

Marketing material

# A guide to Schroder Investment Solutions

Your investment partner



**Schroders**

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# Introduction

Extensive experience and a broad range of specialist skills are required to manage investment portfolios successfully. To effectively navigate the complexities of today's challenging markets, financial advisers can greatly benefit from partnering with a trusted investment manager. By leveraging the expertise and resources of a dedicated investment manager, advisers can delegate investment decision-making, freeing up their time to focus on meeting their clients' financial planning needs. The adviser maintains active oversight to continuously monitor and evaluate the performance of the manager.

Schroder Investment Solutions has been designed to help your financial adviser put your needs front and centre so that your investments reflect your objectives, risk appetite and personal views on the world.

At Schroders, we offer an extensive suite of model portfolios and multi-asset funds that can help you to achieve your individual financial goals. These provide a choice of approaches covering active, a blend of active and passive, income and sustainable investment options.

Our range of portfolios leverages Schroders' proven investment expertise. Your financial adviser will help you decide which of these might be the right one for you.

When it comes to investing, your goals and attitude to risk are as individual as you are, so a one size fits all approach won't do. Your financial adviser will work closely with you to understand what you are aiming to achieve and how much risk you are comfortable with taking. Together, these will determine your risk profile and this will form the foundation of your investment portfolio. A portfolio with the lowest risk level does not mean a risk-free investment.

This guide provides you with further details on each investment range. Should you need any further information please contact your adviser.

For guidance on any of the terms used in this guide, please refer to our glossary on pages 22-24.







# The best of Schroders

As a global investment manager, Schroders delivers a broad range of investments designed to meet the diverse needs of our investors.

For over 200 years we have built principled partnerships with our clients, putting them at the centre of everything we do. They trust us to deliver sustainable returns through times of economic prosperity and of uncertainty.

We are a global business, managed locally. Our international presence supports us in understanding the needs of our clients and delivering them the right expertise from across the business.

As an active investment manager (someone who actively manages a portfolio of investments with the goal of outperforming a particular market benchmark or index), we believe that we have an important role to play in driving better outcomes for our clients and society as a whole. We bring together people and data to identify the trends that will shape the prosperity of individuals, businesses and future generations.

To deliver Schroder Investment Solutions we bring together specialist resources from across the Schroders Group.

	Schroder Investment Solutions	Schroder Investment Solutions, led by Chief Investment Officer Alex Funk, manages over £5 billion (as at 29.12.23) across a range of diversified investment portfolios on behalf of clients.
	Schroders Multi-Asset Team	The global team of 100+ multi-asset specialists, look at markets from every angle. They provide our investment solutions with our strategic asset allocation (SAA). SAA is our optimal blend of asset classes, such as equities, bonds, and cash, aligned with an investor's goals, risk tolerance, and investment time horizon.
	Schroders Economics Team	The Economics Team have a combined experience of over 75 years. Their long-term market views are integral to our SAA.
	Schroders Sustainable Investment Team	A dedicated team of 20+ sustainable investing specialists who provide analysis, tools and research for our investment portfolios.
	Schroders Wealth Research Team	The team are responsible for maintaining a best ideas list of investment across various asset classes. Over 100 members across various asset class groups resulting in a wide coverage of funds for example UK equities and corporate bonds.

# Supporting you on your investment journey

We are committed to supporting the investment conversations that you have with your adviser.

To keep you informed we produce a monthly market and portfolio update, a range of brochures and informative quarterly reports. For the Sustainable Model Portfolios, we offer a dedicated report that shows the impact that your investments are having in monetary terms and how these are aligned with the United Nations Sustainable Development Goals (SDGs).

SDGs are a collection of 17 global goals set by the United Nations General Assembly in 2015 and are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.





# The importance of diversification

It is impossible to predict which market is going to produce the strongest return year after year.

The table opposite shows the varying level of market returns, on a calendar year basis, since 2019. The best performing asset class in any one calendar year (at the top) can potentially deliver the worst returns in the following year (at the bottom).  
Spreading investments across a range of markets helps avoid 'putting all your eggs in one basket' and gives you a better chance of achieving more consistent returns.

The blend of assets in your portfolio is likely to be the dominant influence on your long-term returns. It is important to spread your investments across a variety of markets which can help to reduce risk. Ideally, these assets should perform differently to each other over time.

## We build portfolios that take account of long-term views of asset classes

Extensive asset class research forms the base of our investment philosophy.

The allocation between asset classes can be one of the largest drivers of investment returns and an optimal strategic asset allocation (SAA), which determines the best mix of assets to hold for the long term, can help maximise return for each level of risk.

The risk framework of each investment range is constructed by our Investment Committee. The SAA incorporates assumptions from our economics team about the likely long-term behaviour of markets. These incorporate the potential impact of climate change. The SAA is reviewed annually to ensure that it remains fit for purpose and small adjustments are made if needed.

## Ensuring portfolios remain in-line with your requirements

The Schroder Investment Solutions Investment Committee is responsible for ensuring that portfolios remain on track with the expectations for each model. Each portfolio is reviewed on a quarterly basis to confirm that the underlying funds are performing their role within the portfolio and continue to complement each other.

