

# Schroders

## Client Invoice – Supporting Information

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### Please find enclosed your new look invoice

Your new invoice includes improvements in how your billing information is illustrated and presented to you.

It provides additional clarity in how fees are calculated and on what basis as well as a clear summary page for ease of payment.

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### Key Changes

The new invoice layout takes a logical order starting with the fees generated, followed by the fee calculations and ending with the granular valuation data that has been used in those calculations. The new format provides:

- Fees categorised into clear groups
- Clarification of the impact of tiered rates where applicable
- Summarised rebate and cash flow information
- Increased timeliness of data used, i.e. use of daily exchange rates and calculating rebates on a daily average basis
- Application of consistent billing periods – i.e. rebates moved from month end to daily average values in line with management fee calculations
- Changes to your account structure that occur mid-period will generate two invoices spanning the billing period i.e. one invoice for the old structure and one invoice for the new structure providing increased clarity

Please note that if you have a performance fee arrangement in place your performance fee invoices will not be changing at this time. You will be notified of any future changes as appropriate.

If you require further information regarding these changes a detailed guide can be found on the *Quick Links* section of your *Schroders link login page*. Alternatively, please contact your Schroders Client Service Team.



# Schroders

This document provides supporting information for your new invoice. It has been divided into subject sections for your ease of reference:

- Invoice layout
- Fee categorisation and calculations
- Summarised rebate and cashflow information
- Increased timeliness of data used
- Application of consistent billing periods
- Changes to rates and Client details
- Other frequently asked questions

## Invoice Layout

The new look invoice layout takes a logical order;

- Level 1 – Total fees generated/final invoice
- Level 2 – How the fee is calculated
- Level 3 – Granular data utilised in calculations

### Level 1 – Total Fees Generated

**Level 1** is your final invoice, as per **figure 1.1**. It will contain the following details;

- Client contact details
- Invoice number
- Invoice date
- Invoice period
- Client VAT number (if applicable this will appear below the invoice period)
- Client code
- Summary of the portfolio(s) invoiced
- Breakdown of fees per applicable fee type (e.g. management fees, referral fees, custody fees)
- Total fees, total amount due plus any applicable tax
- 70/30 breakdown (if applicable)
- Remittance/Payment instructions
- Schroders contact information for queries



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London EC2V 7QA

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VAT Registration Number GB 243 8687 30

Contact  
Address  
Address  
Address  
Address

#### Date and Tax Point

March 31, 2012

#### Invoice Period

1 January 2012 – 31 March 2012

#### Invoice Number

12033118

Fee For: CLT00049825

#### Account ID

Portfolio Code 1

Portfolio Code 2

Portfolio Code 3

#### Account Name

Portfolio Name

Portfolio Name

Portfolio Name

Management Fee	GBP	185,774.28
Total Fee Amount	GBP	185,774.28
VAT @ 20.00%	GBP	37,154.85
<b>Total Amount Due</b>	<b>GBP</b>	<b>222,929.13</b>

#### Payment Instructions

We should be grateful to receive your remittance in settlement of the above fee.  
Electronic payments should be made to:

Bank:

Account Number:

Sort Code:

IBAN:

Account Name: Schroder Investment Management Limited

If you have any queries regarding this invoice, please contact your Schroders representative, or the Billing Team at [SIMUKFeeTeam@Schroders.com](mailto:SIMUKFeeTeam@Schroders.com)

For Schroders Investment Management Limited

Registered Office at the above address. Registered number 1893220 England

Authorised and regulated by the Financial Services Authority. For your security, communications may be taped or monitored.

