

Schroder ISF* Global Energy

Monthly Fund Update - March 2009

March 2009 performance

During the month of March, Schroder ISF Global Energy posted returns of +10.1%, as compared with the MSCI World Energy benchmark +4.8% , with the average peer group energy fund up by +5.5% and the S&P Midcap Energy benchmark +4.4%. Year to date to end March 2009, Schroder ISF Global Energy is up +11.4%, with the MSCI World Energy benchmark down -8%, the average peer group fund down -4.0%, and the S&P Midcap Energy benchmark down -4.7%.

On the macro front March saw the continuation of recent relatively stable trading patterns in oil markets with Brent oil averaging \$46.76/bl, up from \$43.32/bl in February, \$44.72/bl in January and \$41.58/bl in December. Natural gas markets have been considerably weaker in recent months with US prices averaging \$3.96/mcf in March, down from \$4.52/mcf in February, \$5.25/mcf in January and \$5.84/mcf in December.

Activity during the month

The fund performance during March benefited from the continued recovery of our E&P positions, with Venture Production realising +58% after the corporate purchase of our stake by the UK utility company Centrica. Elsewhere, strong performances from Bankers Petroleum, Niko Resources, and our purchase in January of Dragon Oil in the UK provided the majority of the recent relative gains, alongside a steady positive contribution from the rest of the portfolio. March witnessed a large step up in the level of corporate activity in the energy market that we have been anticipating for 2009, with Centrica buying our Venture stake, as well as Suncor launching a US\$14bln merger with PetroCanada, the largest global energy sector deal since December 2006.

Our activity during March was mostly profit taking and cash building. Through the month we took profits in our top performing names, bringing the top active loads back towards 300bps from 325-350bps. These proceeds have been used to build cash positions to 10%, and initiate a new position in the defensive TOTAL in anticipation of a modest pullback in oil prices during the shoulder months. With the proceeds from Venture Production we built a new core position in Devon Energy following the stock's recent underperformance.

Outlook

We are encouraged by the strong start to 2009 from the fund, but we are also mindful of the continued weak external environment. As such, our position remains one of cautious aggression, as we continue to run high conviction stock positions, prudently matched by elevated cash positions. This will remain the case until we get closer to the very strong markets for oil and natural gas that we expect to see in the second half of 2009.

For 2009, we continue to take the view that crude oil is close to finding a bottom, with supply now catching up with demand, and demand looking like it may recover modestly as the de-stocking process comes to an end. In simple terms, with demand likely to fall ~1.5mnb/d in 2009 and OPEC cutting ~4.2mnb/d from the market, we are confident that OPEC will regain control of the crude market. Furthermore, with the number of rigs drilling for natural gas in the US having dropped by a breath-taking 50% in recent months, gas supplies will soon go into reverse in North America, setting the scene for an aggressive price rally in the latter half of 2009. With stock valuations languishing at multi-decade lows, we believe this external environment will deliver extremely volatile but ultimately very attractive fund returns for clients in 2009 after a nightmare end to 2008.

Important Information: *Schroder International Selection Fund is referred to as Schroder ISF throughout this document. This document does not constitute an offer to anyone, or a solicitation by anyone, to subscribe for shares of Schroder International Selection Fund (the "Company"). Nothing in this document should be construed as advice and is therefore not a recommendation to buy or sell shares. Subscriptions for shares of the Company can only be made on the basis of its latest prospectus together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies of which can be obtained, free of charge, from Schroder Investment Management (Luxembourg) S.A.. In accordance with the current prospectus, other than for the Schroder ISF Global Property Securities fund, Schroder ISF Asia Pacific Property Securities, Schroder ISF European Defensive and Schroder ISF Middle East the Company will seek UK distributor status for all distribution A and C shares and I shares of Schroder ISF Taiwanese Equity. An investment in the Company entails risks, which are fully described in the prospectus. Past performance is not a guide to future performance and may not be repeated. Investors may not get back the full amount invested, as prices of shares and the income from them may fall as well as rise. Exchange rate changes may cause the value of any foreign investments to rise or fall. Schroders has expressed its own views and opinions in this document and these may change. Schroder ISF Global Energy is not within the scope of the European Union Directive 2003/48/EC (Taxation of Savings Income in the Form of Interest Payments), as implemented in Luxembourg Law. Document issued on 6 April 2009.