We review the portfolios quarterly to remove the risk of investment or market movements and ensure that they stay mapped to the appropriate SAA framework. We can also make changes at other times should market conditions dictate.

For guidance on the terms used on this page please refer to our glossary on pages 22-24.

## Asset class performance (%)

2019	2020	2021	2022	2023
US Equities 25.7	Asia Ex Japan Equities 21.2	Commodities 41.6	Commodities 41.9	US Equities 18.9
Europe ex UK Equities 20.0	US Equities 16.2	Global Property 28.4	UK Cash 1.4	Europe ex UK Equities 14.8
UK Equities 19.2	EM Equities 14.7	US Equities 27.6	UK Equities 0.3	Japanese Equities 13.3
Global Property 18.3	UK Index-linked Gilts 11.0	UK Equities 18.3	Global High Yield Bonds -1.7	UK Corporate Bonds 9.8
Japanese Equities 14.6	Japanese Equities 9.5	Europe ex UK Equities 16.7	Japanese Equities -4.1	Global Corporate Bonds 8.0
EM Equities 13.9	UK Corporate Bonds 9.1	UK Index-linked Gilts 4.2	Europe ex UK Equities -7.6	UK Equities 7.9
Asia Ex Japan Equities 13.6	UK Gilts 8.3	Japanese Equities 2.0	US Equities -9.4	Global High Yield Bonds 7.6
Commodities 13.1	Europe ex UK Equities 7.5	Global High Yield Bonds 1.9	Asia Ex Japan Equities -9.6	Global Treasury Bonds 5.8
UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	UK Cash 0.1	EM Equities -10.0	UK Cash 4.8
Global Corporate Bonds 10.6	Global Treasury Bonds 4.6	Global Corporate Bonds -1.0	Global Treasury Bonds -11.7	Global Property 4.6
Global High Yield Bonds 8.2	Global High Yield Bonds 3.7	EM Equities -1.6	Global Property 14.9	UK Gilts 3.7
UK Gilts 6.9	UK Cash 0.2	Global Treasury Bonds -2.0	Global Corporate Bonds -15.3	EM Equities 3.6
UK Index-linked Gilts 6.4	UK Equities -9.8	UK Corporate Bonds -3.3	UK Corporate Bonds -19.3	UK Index-linked Gilts 0.9
Global Treasury Bonds 5.5	Global Property -11.0	Asia Ex Japan Equities -3.8	UK Gilts -23.8	Asia Ex Japan Equities 0.0
UK Cash 0.7	Commodities -26.1	UK Gilts -5.2	UK Index-linked Gilts -33.6	Commodities -9.7

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy.

Source: Morningstar as at 29 December 2023. Notes: All indices in base currency.



# Schroder Active Model Portfolios

## A range of nine portfolios investing in active funds

- 1

A range of global multi-asset portfolios that are fully diversified across asset classes, geography, sector and investment styles.
- 2

A choice of nine risk mapped portfolios designed to meet your objectives and attitude to risk.
- 3

The portfolios invest in actively managed funds (a fund that is actively managed with the goal of outperforming a particular market benchmark or index) from Schroders and other investment managers from across the whole market.
- 4

Designed with a focus on cost with an Ongoing Charge Figure (OCF) between 0.56% and 0.88% (as at 29.12.23) and a Model Portfolio Service fee (MPS) of just 0.15%. The OCF is a measure of the total costs associated with investing in a fund, while the MPS fee is the fee charged by an investment provider for managing the portfolio on behalf of the investor.<sup>1</sup>

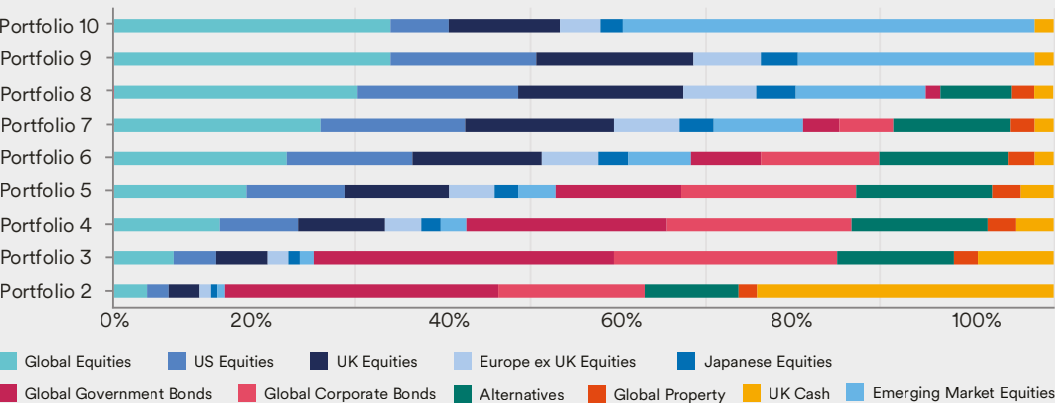
### Investment objective

The portfolios look to provide capital growth over the medium to long-term by investing in a diversified range of assets and markets worldwide. The portfolios are actively managed and can invest in a range of investment vehicles which themselves invest worldwide in equity, fixed income, currencies and alternative investments.

## Diversified global multi-asset portfolios

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.

