Figures from Style Research unless otherwise stated)

Active Risk Decomposition (from Style Research)

Stock Specific Factor	63.4%
Industrial Sectors	11.6%
Countries (Market)	46.8%
Risk Indices	15.4%
Currency	4.4%
X-Terms	-41.7%

* Schroder International Small Companies Fund (SISCO).

Source: Schroders Risk Report, Style Research, as at March 31, 2016

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 MSCI EAFE Small Cap

As at 31 March 2016

	Schroders*	Index
No of stocks	202	2,170
Free Market Capitalization US\$M		
Minimum	104	40
Maximum	12,784	7,799
Weighted Average	1,588	1,783
Median	886	621

Valuation factors	Schroders*	Index
P/E (12mo trailing)	16.0	14.7
P/CF	10.9	10.5
P/BV	1.8	1.5
LT Debt/Capital	21.6	26.7
ROE	12.7	12.5

	Schroders*	Index
Percentage >\$3Bn	14.9%	16.4%
Percentage >\$1Bn <\$3Bn	30.6%	50.2%
Percentage >\$0.5Bn <\$1Bn	32.3%	20.8%
Percentage <\$0.5Bn	22.1%	12.6%
Total	100.0%	100.0%

Valuation factors	Schroders*	Index
3 Year Sales Growth	8.9	6.9
3 Year Earnings Growth	19.8	18.6
Dividend Payout Ratio	32.7	35.7
Dividend Yield	2.0	2.4

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

Investment strategy:

Country weightings

The Fund is slightly underweight continental Europe and we added in the quarter. Growth continues below average, but has continued broadly to exceed expectations, with recent PMI readings doing so once again. There has been some recovery in credit supply and demand and employment is stabilising. Overall profit share remains depressed, cost pressures remain low and commodity price weakness should be a favorable backdrop to corporate profitability although benefit from euro weakness is fading. While we are still happy with our exposure to domestic recovery stocks, additions focused on quality global growth stocks which operate in growing niche markets. Italy (although we did reduce exposure), France and Ireland remain our biggest country over weights, with Sweden and Spain the biggest underweights.

We moved further underweight the United Kingdom. The small cap cycle is now somewhat long in the tooth while a number of issues are becoming more to the fore. The EU referendum (set for 23rd June) is a major distraction as well as injecting a degree of uncertainty. It overlays a deteriorating macro-economic picture given slowing growth, fiscal tightening, and weak external balances. The one counter-weight has been sterling which has taken a degree of the strain through a 10% fall in trade weighted terms over the first quarter. Industrials remain the main area of overweighting, balanced by underweights in financials, materials and consumer sectors.

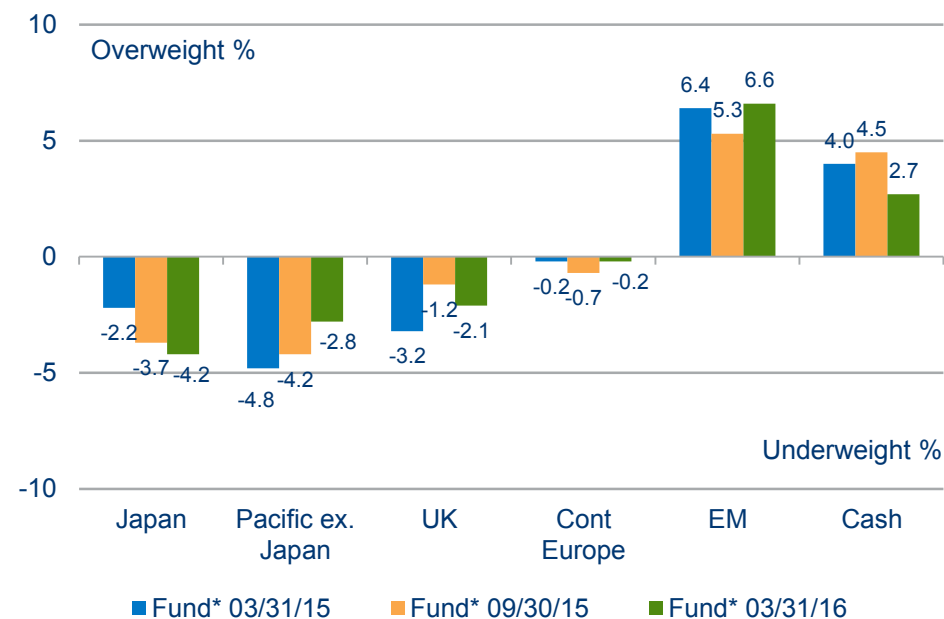
We have moved further underweight in Japan. As the tail wind of yen depreciation and the initial surge in corporate earnings is behind us, the level of macro-economic uncertainty is rising. Many domestic demand stocks (to which there is a tilt in the Fund) have done very well, and although selective upside remains, most of the road has been travelled. We are watching stocks exposed to emerging markets (most notably China) as they have performed understandably poorly and value is emerging. However, we are happy to be patient, and yen strength is not helpful. Improvements in corporate governance and a greater degree of shareholder focus amongst management remains a key swing factor. Our main sector exposures remain industrials, I.T., consumer discretionary and specialist materials.

A better quarter for Pacific ex Japan has reflected two major factors. A stabilisation of sentiment over China as FX outflows have waned and credit conditions improve, and a recovery in commodity/energy prices that has particularly driven recovery in non-Asian markets and currencies. Cyclical value has been in demand, which obviously is not particularly helpful for our favoured stocks. We remain somewhat sceptical of the durability of both the key fashionable themes, primarily because further credit fuelled growth in China is not the sustainable substitute for the restructuring the economy needs towards a less investment dependent and centrally directed growth model. Consumer discretionary and industrials remain the key areas of focus.

* Schroder International Small Companies Fund (SISCO). **S&P EPAC SmallCap to 12/31/2015, then MSCI EAFE Small Cap (NDR)

Source: Schroders, S&P, MSCI. 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 Fund Index**



Fund* weight % at 03/31/16					
26.0	8.8	17.3	38.6	6.6	2.7
Index weight % at 03/31/16					
30.2	11.6	19.4	38.8	-	-

Portfolio positioning

Country Sector Matrix

MSCI EAFE Small Cap Index as of 31 March 2016

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	38.8	4.3	2.6	1.2	9.1	3.7	9.8	3.6	2.9	0.9	0.8
EM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	30.2	5.5	3.7	0.2	5.8	1.8	7.0	3.2	2.9	0.0	0.1
Pacific ex Japan	11.6	2.5	0.4	0.4	3.0	0.9	1.7	0.8	1.2	0.2	0.3
UK	19.4	4.0	0.8	0.7	4.5	1.1	4.1	2.2	1.2	0.3	0.4
Total	100.0	16.4	7.5	2.5	22.4	7.6	22.6	9.7	8.3	1.4	1.6

SISCO*** as of 31 March 2016

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	38.6	6.7	3.6	0.0	7.6	0.4	9.6	5.9	3.3	0.0	1.5
EM	6.6	2.4	0.0	0.0	0.5	1.0	1.8	0.6	0.3	0.0	0.0
Japan	26.0	3.9	2.5	0.0	2.2	1.3	8.6	4.1	3.4	0.0	0.0
Pacific ex Japan	8.8	3.3	0.9	0.0	0.9	0.5	1.1	0.8	1.0	0.2	0.0
UK	17.3	3.7	0.2	0.5	3.6	0.7	5.7	2.0	0.6	0.0	0.4
Total*	97.3	20.0	7.3	0.5	14.8	3.9	26.8	13.3	8.5	0.2	1.9

SISCO*** vs. MSCI EAFE Small Cap Index

	Total	Consumer Discretionary	Consumer Staples	Energy	Financials	Healthcare	Industrials	IT	Materials	Telecoms	Utilities
Cont. Europe	-0.2	2.4	1.1	-1.2	-1.5	-3.3	-0.2	2.3	0.4	-0.9	0.7
EM	6.6	2.4	0.0	0.0	0.5	1.0	1.8	0.6	0.3	0.0	0.0
Japan	-4.2	-1.6	-1.2	-0.2	-3.6	-0.5	1.6	0.9	0.4	0.0	-0.1
Pacific ex Japan	-2.8	0.8	0.5	-0.4	-2.1	-0.5	-0.7	0.0	-0.2	0.0	-0.3
UK	-2.1	-0.3	-0.6	-0.2	-0.9	-0.4	1.5	-0.2	-0.7	-0.3	0.1
Total**	-2.7	3.6	-0.2	-2.0	-7.6	-3.7	4.3	3.6	0.2	-1.2	0.3

* Cash 2.7%

** Difference due to 2.7% cash weighting

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

Source: Schroders, MSCI.