Figure 1.1 – Level 1 New Look Invoice Sample

## Level 2 – Fee Calculations

**Level 2** is a view of the fee calculations broken down by applicable fee type and portfolio, as per **figure 1.2**. It contains the following details;

- Invoice number
- Invoice date
- Invoice period
- Calculation by applicable fee type
- Fee period
- The market value, assets under management (AUM), used for the calculation including a description of the basis that the market value is taken.  
For example, period end holdings and average of month end holdings as defined in your Client Agreement
- The full fee scale as detailed in your Client agreement, reached by the period market value
- An annualised effective rate (annualised fee/total market value).  
A detailed example of how the annualised effective rate is calculated is included in the fee categorisation and calculation section.
- Fees split by portfolio (using the non-rounded effective rate)
- Summary of cash flows/total cash flow per portfolio
- Summary of rebates by portfolio(s)/total rebates by portfolio(s)

Date and Tax Point 31 March 2012				Invoice Period 1 January 2012 - 31 March 2012			
Invoice Number 12033118							
Management Fee for 01/01/2012 - 31/03/2012							
Market value for Management Fee based on Period End Holdings:				GBP	592,669,955.51		
	Currency	From	To	Value	Rate	Basis	Fee
First	GBP	0.00	20,000,000.00	20,000,000.00	0.4000%		
Next	GBP	20,000,000.00	50,000,000.00	30,000,000.00	0.2500%		
Next	GBP	50,000,000.00	100,000,000.00	50,000,000.00	0.2000%		
Next	GBP	100,000,000.00	99,999,999,999.99	492,669,955.51	0.1250%		
Effective rate per Annum				0.146934636435%			
Management Fee by Portfolio							
Portfolio Code 1				240,876,395.55	0.1469%	90 / 360	88,482.72
Portfolio Code 2				316,099,840.40	0.1469%	90 / 360	116,115.04
Portfolio Code 2				35,693,719.56	0.1469%	90 / 360	13,111.60
Management Fee							217,709.36
Cashflow Adjustments by Portfolio							
Portfolio Code 1							331.74
Total cashflow adjustments							331.74
Rebates by Portfolio							
Portfolio Code 1							(32,266.82)
Total Rebates							(32,266.82)
Total Management Fee for 01/01/2012 - 31/03/2012							185,774.28
Total Amount Due (Excl. VAT and Adjustments)							185,774.28

Figure 1.2 – Level 2 New Look Invoice Sample

## Level 3 – Granular Valuation Data

**Level 3** is a granular view of the detail contained in level 2 of the invoice, as per **figure 1.3**. It provides a breakdown of the values that have been used to derive the assets under management for fee, rebate and cash flows calculations. This will contain;

- Market value for fee calculations
- Exclusions, where applicable, will appear directly below the market value for the period
- Breakdown of applicable cash flows per portfolio
- Detailed rebate breakdown per portfolio, for the same period as the management fee

Date and Tax Point 31 March 2012					Invoice Period 1 January 2012 - 31 March 2012				
Invoice Number 12033118									
Management Fee for 01/01/2012 - 31/03/2012									
Portfolio	Date	Val.Ccy	Holding	Ex.Rate	Inv.Ccy	Holding	Exclusions	Cash Flow Adj	Adjusted FUM
Portfolio Code 1	31.03.2012	GBP	240,876,395.55	1.0000	GBP	240,876,395.55			240,876,395.55
Portfolio Code 2	31.03.2012	GBP	316,099,840.40	1.0000	GBP	316,099,840.40			316,099,840.40
Portfolio Code 3	31.03.2012	GBP	35,693,719.56	1.0000	GBP	35,693,719.56			35,693,719.56
Management Fee based on Period End Holdings									592,669,955.51
Cashflows									
Portfolio	Date	Val.Ccy	Cashflow	Ex.Rate	Inv.Ccy	Cashflow	Rate	Days	FEE Adjustment
Portfolio Code 1	16.02.2012	GBP	(2,100,000.00)	1.0000	GBP	(2,100,000.00)	0.1469%	46	331.74
Cashflows									331.74
Rebates									
Portfolio	Date	Security			Inv.Ccy	Amount	Fund AMC	Rebate Amount	
Portfolio Code 1	31.03.2012	Schroder Institutional Pacific Fund I Inc			GBP	25,955,286.56	(0.5000%)	(32,266.82)	
Total Rebates									(32,266.82)

Figure 1.3 – Level 3 New Look Invoice Sample

# Fee Catergorisation and Calculation

## Fee categorisation

**Fees are categorised into clear groups** by the division of fees into types, providing more clarity of your fee billing structure.