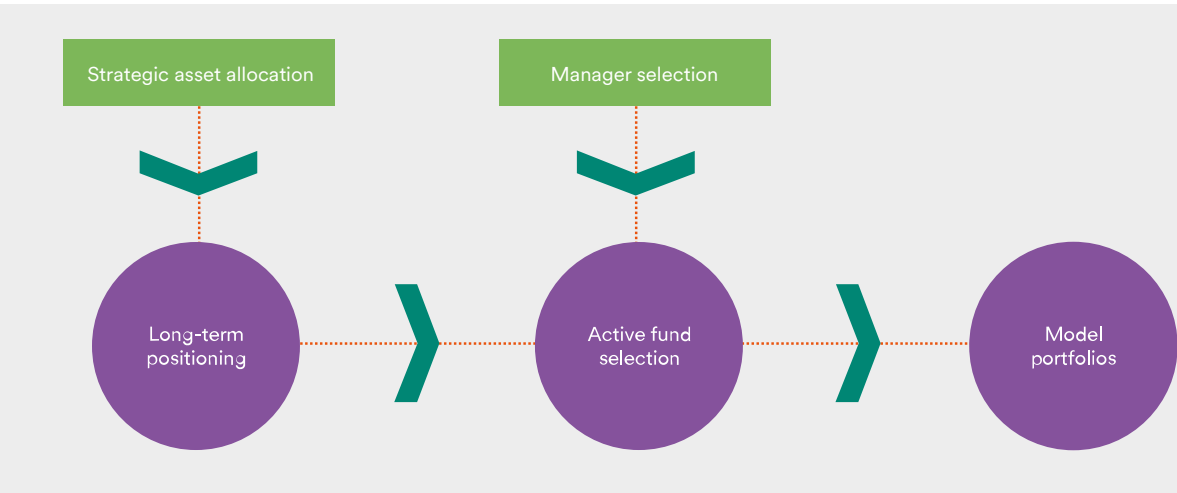
There is a choice of nine portfolios in our range. At one end is Portfolio 2, which is designed to be more defensive with a higher weight to assets such as bonds and cash. At the other end there is Portfolio 10, which is designed to deliver longer-term returns through a higher holding in growth assets like equities. Each of the portfolios in the range takes a different level of risk, which means you can choose the one that best meets your needs.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The lower risk profiles do not mean a risk-free investment.

## A core belief that active management adds value

The model portfolios take account of our long-term views of asset classes (strategic asset allocation) and combine this with active fund manager selection.



## Impartial, whole-of-market investment selection

The portfolios use a broad range of active funds across asset classes and markets, selected for the value that they can add and how they complement other investments within the portfolio.

The Schroder Investment Solutions team led by Alex Funk uses expertise from across the Schroders Group to identify best idea active managers. We look for managers that have a repeatable investment philosophy, a sound risk management process, a strong and incentivised investment team and a record of consistent outperformance that is differentiated from the index.

A record of consistent outperformance over multiple time periods

Repeatable investment philosophy

Sound risk management process

Strong team and staff incentivisation

## Designed with a focus on cost

Model Portfolio Service (MPS) fee

0.15%  
with no VAT.

Ongoing Charge Figure (OCF)

0.56% - 0.88%  
(including MPS fee).

Source: Schroders as at 29.12.23.<sup>1</sup>The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the MPS fee, management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.



# Schroder Strategic Index Model Portfolios

A range of nine portfolios investing in passive funds

- 1

A range of global multi-asset portfolios that are fully diversified across asset classes, geography, sector and investment styles.
- 2

A choice of nine risk mapped portfolios designed to meet your objectives and attitude to risk.
- 3

The portfolios invest in passive funds (a fund that aims to track the performance of a market index) from across the whole market.
- 4

Designed with a focus on cost with an Ongoing Charge Figure (OCF) between 0.24% and 0.27% (as at 29.12.23) and a Model Portfolio Service fee (MPS) of just 0.15%. The OCF is a measure of the total costs associated with investing in a fund, while the MPS fee is the fee charged by an investment provider for managing the portfolio on behalf of the investor.<sup>1</sup>