Recent Stock Transactions

SISCO*

Significant New Buys since December 31, 2015

Security	Country	Weight March 31, 2016 %
Safestore Holdings	United Kingdom	0.3
Lookers Plc	United Kingdom	0.3
Rank Group	United Kingdom	0.3
Mando Corp	Korea	0.3
Nien Made	Taiwan	0.2
windeln.de	Germany	0.2
Moleskine Spa	Italy	0.1
Wessanen Nv	Netherlands	0.1

Significant Complete Sales since December 31, 2015

Security	Country	Weight December 31, 2015 %
Montupet Sa	France	1.0
Loomis Ab	Sweden	0.7
Livanova Plc	Italy	0.5
Qinetiq Group	United Kingdom	0.3
freenet AG	Germany	0.3
Eurofins Scientific	France	0.2
Ashtead Group	United Kingdom	0.2
BR Properties	Brazil	0.1

* Schroder International Small Companies Fund (SISCO).

Source: Schroders

SISCO*

Top ten holdings by region – March 31, 2016

Europe

Country	Security	Weight in fund %	Weight in region %
Switzerland	Helvetia Holding	1.3	3.4
Switzerland	Interroll Holding	1.3	3.4
France	Ubisoft Entertainment	1.2	3.2
Ireland	Dalata Hotel	1.2	3.2
Ireland	Smurfit Kappa	1.2	3.2
Italy	Cerved Information Solutions	1.2	3.2
France	Elis Sa	1.2	3.1
France	Rubis & Cie	1.2	3.0
France	Spie Sa	1.1	3.0
Denmark	Matas A/S	1.1	2.9
Total		12.0	31.6

Japan

Country	Security	Weight in fund %	Weight in region %
Japan	Digital Garage,	1.1	4.4
Japan	Tsuruha Holdings	1.1	4.3
Japan	Nippon Densetsu	1.1	4.3
Japan	Trusco Nakayama	1.1	4.2
Japan	Ai Holdings	1.0	3.9
Japan	Tokai Tokyo Financial	1.0	3.8
Japan	Arcs Company,	1.0	3.7
Japan	Nitta Corporation	0.9	3.4
Japan	Aica Kogyo	0.9	3.3
Japan	Daibiru Corporation	0.8	3.2
Total		10.0	38.5

UK

Country	Security	Weight in fund %	Weight in region %
UK	DCC Plc	0.8	4.6
UK	Kennedy Wilson Real Estate	0.7	4.1
UK	Dechra Pharmaceuticals	0.7	3.9
UK	Grainger Plc	0.6	3.7
UK	Supergroup Plc	0.6	3.4
UK	IG Group	0.6	3.2
UK	Halma P.L.C.	0.5	3.1
UK	Grafton Group	0.5	3.0
UK	Micro Focus	0.5	2.8
UK	Redrow Plc	0.5	2.7
Total		6.0	34.5

Asia ex. Japan, Emerging Markets

Country	Security	Weight in fund %	Weight in region %
Hong Kong	Techtronic Industries	1.2	8.0
Taiwan	Aerospace Industrial Development	0.5	3.4
Hong Kong	Johnson Electric	0.5	3.1
Korea	S-1 Corp.	0.5	3.1
Australia	Iluka Resources	0.4	2.9
Australia	Mirvac Group	0.4	2.9
Taiwan	Gourmet Master	0.4	2.9
Korea	Hanon Systems	0.4	2.8
Taiwan	CTCI Corporation	0.4	2.6
Korea	Medy-Tox Inc.	0.4	2.6
Total		5.1	34.3

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

Investment Outlook and Strategy



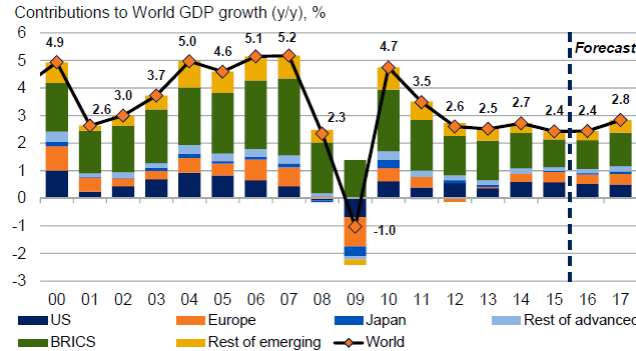
Schroders

Overview

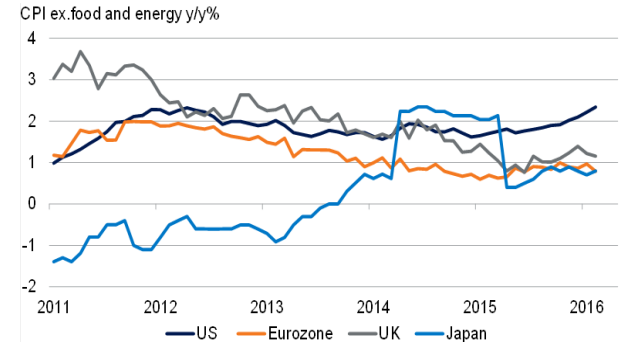
Diverging global trends

- Real growth, but little pricing power in what our economist has dubbed the “square root” recovery
- Inflation remains subdued although it has started to tick up in the US
- Deflationary worries have trumped liquidity and any optimism from lower commodity/energy prices
- Focus on stocks which can thrive amid disinflationary growth and disruption

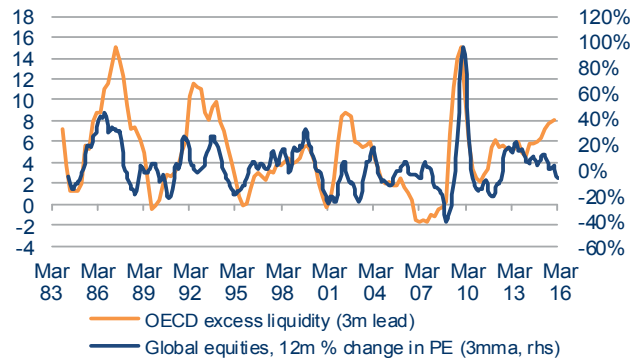
World GDP forecast¹



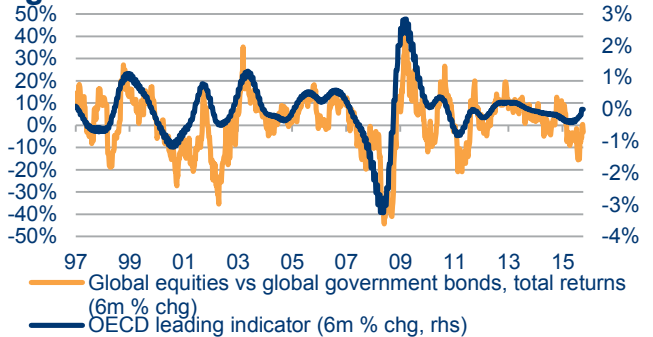
Core inflation rates diverge as the US rises²



Investors prepared for tighter liquidity³



Equities partially discounting slower growth³



¹Source: Thomson Datastream, Schroders Economics Group, 22 February 2016

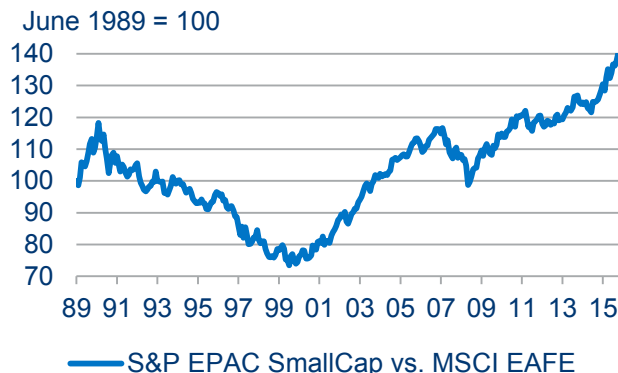
²Source: Thomson Reuters Datastream, Schroders Economics Group, 30 March 2016