If a client’s agreement includes multiple fee types being applied to their investments, the breakdown of fees attributed to each fee type is now clearly illustrated on level one of the new Client invoice. **See figure 1.4.**

Management Fee	USD	1,104.82
Operating Fee	USD	368.27

Figure 1.4 – Fee Categorisation Invoice Example

## Impact of Tiered Rates and effective rate calculation

**The impact of tiered rates are clarified**, where applicable, by utilising **effective rates** on **level 2** of the invoice. The calculation of the fee(s) uses an effective rate derived by creating an annualised fee divided by the total AUM, clearly demonstrating the impact of the tiered rates that you have agreed.

**Previous Calculation:**

To generate the fee for the client, the system aggregates all of the market value(s) of the relevant portfolio(s) and displays the fee per tier, and for the combined market value for the whole period. This is then pro-rated based on the value of the holdings in each of the portfolios.

The below example considers a client who has 3 portfolios with a combined market value of £592,669,955.51.

Portfolio	Market
Portfolio 1	240,876,395.55
Portfolio 2	316,099,840.40
Portfolio 3	35,693,719.56
<b>Total</b>	<b>592,669,955.51</b>

The quarterly fee is calculated based on the aggregated market values through the fee scales.

FUM	Rate	Day Convention	Fee	
20,000,000.00	0.4000%	90.00	360.00	20,000.00
30,000,000.00	0.2500%	90.00	360.00	18,750.00
50,000,000.00	0.2000%	90.00	360.00	25,000.00
492,669,955.51	0.1250%	90.00	360.00	153,959.36
Total Fee				217,709.36

This aggregated fee is then distributed based on market value percentage giving a fee per portfolio.

Portfolio	Market Value	Weighting	Total Fee	Fee by Portfolio
Portfolio 1	240,876,395.55	40.64%	217,709.36	88,482.71
Portfolio 2	316,099,840.40	53.33%	217,709.36	116,115.04
Portfolio 3	35,693,719.56	6.02%	217,709.36	13,111.61

This fee is then displayed as per figure 1.5 below.

#### Investment Management Fee for Portfolio 1:

##### Base Fee:

		Value	Fee Rate p/a	Number of Days		Fee
Net Market Value		31/03/2012				
First	GBP	20,000,000.00	@ 0.40000%	90 / 360	GBP	20,000.00
Next	GBP	30,000,000.00	@ 0.25000%	90 / 360	GBP	18,750.00
Next	GBP	50,000,000.00	@ 0.20000%	90 / 360	GBP	25,000.00
Next	GBP	492,669,955.51	@ 0.12500%	90 / 360	GBP	153,959.36
	GBP	592,669,955.51			GBP	217,709.36
Pro-rata	40.6426% GBP	240,876,395.55			GBP	88,482.71
Total Base Fee					GBP	88,482.71

#### Investment Management Fee for Portfolio 2:

##### Base Fee:

		Value	Fee Rate p/a	Number of Days		Fee
Net Market Value		31/03/2012				
First	GBP	20,000,000.00	@ 0.40000%	90 / 360	GBP	20,000.00
Next	GBP	30,000,000.00	@ 0.25000%	90 / 360	GBP	18,750.00
Next	GBP	50,000,000.00	@ 0.20000%	90 / 360	GBP	25,000.00
Next	GBP	492,669,955.51	@ 0.12500%	90 / 360	GBP	153,959.36
	GBP	592,669,955.51			GBP	217,709.36
Pro-rata	53.3349% GBP	316,099,840.40			GBP	116,115.04
Total Base Fee					GBP	116,115.04

#### Investment Management Fee for Portfolio 3:

##### Base Fee:

		Value	Fee Rate p/a	Number of Days		Fee
Net Market Value		31/03/2012				
First	GBP	20,000,000.00	@ 0.40000%	90 / 360	GBP	20,000.00
Next	GBP	30,000,000.00	@ 0.25000%	90 / 360	GBP	18,750.00
Next	GBP	50,000,000.00	@ 0.20000%	90 / 360	GBP	25,000.00
Next	GBP	492,669,955.51	@ 0.12500%	90 / 360	GBP	153,959.36
	GBP	592,669,955.51			GBP	217,709.36
Pro-rata	6.0225% GBP	35,693,719.56			GBP	13,111.61
Total Base Fee					GBP	13,111.61

Figure 1.5 – Current Invoice Calculation of Tiered Rates



**New Calculation:**

To calculate the management fee on the new basis, the system generates an annualised effective rate based on all portfolios where the market values are aggregated and multiplied by the fee scale employed. This effective rate is then multiplied by the market value for each portfolio to generate the fee amounts.