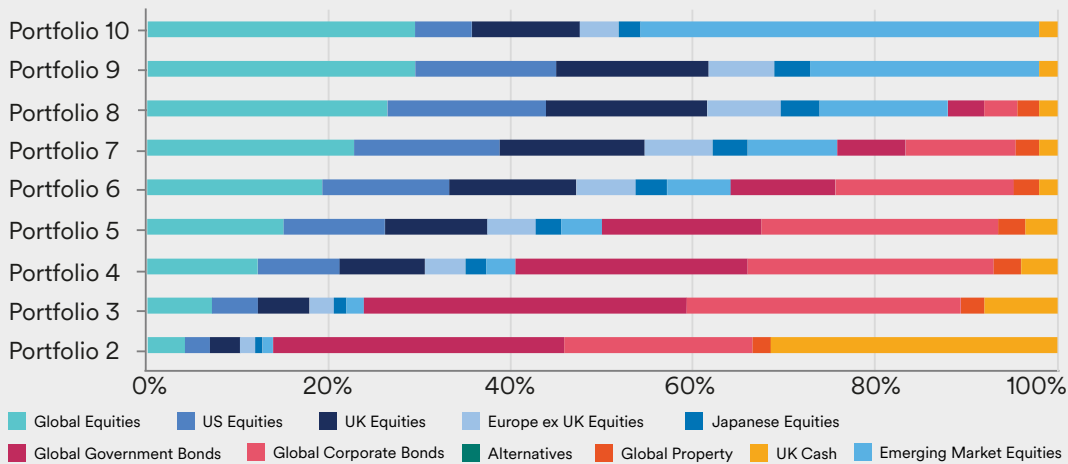
### Investment objective

The portfolios look to provide capital growth over the medium to long-term by investing in a diversified range of assets and markets worldwide. The portfolios uses predominantly passively managed (index tracking) investments and can invest in a range of strategies which themselves invest worldwide in equity, fixed income, currencies and alternative investments.

### Diversified global multi-asset portfolios

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time. The model portfolios are optimised to take account of our long-term views of asset classes.

There is a choice of nine portfolios in our range. At one end is Portfolio 2, which is designed to be more defensive with a higher weight to assets such as bonds and cash. At the other end there is Portfolio 10, which is designed to deliver longer-term returns through a higher holding in growth assets like equities. Each of the portfolios in the range takes a different level of risk, which means you can choose the one that best meets your needs.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The lower risk profiles do not mean a risk-free investment.

### Impartial, whole-of-market investment selection

The portfolios use a broad range of predominantly passive funds from reputable investment managers across asset classes and markets. The funds are chosen because they provide exposure to a particular market index, while also being cost-effective. They are also selected based on how well they fit in with the other investments in the portfolio.

The Schroder Investment Solutions team led by Alex Funk uses expertise from across the Schroders Group to identify managers from across the market. Only investment providers who can offer cost savings due to their size and who have a low risk of financial problems are considered.

### Designed with a focus on cost

Model Portfolio Service (MPS) fee

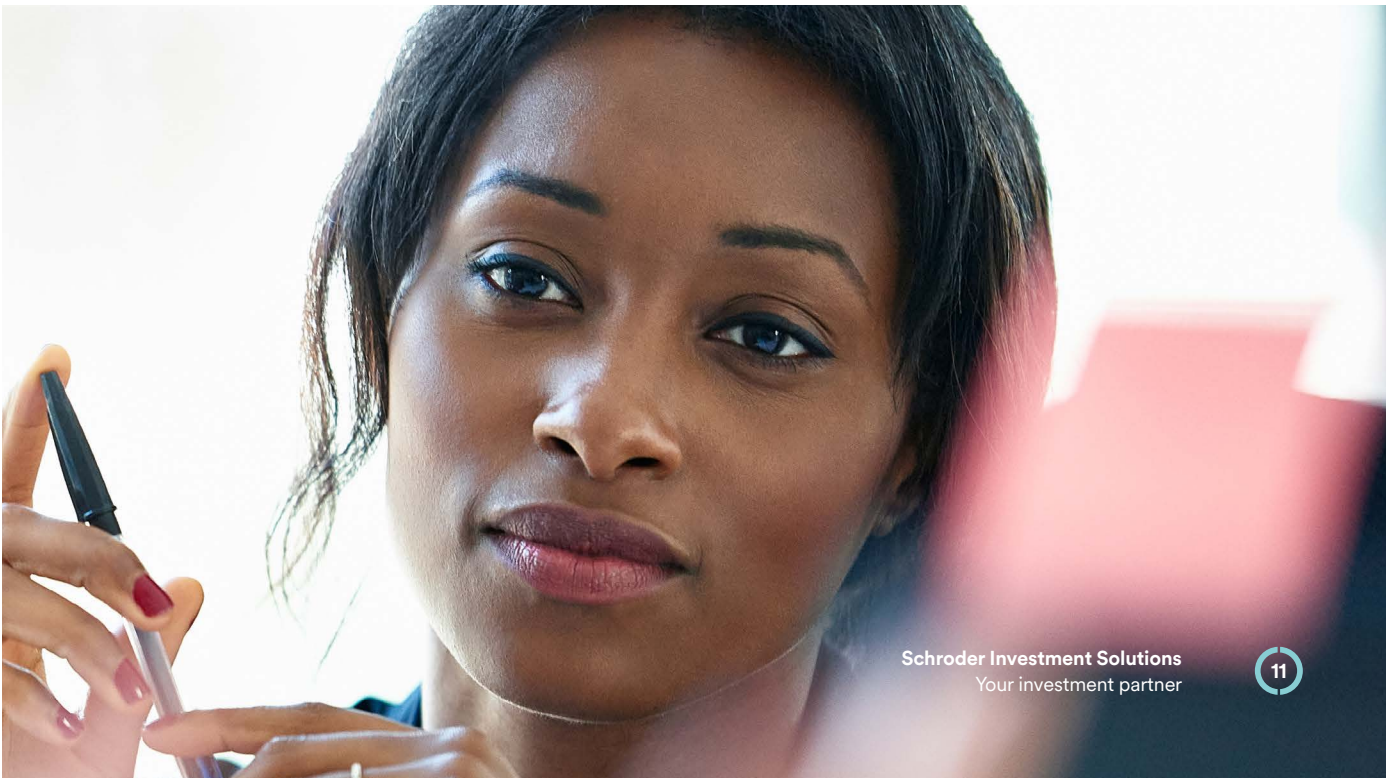
**0.15%**  
with no VAT.