³Credit Suisse, Thomson Datastream. 31 March 2016

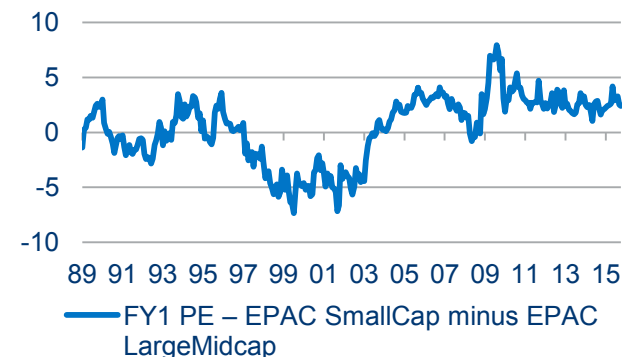
Small Cap Valuations

- 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 in absolute terms
- Continued earnings momentum is critical

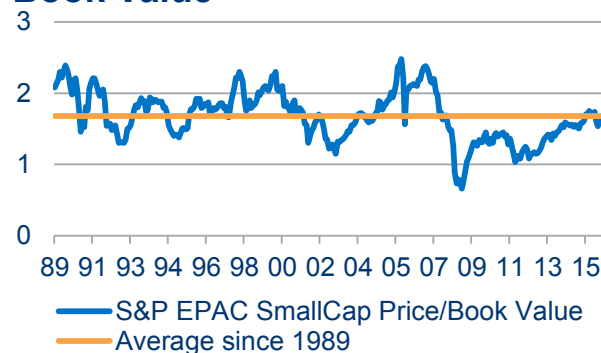
S&P EPAC SmallCap Index vs. MSCI EAFE Index¹



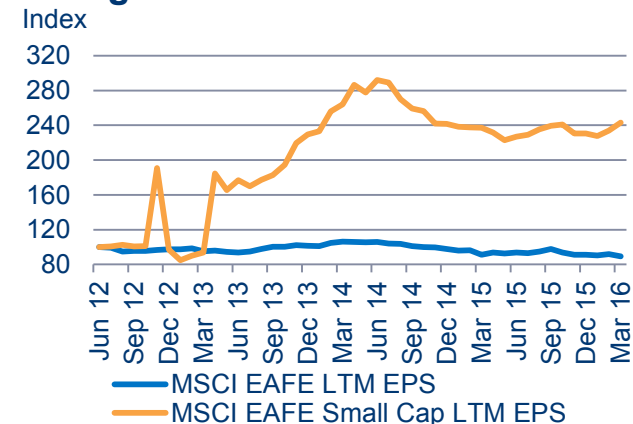
FY1 PE – S&P EPAC SmallCap minus S&P EPAC LargeMidCap²



Not extended on Price/Book Value³



EPS growth⁴



¹Source: Schroders, S&P, MSCI, 31 March 2016

²Source: Schroders, FactSet PA2, S&P, 31 March 2016

³Source: Schroders, S&P, 31 March 2016

⁴Source: FactSet MSCI, 31 March 2016

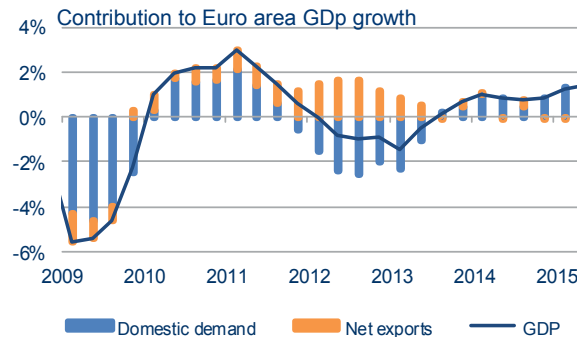
Performance shown is past performance. Past performance is not necessarily a guide to future performance. The value of investment can go down as well as up and is not guaranteed

Investment outlook

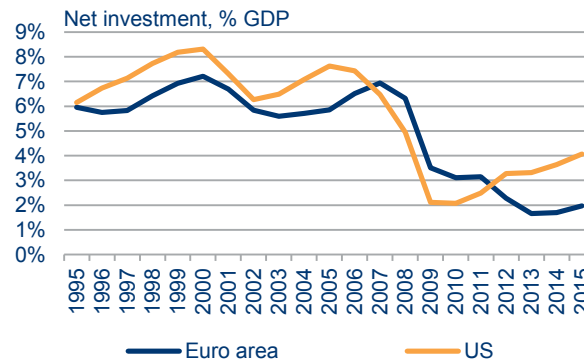
Europe ex UK

- Eurozone growth has steadily recovered, driven by **domestic** demand
- Bank lending and money growth in Europe showing green shoots
- Good news is that growth has been driven by final demand and not by inventory build
- Investment cycle still near the low point. Needs to revive for activity to accelerate

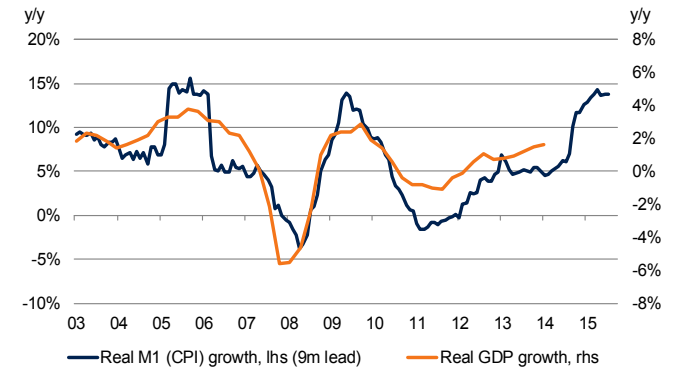
Despite a weak euro, domestic demand is driving growth¹



Investment still lagging¹



Monetary growth and bank lending provide support²



Another tailwind on the horizon³



¹Source: Credit Suisse, Thomson Datastream. December 2015

²Source: Bloomberg, Schrodgers Economics Group. 26 November 2015

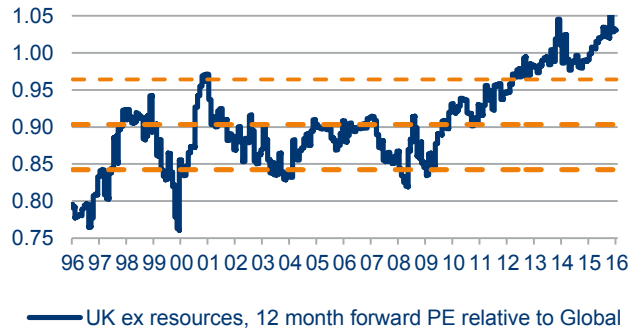
³Source: Thomson Datastream, Schrodgers Economic Group. April 2016

Investment outlook

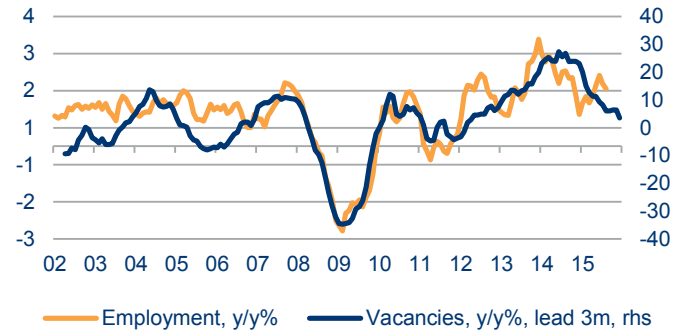
United Kingdom

- Large-cap emigres inflating top end of small cap universe
- Living wage is not cost free – employers taking pre-emptive action
- Brexit – has hurt sterling. Expect a fog of big and inaccurate numbers