As per the same example above, the total market value of the 3 portfolios is £592,669,955.51. By calculating through the tiers at the agreed rates, this would give you an annualised fee of £870,837.44.

	Volume	Rate	Annualised Fee
Tier 1	20,000,000.00	0.4000%	80,000.00
Tier 2	30,000,000.00	0.2500%	75,000.00
Tier 3	50,000,000.00	0.2000%	100,000.00
Tier 4	492,669,955.51	0.1250%	615,837.44
<b>Total</b>	<b>592,669,955.51</b>		<b>870,837.44</b>

The fee is then divided by the market value to provide the effective rate.

Annualised Fee	Total Market Value	Effective Rate
870,837.44	592,669,955.51	0.146934636435%

The rate is unrounded to maintain accuracy. This rate multiplied by the market value per portfolio, (and where appropriate the calculation day convention) will give you the fee per portfolio for the billing period.

Portfolio	Market Value	Effective Rate	Day Convention	Fee per Portfolio
Portfolio Code 1	240,876,395.55	0.146934636435%	90.00 360.00	88,482.71
Portfolio Code 2	316,099,840.40	0.146934636435%	90.00 360.00	116,115.04
Portfolio Code 3	35,693,719.56	0.146934636435%	90.00 360.00	13,111.61

As you can see from the new and previous calculations, the results are equal to each other.

The new look invoice you receive will not contain the above breakdown of calculations but will be as per **figure 1.6** showing the tiers, market values for each tier, the rate for each tier (including unused tiers) and the fee per portfolio.

Management Fee for 01/01/2012 - 31/03/2012							
Market value for Management Fee based on Period End Holdings:				GBP	592,669,955.51		
	Currency	From	To	Value	Rate	Basis	Fee
First	GBP	0.00	20,000,000.00	20,000,000.00	0.4000%		
Next	GBP	20,000,000.00	50,000,000.00	30,000,000.00	0.2500%		
Next	GBP	50,000,000.00	100,000,000.00	50,000,000.00	0.2000%		
Next	GBP	100,000,000.00	99,999,999,999.99	492,669,955.51	0.1250%		
Effective rate per Annum				0.146934636435%			
Management Fee by Portfolio							
Portfolio Code 1				240,876,395.55	0.1469%	90 / 360	88,482.72
Portfolio Code 2				316,099,840.40	0.1469%	90 / 360	116,115.04
Portfolio Code 2				35,693,719.56	0.1469%	90 / 360	13,111.60
Management Fee							217,709.36
Cashflow Adjustments by Portfolio							

Figure 1.6 – New look invoice calculation of tiered rates



## Rebate and cashflow information

**Summarised rebate and cash flow information** are now shown on **level 2** for each portfolio(s) which allows additional clarity for reconciliations.

On **level 2 of the invoice**, below the management fee calculation there will also be a summary of rebates per portfolio and a summary of the cash flows per portfolio.

Cashflow Adjustments by Portfolio	
Portfolio Code 1	331.74
<b>Total cashflow adjustments</b>	<b>331.74</b>
Rebates by Portfolio	
Portfolio Code 1	(32,266.82)
<b>Total Rebates</b>	<b>(32,266.82)</b>

On **Level 3 of the invoice**, the cash flows will be displayed per portfolio per cash flow and the rebates will be broken down per portfolio per fund.

Cashflows									
Portfolio	Date	Val.Ccy	Cashflow	Ex.Rate	Inv.Ccy	Cashflow	Rate	Days	FEE Adjustment
Portfolio Code 1	16.02.2012	GBP	(2,100,000.00)	1.0000	GBP	(2,100,000.00)	0.1469%	46	331.74
<b>Cashflows</b>									<b>331.74</b>
Rebates									
Portfolio	Date	Security			Inv.Ccy	Amount	Fund AMC		Rebate Amount
Portfolio Code 1	31.03.2012	Schroder Institutional Pacific Fund I Inc			GBP	25,955,286.56	(0.5000%)		(32,266.82)
<b>Total Rebates</b>									<b>(32,266.82)</b>

## Increased timeliness of data used

**Exchange Rates** for conversion of holdings to invoice currency are taken as at the day your invoice is billed ensuring that you get the most up to date exchange rates available. This also allows you to reference your valuation on level 3 and see how the values have been calculated for the billable market value.