Ongoing Charge Figure (OCF)

**0.24% - 0.27%**  
(including MPS fee).

Source: Schroders as at 29.12.23. <sup>1</sup>The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the MPS fee, management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.

### Passive fund selection



# Schroder Sustainable Model Portfolios

A range of six portfolios aligned to sustainable values

- 1

A range of global multi-asset portfolios that are fully diversified across asset classes, geography, sector and investment styles, all corresponding to sustainable values.
- 2

A choice of six risk mapped portfolios designed to meet your objectives and attitude to risk.
- 3

The portfolios invest in actively managed funds from Schroders and other investment managers from across the whole market, that are clearly aligned with progress towards a more sustainable world.
- 4

The portfolios incorporate a range of sustainable investment strategies including funds targeting specific sustainability themes (for example, clean water) and funds investing to deliver a positive impact, while screening out certain types of companies (for example, those involved in armaments).
- 5

Designed with a focus on cost with an Ongoing Charge Figure (OCF) between 0.62% and 0.86% (as at 29.12.23) and a Model Portfolio Service fee (MPS) of just 0.15%. The OCF is a measure of the total costs associated with investing in a fund, while the MPS fee is the fee charged by an investment provider for managing the portfolio on behalf of the investor.<sup>1</sup>

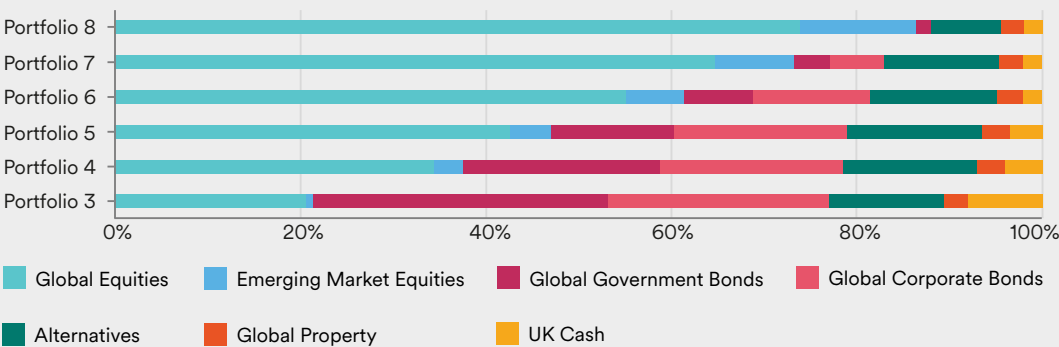
### Investment objective

The portfolios aim to provide capital growth over the medium (3 to 10 years) and long-term (10 years plus) by investing in a diversified range of assets and markets worldwide. The portfolios are actively managed investing in funds across the sustainability spectrum which themselves invest worldwide in equity, fixed income, currencies and alternative investments.

### Diversified global multi-asset portfolios

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.

There is a choice of six portfolios in our range, all aligned to sustainable values. At one end is Portfolio 3, the lower risk option, which is designed to be more defensive with a higher weight to assets such as bonds and cash. At the other end there is Portfolio 8, the higher risk option, which is designed to deliver longer term returns through a higher holding in growth assets like equities. Each of the portfolios in the range takes a different level of risk, which means you can choose the one that best meets your needs.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The lower risk profiles do not mean a risk-free investment.

### Aligned to sustainable values

Over recent years, many forward thinking fund managers have taken on board how important sustainability is to the long-term prospects of companies. This has led to the development of funds that consider Environmental, Social and Governance (ESG) factors as an integral part of their investment selection process.

The Sustainable Model Portfolios are designed to meet your financial objectives, whilst ensuring your investments are promoting better long-term outcomes for people and planet.

We achieve this through a combination of investing in funds with ESG characteristics, alongside sustainable or impact funds, which look to identify companies whose products and services are meeting specific social or environmental needs.

### How do we define sustainable investment styles?

We believe that sustainability covers a broad range of investment approaches and we look to invest across this spectrum. Each underlying fund has varying objectives and outcomes, which range from those focusing on financial benefit to those with a higher social focus.

### Selecting managers with clearly defined sustainable and impact characteristics

The Schroder Investment Solutions team led by Alex Funk uses expertise from across the Schroders Group to identify best idea active managers with clearly defined sustainable and impact characteristics. We look for managers that have a repeatable investment philosophy, a sound risk management process, a strong and incentivised investment team and a record of consistent outperformance that is differentiated from the index.

### Designed with a focus on cost

Model Portfolio Service (MPS) fee

**0.15%**  
with no VAT.

Ongoing Charge Figure (OCF)

**0.62% - 0.86%**  
(including MPS fee).

Source: Schroders as at 29.12.23.<sup>1</sup>The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the MPS fee, management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.