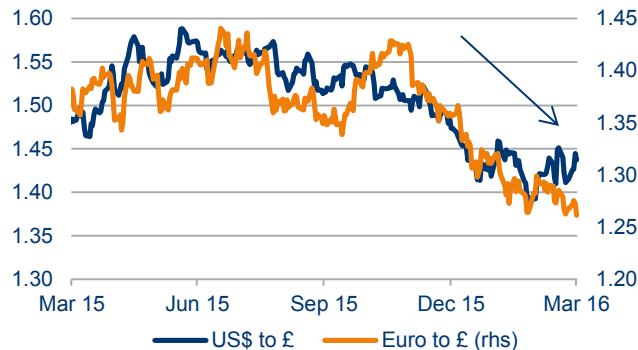
The mining displacement effect¹



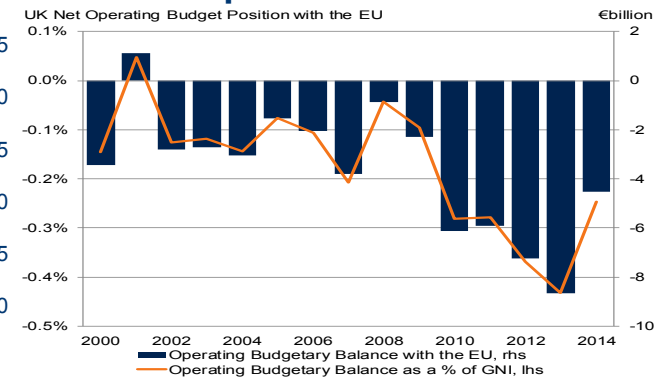
Hiring activity slowing markedly¹



Sterling has weakened versus the dollar and euro²



The UK's Direct and indirect membership costs³



Source:

¹Credit Suisse, Thomson Datastream. April 2016

²Thomson Datastream. March 31, 2016

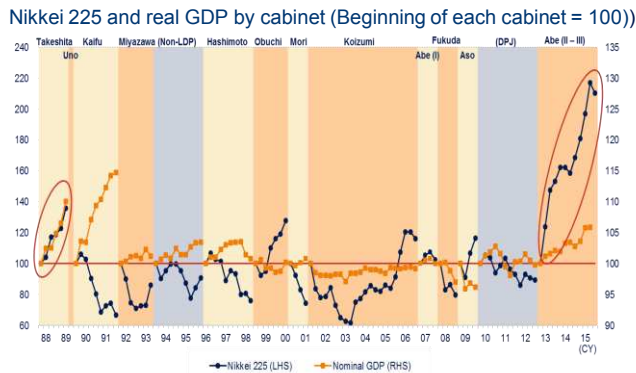
³European Commission, Schroders Economics Group. 24 March 2016.

Investment outlook

Japan

- “Abenomics” a vast experiment in the power of money printing. Can it address entrenched structural issues?
- Export volumes remain moribund and yen has strengthened despite negative interest rate policy being introduced
- Scope to raise ROIC is largely in hands of management
- Signs of more independent voices in boardrooms. Small companies catching up with larger peers

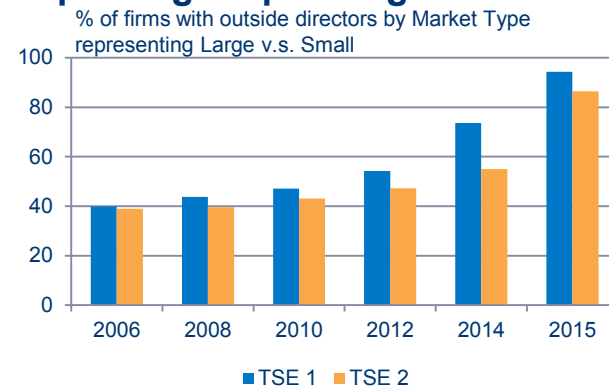
30 months of Abenomics has been better for the stockmarket than the economy¹



The yen has strengthened despite NIRP²



Improving corporate governance³



Themes⁴

Theme	Examples
Automation	Obara
Auto supply chain	Koito, TPR, Eagle, JSP
E-Commerce	Kakaku.com, Digital Garage, Trusco Nakayama
Infrastructure	Nippon Densetsu
I.T. capex	NEC Networks, OBIC
Other domestic capex	Fukushima Ind, Shinmaywa Ind

¹Source: Cabinet Office, Barclays Research, as at 30 September 2015

²Source: Thomson Datastream. March 31, 2016

³Source: MUMSS, from TSE materials. Note preliminary figures for 2015

⁴Source: Schroders, December 2015. For illustrative purposes only and should not be viewed as a recommendation to buy or sell

Investment outlook

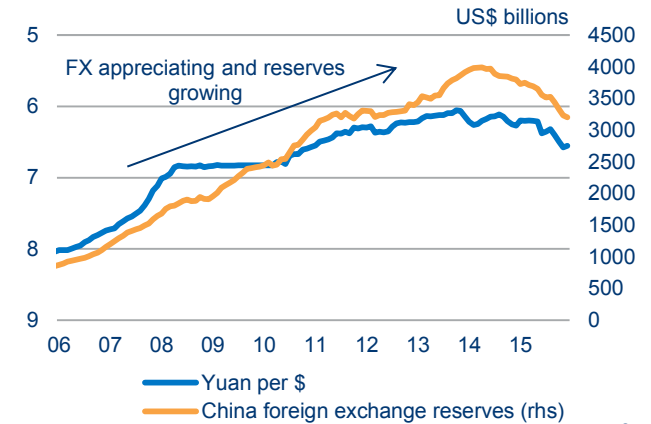
Asia ex Japan

- Slowdown in China dominating sentiment in emerging markets. Commodity intensive and related sectors slowing rapidly, but services/ consumer robust (as well as infrastructure spending)
- Asia's external balances are improving significantly, but key issue is domestic credit expansion. Different from 1997/98 crisis, but may make internal price adjustment more difficult.
- Credit conditions tight in Chinese private sector, and across Asia in general. Scope for management and balance sheet strength to be rewarded.
- Main underweight remains in Australia given valuations and commodity price impact.

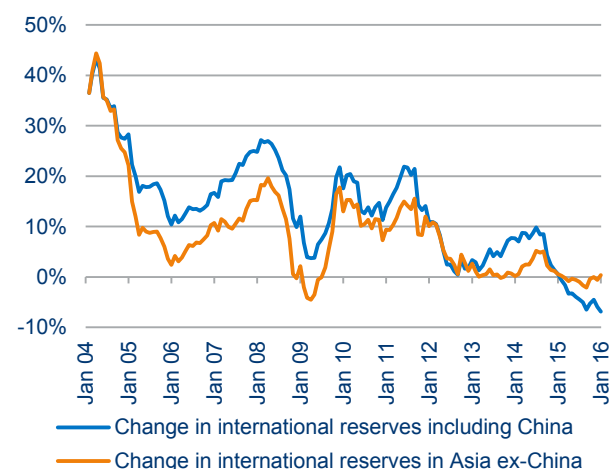
Nominal Chinese GDP – divergent growth¹



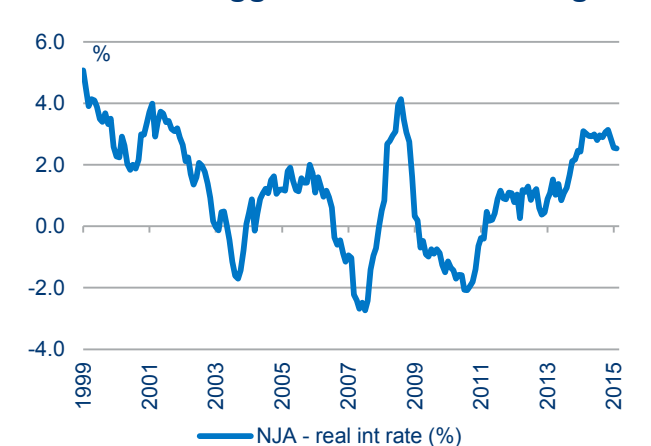
Renminbi no longer a one way bet¹



Asia international reserve growth²



Real rates suggest conditions are tight³



¹Bloomberg, as at February 2016

²Source: Asianomics, Haver. January 2016

³Source: Credit Suisse, January 31 2016

Forecast risk warning: Please see the important information slide at the end of this presentation