### Management Fee for 01/01/2012 - 31/03/2012

Portfolio	Date	Val.Ccy	Holding	Ex.Rate	Inv.Ccy	Holding	Exclusions	Cash Flow Adj	Adjusted FUM
Portfolio Code 1	31.03.2012	GBP	240,876,395.55	1.0000	GBP	240,876,395.55			240,876,395.55
Portfolio Code 2	31.03.2012	GBP	316,099,840.40	1.0000	GBP	316,099,840.40			316,099,840.40
Portfolio Code 3	31.03.2012	GBP	35,693,719.56	1.0000	GBP	35,693,719.56			35,693,719.56
<b>Management Fee based on Period End Holdings</b>									<b>592,669,955.51</b>

## Consistent billing periods

**Rebates will now be calculated in line with the management fee calculation.**

For example, if a client has a quarterly management fee the rebates will also be calculated on a quarterly basis. The rebates will all be based on the daily average values of each of the funds over the period.

If a client has a quarterly invoice with monthly management fee calculations, the rebates will also be monthly.

## Changes to rates and client details

If revised rates are agreed during a billing cycle you will receive two separate invoices, one for the old rate and one for the new rate covering the entire billing period. This will add clarity and visibility to the calculations utilised.

## Other frequently asked questions

### New and Lost Clients

For Clients calculated on an Actual/Actual basis, the fee calculation for a part period will be calculated by multiplying the market value by the effective rate and the days managed divided by the days in the billing period.

As per the below example, the Client has a market value of £150,000,000.00 and has been active for 58 days in Q1 2012.

Period End Market Value	150,000,000.00		
	50,000,000.00	0.25%	125,000.00
	100,000,000.00	0.20%	200,000.00
Annualised Fee			325,000.00
Fee for the Period on an Act/Act basis			<b>80,806.01</b>
Pro-Rated Fee for the Period on an Act/Act basis			<b>51,502.73</b>

For a Client calculated on a 30/360 basis, a quarterly fee is calculated and then this amount is then pro-rated on an Actual /Actual basis, as per the below example.

Period End Market Value	150,000,000.00		
	50,000,000.00	0.25%	125,000.00
	100,000,000.00	0.20%	200,000.00
Annualised Fee			325,000.00
Fee for the Period on an 30/360 basis			<b>81,250.00</b>
Pro-Rated Fee for the Period on an Act/Act basis			<b>51,785.71</b>

### Total Base Fee

The **total base fee amount** will be found on **level 2** of the invoice and will be the sum of the management fee(s) and all cashflow adjustments.

As per the case below, this will be £217,709.36 + £331.74.

Management Fee for 01/01/2012 - 31/03/2012							
Market value for Management Fee based on Period End Holdings:				GBP	502,000,000.51		
	Currency	From	To	Value	Rate	Basis	Fee
First	GBP	0.00	20,000,000.00	20,000,000.00	0.4000%		
Next	GBP	20,000,000.00	50,000,000.00	30,000,000.00	0.2500%		
Next	GBP	50,000,000.00	100,000,000.00	50,000,000.00	0.2000%		
Next	GBP	100,000,000.00	99,999,999.99	492,000,000.51	0.1250%		
Effective rate per Annum					0.146934636435%		
Management Fee by Portfolio							
Portfolio Code 1				240,870,395.55	0.1469%	90 / 360	88,482.72
Portfolio Code 2				316,099,840.40	0.1469%	90 / 360	116,115.04
Portfolio Code 2				35,093,719.56	0.1469%	90 / 360	13,111.60
Management Fee							217,709.36
Cashflow Adjustments by Portfolio							
Portfolio Code 1							331.74
Total cashflow adjustments							331.74