### Different approaches to sustainable investing

#### Screened (<10% revenue exposure)

Excluding companies that are directly involved in areas such as gambling, fossil fuels, tobacco, alcohol and armaments



#### ESG integrated

Material risks relating to ESG issues are taken into account in the investment decision-making process



#### Sustainable

Investing in those companies at the forefront of sustainability practices, for example, climate change, healthcare, food and water



#### Impact

Investments that deliver a specific, positive, measurable social and/or environmental benefit alongside a financial return, for example social bonds



# Schroder Global Multi-Asset Portfolios

A range of five funds that dynamically adapt to market conditions

- 1

Five global multi-asset funds that are fully diversified across asset classes, geography, sector and investment styles.
- 2

A choice of five funds designed to meet your objectives and attitude to risk.
- 3

The portfolios invest in Schroder funds, indices (a portfolio of assets that tracks the performance of a particular market or sector) and alternative assets including Exchange Traded Funds (ETFs). ETFs are funds that track indices, sectors or commodities and are bought and sold on the stock exchange.
- 4

Actively managed to reflect Schroders latest asset allocation views.
- 5

An investment process focused on keeping costs low, with the Ongoing Charge Figure (OCF) capped at 0.22%. The OCF is a measure of the total costs of managing and operating an investment portfolio.

### Investment objective

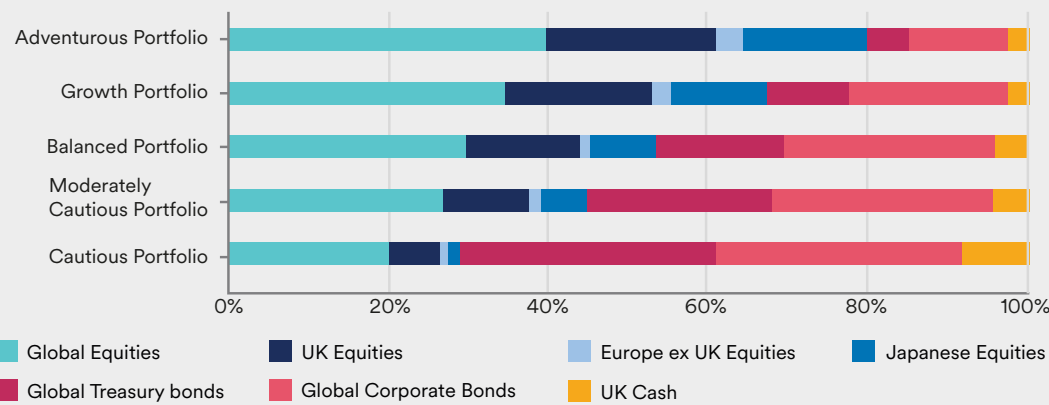
The portfolios look to provide capital growth and income by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much each fund's returns may vary over a year) over a rolling five year period.

### Diversified global multi-asset funds

The asset allocation of the portfolios is adjusted on a dynamic basis, to reflect changes in the economic and market environment but taking account of each portfolio's investment objectives and risk parameters.

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.

There is a choice of five portfolios in our risk-profiled range. At one end is the Cautious Portfolio, which is designed to be more defensive with a higher weight to assets such as bonds and cash. At the other end there is the Adventurous portfolio, which is designed to deliver longer-term returns through a higher holding in growth assets like equities. Each of the portfolios in the range takes a different level of risk, which means you can choose the one that best meets your needs.

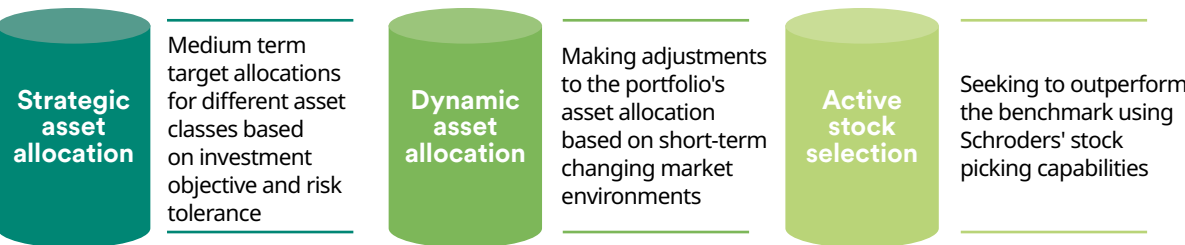


Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The lower risk profiles do not mean a risk-free investment.

### Grounded in research, built on global resources

At Schroders, we use a combination of Environmental, Social and Governance (ESG) factors and economic analysis from our Economics Team to make informed asset allocation decisions. These decisions are then implemented by our Multi-Asset Team, who have a strong conviction in their investment choices.

We use a combination of active and passive investment approaches when selecting stocks. Our active approach involves using a range of Schroder funds with differing processes and styles to achieve our performance objectives while managing risk. For our passive approach, we use ETFs and futures to dynamically adapt to market conditions and manage risk. Futures are contracts that require the buyer to purchase an asset at a specific price and date in the future. This helps us provide a low-cost, actively managed global portfolio in a single fund.



### Core beliefs at the heart of our approach



### Designed with a focus on cost

Capped Ongoing Charge Figure (OCF)

0.22%

Source: Schroders as at 29.12.23. The OCF was reduced from 0.29% to 0.22% on 01.02.23. The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.<sup>1</sup>

“At Schroders, we have a broad range of expertise across traditional and alternative asset classes. With over 700 investment professionals across equities, fixed income and alternatives located around the globe, we are ideally placed for multi-asset investment management.”