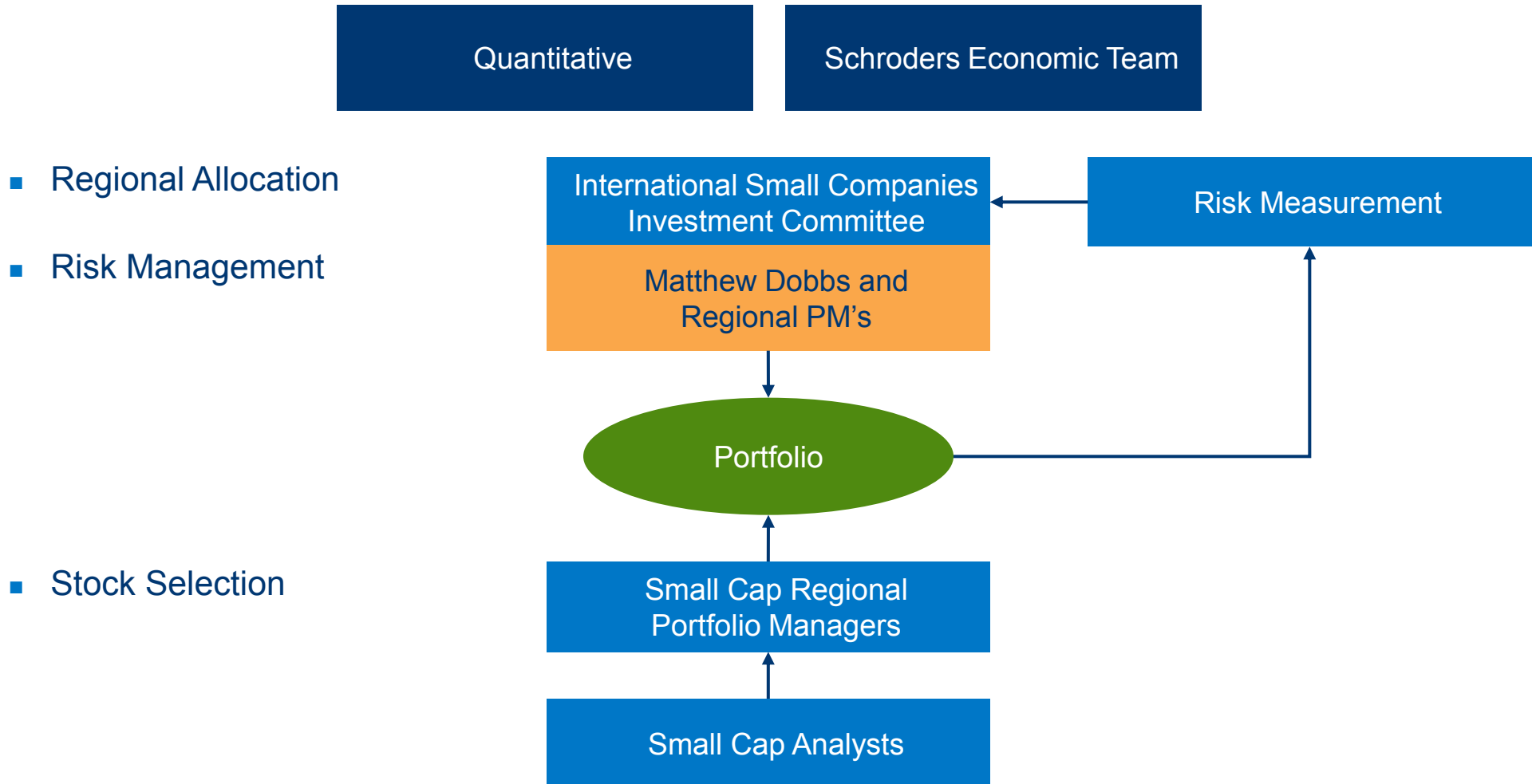
Appendix



Schroders

Investment process

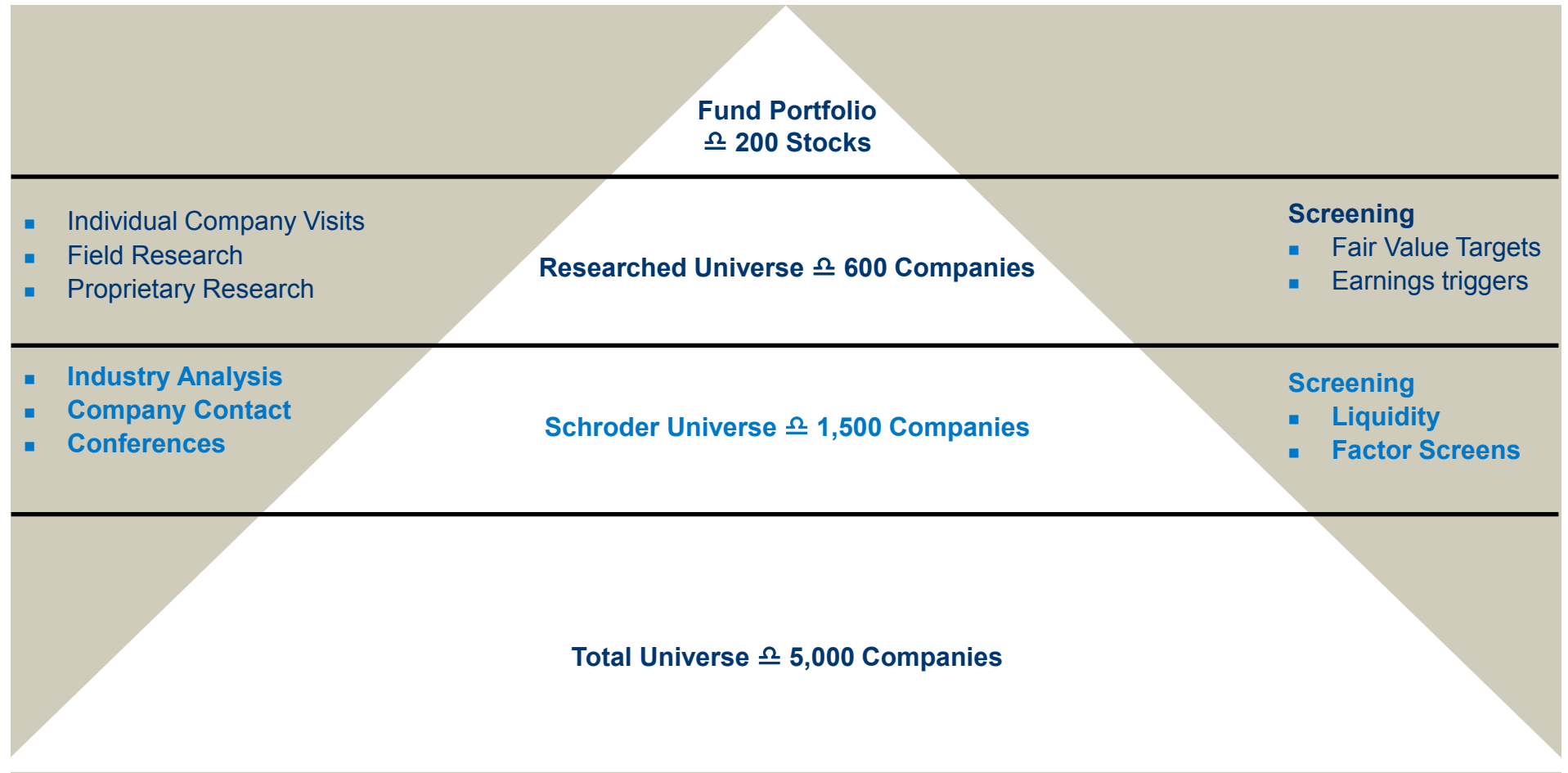
Overview



Source: Schroders as of March 31, 2016

Investment process

Stock selection



Source: Schroders as of March 31, 2016

Investment process

Factor screens help define Schroder universe

- Focus towards investments in quintiles 1 and 2 of the positive screen
- Aids identification of new ideas
- Cross reference with negative screen highlights risk factors