# Schroder Blended Portfolios

A range of six funds investing in both active and passive funds

- 1

A range of global multi-asset funds that are fully diversified across asset classes, geography, sector and investment styles.
- 2

A choice of six risk mapped funds designed to meet your objectives and attitude to risk.
- 3

The portfolios invest in active funds (a fund that is actively managed with the goal of outperforming a particular market benchmark or index) and passive funds (a fund that aims to track the performance of a market index). These can be Schroder funds or funds from across the whole market.
- 4

Designed with a focus on cost with an Ongoing Charge Figure (OCF) between 0.53% and 0.65% (as at 29.12.23). The OCF is a measure of the total costs of managing and operating an investment portfolio.

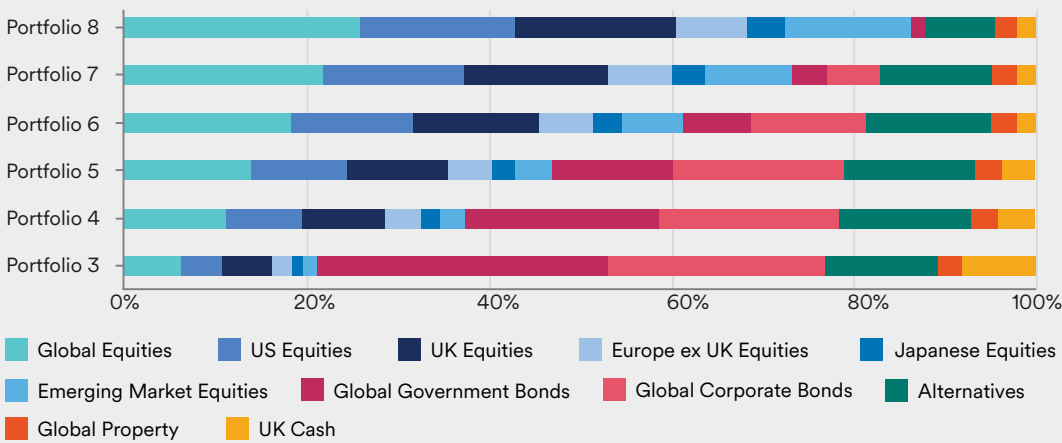
### Investment objective

The portfolios look to provide capital growth and income by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much each fund's returns may vary over a year) over a rolling five year period.

### Diversified global multi-asset funds

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.

There is a choice of six portfolios in our range. At one end is Portfolio 3, the lower risk option, which is designed to be more defensive with a higher weight to assets such as bonds and cash. At the other end there is Portfolio 8, the higher risk option, which is designed to deliver longer-term returns through a higher holding in growth assets like equities. Each of the portfolios in the range takes a different level of risk, which means you can choose the one that best meets your needs.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The lower risk profiles do not mean a risk-free investment.

### The optimal blend of asset classes to maximise returns for each level of risk

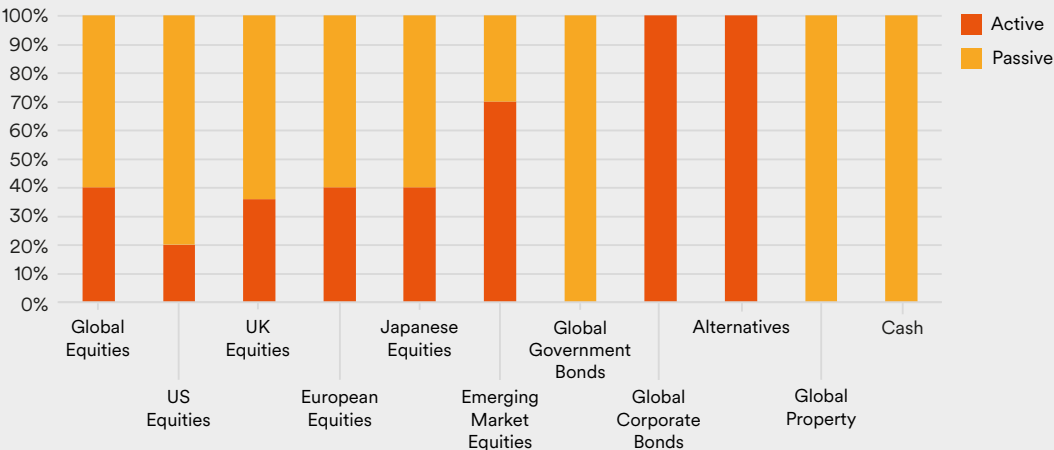
When constructing these portfolios we separate those markets that are efficient (for example the US equity market, where information is readily available to everyone) from those that are less efficient (like emerging markets, where research and detailed analysis are key).

We then decide if an active or a passive fund is appropriate for each asset class held in the portfolio.

Typically we use passive funds in efficient markets and active funds in inefficient markets. However, depending on where we are in the economic cycle, we will dynamically shift the allocation between active and passive funds. Usually, we will allocate more to passive funds in rising markets; to participate in the good years and conversely, in more challenging years we will allocate more to active funds with the aim of protecting the portfolios.