Positive and negative screens weighted based on past performance:

Criterion	Positive Metrics	Negative Metrics
Growth	52 week price change EPS revisions	EPS revisions
Quality	FCF ROA Piotroski F-Score	Accruals ratio CFROIC EBITDA stability Piotroski F-Score
Value	EBITDA/EV FCF Yield Price/Book Sales/EV	Earnings Yield EBITDA/EV Sales Yield

Europe ex UK +ve screen - May 31, 2015

Sedol	Company	Nation	Sector	Market Value Current (\$M)	Quintile	Percentile	EBITDA/ EV (%)	FCF Yield (%)	Sales/EV	Price/Book	FCFROA (%)	Piotroski F-Score (LOCAL, %)	52W Price Chg	Revisions
406398	ASTM S.p.A.	ITALY	Industrials	1,166.9	1.0	1.0	16.2	40.9	0.4	1.9	6.8	7.0	7.0	66.7
509680	Medivir AB Class B	SWEDEN	Health Care	293.7	1.0	1.0	105.4	38.4	1.5	0.6	45.5	8.0	-38.8	-46.2
764996	Highlight Communications AG	SWITZERLAND	Consumer Discretionary	219.2	1.0	1.0	84.3	34.8	2.7	0.5	22.8	7.0	12.2	16.7
536488	Knowit AB	SWEDEN	Information Technology	121.7	1.0	1.0	10.8	8.7	1.6	0.8	5.7	8.0	-18.8	66.7
718473	Swatch Group Ltd. Registered	SWITZERLAND	Consumer Discretionary	4,251.0	1.0	1.0	71.1	18.8	3.3	2.3	6.0	6.0	-25.8	0.0
B0VY3M	STEF	FRANCE	Industrials	809.5	1.0	1.0	14.5	0.6	2.2	0.8	0.2	6.0	-7.5	66.7
BMQWJR	ITAB Shop Concept AB Class B	SWEDEN	Industrials	811.5	1.0	1.0	5.8	2.8	0.6	0.3	6.4	7.0	50.0	66.7
BNB4VH	Braas Monier Building Group S.A.	LUXEMBOURG	Materials	1,142.8	1.0	1.0	13.3	#N/A	0.8	0.1	#N/A	7.0	#N/A	68.4
532959	RESILUX NV	BELGIUM	Materials	#N/A	1.0	1.0	7.9	#N/A	0.8	#N/A	#N/A	5.0	55.4	100.0
BJZ2Z0	Bufab Holding AB	SWEDEN	Industrials	227.5	1.0	1.0	8.5	3.3	0.9	0.5	2.9	5.0	-24.6	66.7

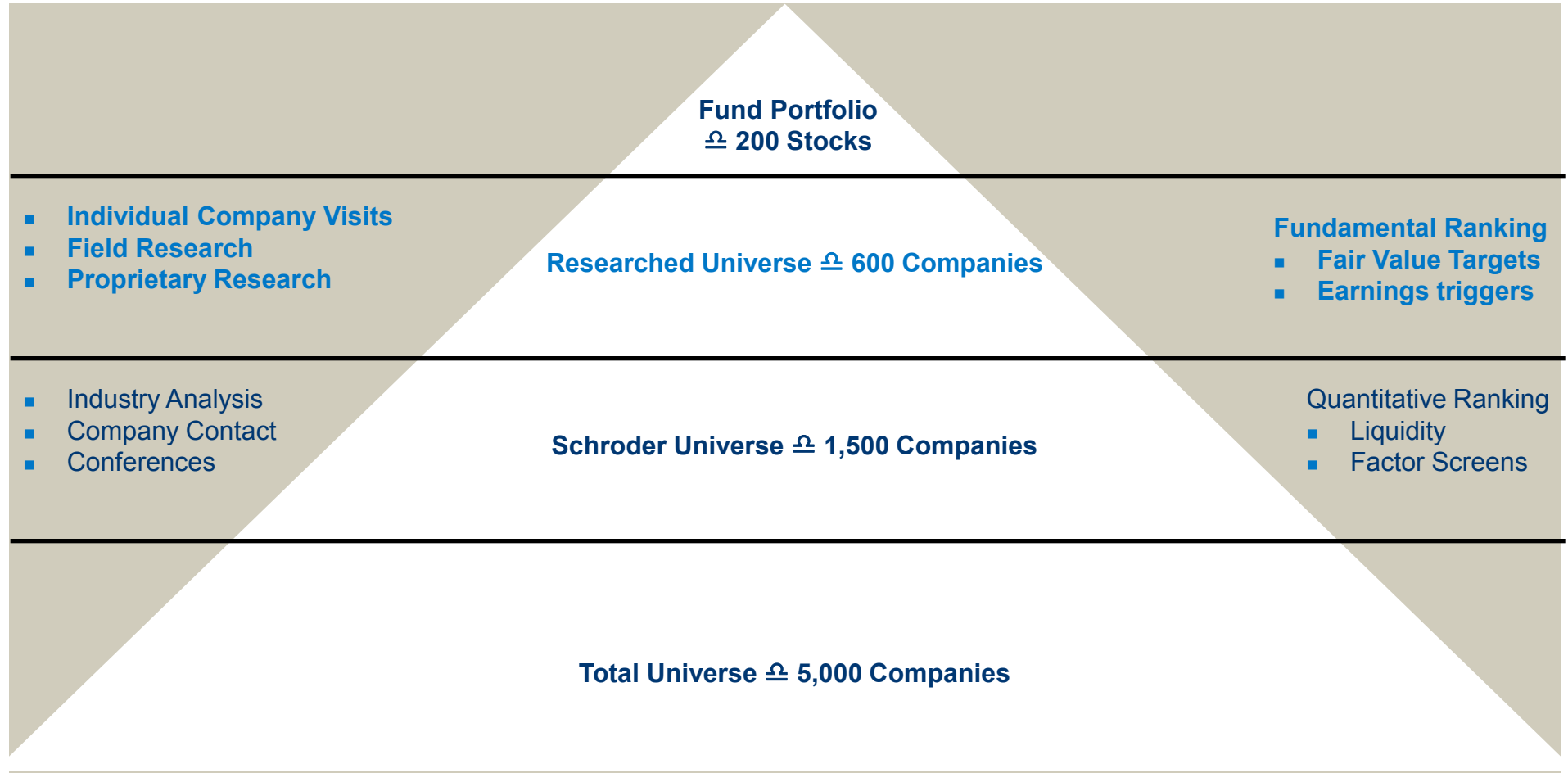
Source: Schroders

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, 2016

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

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, but all stocks reviewed by team prior to purchase
- Regional and Sectoral weightings are reviewed by small cap team (ISIC)
 - Amend/confirm Regional Allocation targets
 - Ensure compliance with Risk/Return expectations
 - Avoid unintended biases (i.e. sector over-concentration)
- Supplemented by ongoing monitoring of overall portfolio by Matthew Dobbs

Investment process

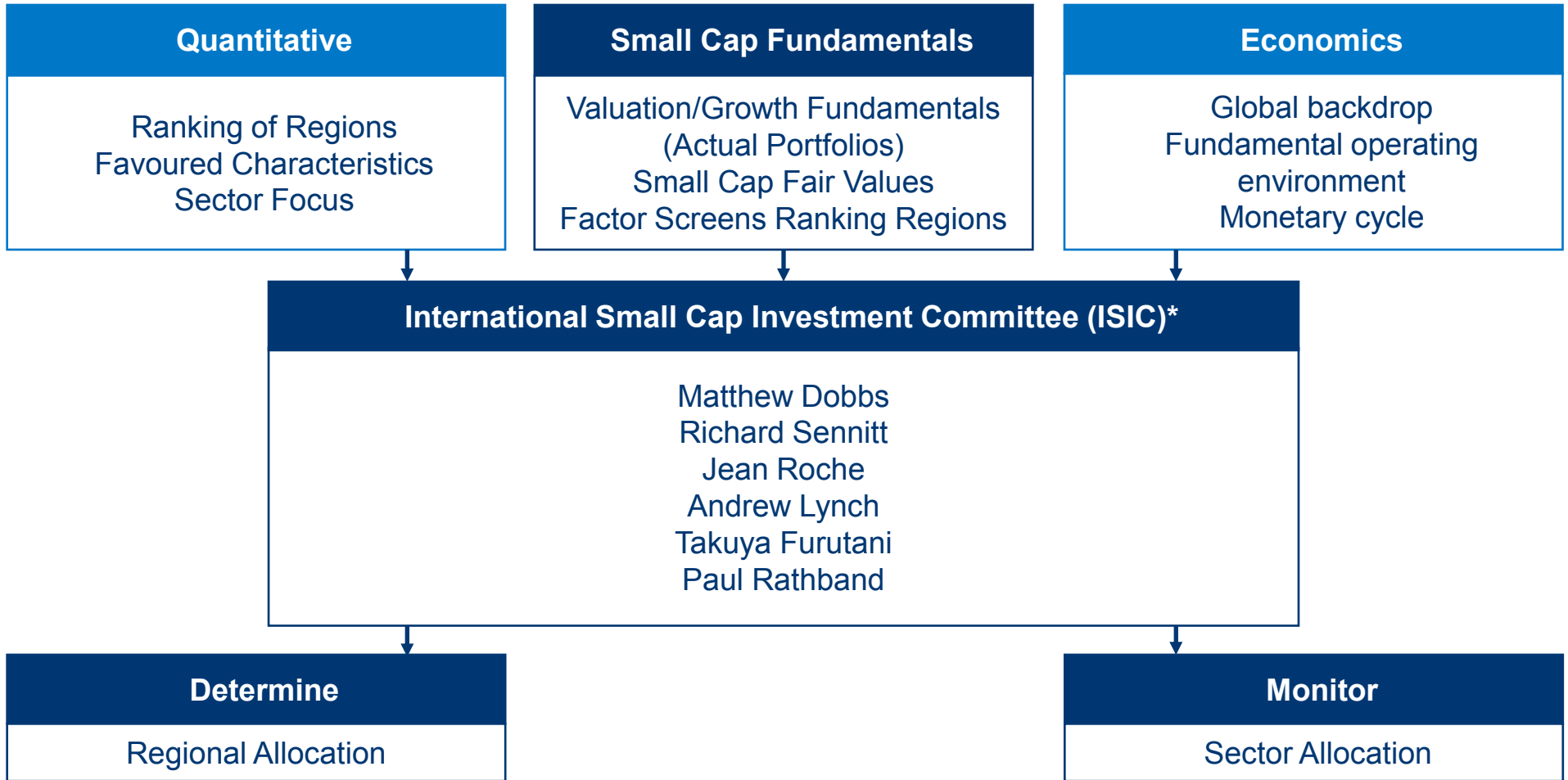
Portfolio construction – Building stock portfolios



Source: Schroders as of March 31, 2016

Investment process

Portfolio construction – Regional allocation



* Source: Schroders as of April 1, 2016

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

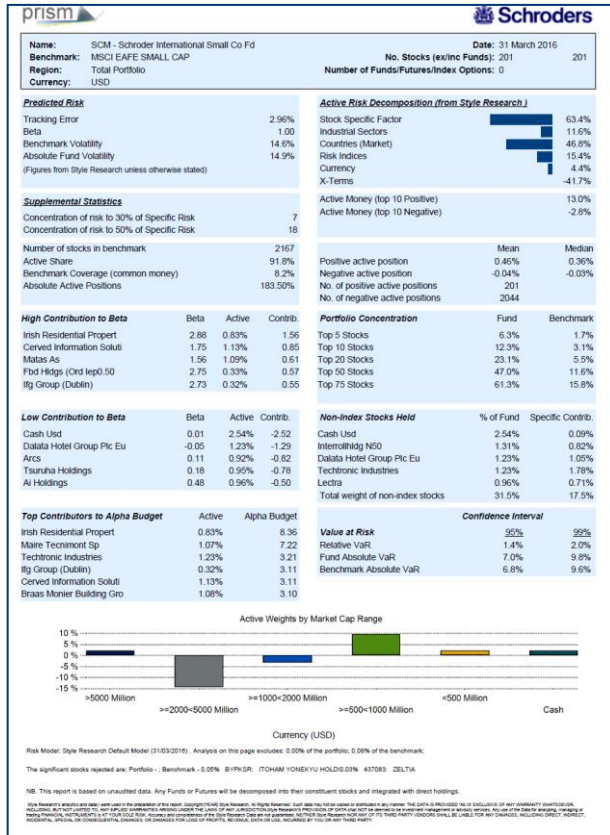
- Risk analysis
- Characteristics analysis
- Other statistical measures

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

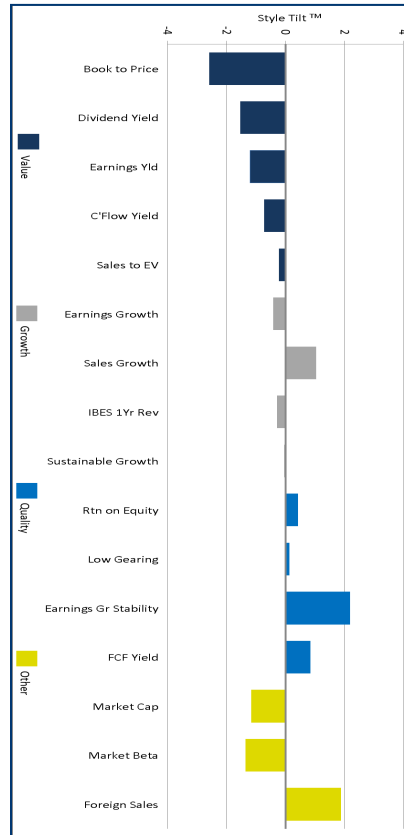
Investment process

Portfolio risk investment strategy manager – overview

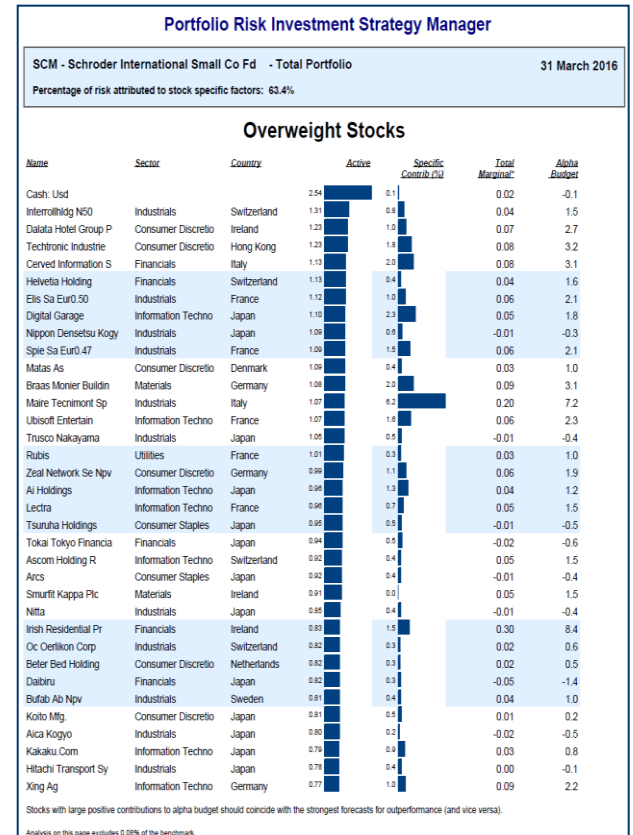
Overview



Characteristics



Stock Detail



The security and portfolio information shown is for a representative account within the Schroder US International Small Cap Fund Composite. The information is intended to illustrate the risk management process and should not be viewed as a recommendation to buy/sell. See the Composite Disclosure and Performance information at the end of this presentation.

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

Please note the benchmark will depend on the client preference i.e S&P EPAC SmallCap, MSCI EAFE Small Cap etc.

Biographies

Portfolio Manager

Matthew Dobbs joined Schroders in 1981. Following 4 years in Research, Matthew has been involved in both global and specialised Pacific Basin portfolio management. He took overall responsibility for international and global SmallCap in 2000 having been, prior to that, Pacific ex Japan SmallCap specialist, and has held a SmallCap role since 1996

Europe

Jean Roche joined Schroders in January 2016 as a member of the Pan European SmallCap team. Jean graduated with a first class honors MSc degree in Financial and Industrial Mathematics from Dublin City University, and BA Mathematics and French from National University of Ireland, Galway. She joined Morgan Stanley's equity research department in 1999. Jean held senior research and analyst positions at HM Treasury, Arbuthnot Securities and Panmure Gordon, before joining Hargreave Hale (Marlborough Funds) as a fund manager in 2013. Jean is a CFA charterholder

Andrew Lynch is a Pan-European SmallCap specialist. He joined Schroders in 1998 having completed internships within the Schroder Group. He manages a mixture of institutional funds and unit trusts. Andy has a degree in Politics, Philosophy and Economics from Balliol College, Oxford

Andy Brough graduated from Manchester University with a Degree in Economics before joining Price Waterhouse where he qualified as a Chartered Accountant. He joined Schroders in 1987. He is Head of our UK Smaller Companies Fund Management Team. Andy has specialised in SmallCap since 1987

Luke Biermann graduated from Bath University with a 1st Class Honours BSc degree in Computer Science. He joined Schroders in October 2006, and has joined the SmallCap team as an analyst

Iain Staples joined Schroders in January 2012 as a UK SmallCap analyst. He joined with thirteen years of prior experience as a UK equity analyst covering a wide range of sectors, and prior to that four years as a management consultant. He holds an MA degree in mathematics from Cambridge University, and a BSc from UMIST in Theoretical Physics

Hannah Piper joined Schroders in July 2012 as a Pan-European SmallCap Analyst. After graduating from Durham University with a BSc degree in Natural Sciences she joined Price Waterhouse Coppers where she qualified as a Chartered Accountant. Hannah joins us with 2 years investment experience most recently at UBS Securities where she was a top rated chemicals analyst

Alexander Deane joined Schroders as a smallcap equity analyst in September 2015, covering a range of Emerging Markets and Canada. He joins with five years investment experience, most recently as an analyst at Berenberg in London following UK capital goods companies. He is a Graduate of Nottingham University, and a Spanish speaker

Biographies

Japan

Takuya Furutani joined Schroders as a smallcap analyst in November 2003. He was formerly with Lombard Odier Darier Hentsch, and prior to that Commerz International Capital Management. His investment career commenced in 1994. He has a degree in Business Administration from Northeastern University, Boston

Andrew Rose is a graduate in Japanese and Politics, University of Sheffield and spent a year on a Japanese Government Scholarship to Kobe University to study International Economics. He joined Schroders in 1981 as an analyst, moving to Tokyo in 1984 for three years. Returning to London in 1987, he was responsible for Japanese equity investments for SIM UK and continental European clients. He was seconded to SIM (Japan) as Senior Investment Officer in 1996 with responsibility for Schroders' Japanese equity and SmallCap policy. He has held his SmallCap responsibilities for 16 years

Ayumi Kobayashi joined Schroders in July 2004. She was previously an equity analyst with Yasuda Asset Management, and started her investment career in April 1990. Ayumi has a degree in law from Sophia University, an MBA from Insead and is a CMA

Kota Takahashi joined Schroders as a Japanese smallcap analyst in February 2013. His investment career commenced upon joining Goldman Sachs Asset Management in 2006 as a Japanese equity small cap portfolio manager, as well as covering machinery, and the Internet and Game sector as a sector analyst from 2008. Kota is a graduate of Keio University and is a CFA charterholder

Biographies

Pacific ex. Japan

Paul Rathband joined Schroders in August 2011 as an Asian Small Cap analyst based in Singapore. His investment career commenced in 1991 in Hong Kong with W.I. Carr Securities, covering Hong Kong, Singapore and Malaysian markets. He joined Schroders from RBS Asia Securities in Singapore, where he was Managing Director and responsible for Asia ex Japan research sales. Prior to RBS, Paul was at Arab Malaysian Securities based in Kuala Lumpur

Yoon Hee Kyoung joined Schroders in 2007 as a smallcap analyst covering smallcap consumer and service stocks in Korea. She has had experience working in both securities and asset management companies in a research capacity. She holds a degree in Arts and Economics from the State University of New York

Kim Young Roe joined Schroders in April 2008 as an analyst covering construction, shipbuilding and infrastructure stocks in Korea. His investment analytical career started in 1999, and he has since held appointments in both domestic and foreign-owned securities companies. He has a BA degree from Seoul University

Jacqueline Kuek joined Schroders in December 2005 as an equity analyst with the Asia ex Japan team with responsibility for Singapore stocks. She became a member of the Global Smallcap team in June 2009. Her investment career commenced upon joining Morgan Stanley as a research analyst in 2000. She holds a degree in Accountancy from Nanyang Technological University, and is both a CFA Charterholder and a Certified Public Accountant

Jing Li joined Schroders in November 2010 as an analyst based in Hong Kong covering Hong Kong and Chinese smallcap stocks. She was formerly with a small Hong Kong based private equity company, and prior to that Morgan Stanley where her investment career commenced in 2004. She has a BA in Economics/Computer Science from Smith College

Rebecca Xu joined Schroders in June 2010 before transferring to Hong Kong in August 2011 to work as an equity analyst responsible for Chinese equity research. Her investment career commenced in 2009 with RBS where she was an investment banking analyst. She has a MPhil in Management from the University of Cambridge and a BA in Journalism and Communication from Tsinghua University. Rebecca joined the SmallCap Team as an analyst in September 2012

Gina Kim Ji Yong joined Schroders in Singapore in September 2012 as a SmallCap analyst. Gina has eight years of experience as a stock analyst, with four years of consulting prior to that. She is a graduate of Cambridge University, and a CFA charterholder

Nina Chen joined Schroders in March 2016 as an analyst based in Taiwan and is responsible for Taiwan SMID and Regional Textiles stocks. She joined Schroders from Nan Shan Life Insurance Company. Nina is a Bachelor of Economics from National Taiwan University and holds a MBA in International Trade from National Cheng-Chi University

Important Information

Risks associated with International Small Companies: All investments involve risks including the risk of possible loss of principal. The market value of a fund's portfolio may decline as a result of a number of factors, including adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. Investing in foreign securities, may magnify risks due to changes in foreign exchange rates and the possibility of substantial volatility due to political and economic uncertainties in foreign countries. Investments in small capitalization companies generally carry greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies, and less liquidity

The views and forecasts contained herein are those of the International Small Cap team and are subject to change. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of facts obtained from third parties. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions

The opinions stated in this presentation include some forecasted views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that any forecasts or opinions will be realized

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

Schroder Investment Management North America Inc.
875 Third Avenue, New York, NY 10022-6225
(212) 641-3800
www.schroders.com/us

Disclosure statement

For Professional Investors only. Not Suitable for Private Customers

This presentation is intended to be for information purposes only and it is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Information herein is believed to be reliable but Schroder Investment Management Ltd (Schroders) does not warrant its completeness or accuracy. No responsibility can be accepted for error of fact or opinion. This does not exclude or restrict any duty or liability that Schroders has to its customers under the Financial Services and Markets Act 2000 (as amended from time to time) or any other regulatory system

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. Exchange rates may cause the value of overseas investments and the income from them to rise or fall. Funds that invest in smaller companies that may be less liquid than in larger companies and price swings may therefore be greater than in larger companies funds

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 to 12/31/2015, then MSCI EAFE Small Cap (NDR), widely accepted benchmarks for International equity accounts. The indices are unmanaged and do 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

Schroders has expressed its own views and opinions in this presentation and these may change

Taped Telephone Lines

For your security, communications with our London office may be taped or monitored

Data Protection

For the purposes of the United Kingdom's Data Protection Act 1998, the data controller in respect of any personal data you supply is Schroder Investment Management North America Limited. Personal information you supply may be processed for the purposes of investment administration by the Schroders Group which may include the transfer of data outside of the European Economic Area. Schroder Investment Management North America Limited may also use such information for marketing activities unless you notify it otherwise in writing

April 2016