If we look at Schroder Blended Portfolio 5 as an example, you can see from the chart below how the allocation might look between active and passive funds.

### Passive and active asset allocation - Portfolio 5



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation.

### Impartial, whole-of-market investment selection

The Schroder Investment Solutions team led by Alex Funk uses expertise from across the Schroders Group to identify best idea active managers. We look for active funds that have a repeatable investment philosophy, a sound risk management process, a strong and incentivised investment team and a record of consistent outperformance that is differentiated from the index.

We look for passive funds that provide exposure to a particular market index, while also being cost-effective. Only investment providers who can offer cost savings due to their size and who have a low risk of financial problems are considered.

### Dynamic management of active/passive exposure

We reflect changes in market sentiment through our active/passive mix and the funds used within each asset class.

The balance of active and passive investments held within each fund is dynamically adjusted between 40% and 60% to reflect the stage of the economic cycle. As mentioned above, the percentage of assets held in passive funds is increased when markets are doing well and reduced when conditions are challenging.

### Designed with a focus on cost

Ongoing Charge Figure (OCF)

0.53% - 0.65%

Source: Schroders as at 29.12.23. The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.



# Schroder Income Portfolio

## A global income fund

- 1

A global multi-asset income fund that is fully diversified across asset classes, geography, sector and investment styles.
- 2

Balance of investments reflecting your objectives and attitude to risk.
- 3

The portfolio invest in actively managed income funds from Schroders and other investment managers from across the whole market.
- 4

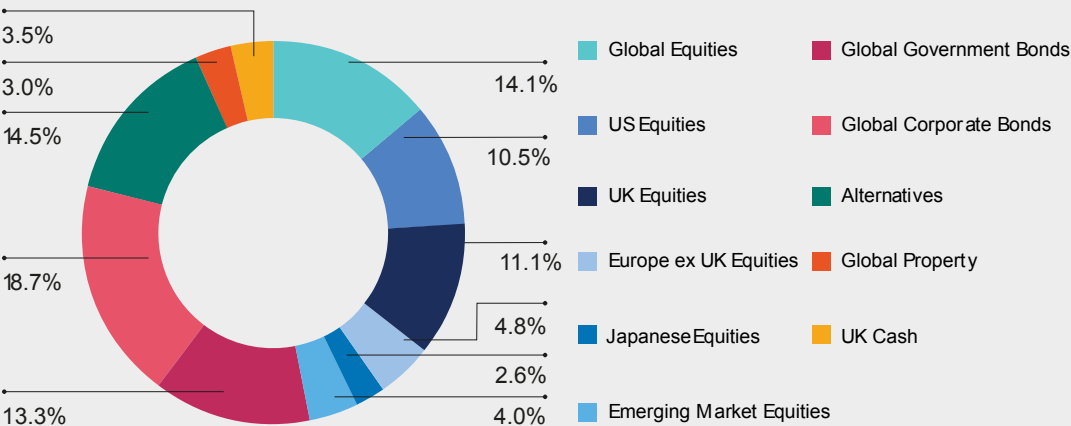
Designed with a focus on cost with an Ongoing Charge Figure (OCF) of 0.68%. (as at 29.12.23). The OCF is a measure of the total costs of managing and operating an investment portfolio.<sup>1</sup>

### Investment objective

The fund aims to provide an income of 3% to 5% per year and capital growth by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much the fund's returns may vary over a year) over a rolling five year period of between 50% to 65% of that of global stock markets (represented by the MSCI All Country World index). This is not guaranteed and could change depending on market conditions.

### Diversified global multi-asset fund

The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

### Designed to deliver a consistent level of income

The fund aims to provide a yield (the income return on an investment, usually expressed as a percentage of the amount invested) of 3-5% per year. However, this is not guaranteed.

The fund is invested in a broad range of funds that generate target income across asset classes and markets. These are selected for the income they provide, the value that they can add and how they complement other investments within the fund. We target investments that have the potential to deliver dividend growth in order to provide a reliable level of income.

The portfolio combines traditional and alternative asset classes, such as emerging market debt and infrastructure investments, to provide clients with a wide range of income sources. It can invest in both active and passive funds.

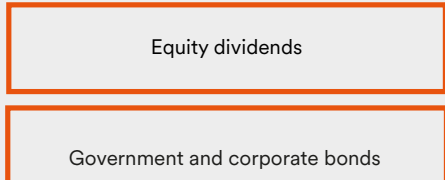
### Designed with a focus on cost

#### Ongoing Charge Figure (OCF)

0.68%

Source: Schroders as at 29.12.23. <sup>1</sup>The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs.

### Traditional



### Alternative



Combining traditional and alternative asset classes to provide clients with a wide range of income sources

For guidance on the terms used on this page please refer to our glossary on pages 22-24.





# Schroder Managed Defensive Fund

A fund that aims to provide a combination of income and growth while minimising risk

- 1

A global multi-asset fund that is fully diversified across asset classes, geography, sector and investment styles.
- 2

The fund has a 'safety mechanism' designed to prevent the fund suffering a fall of more than 10% from its highest value (although this is not guaranteed).
- 3

The fund invests in derivatives including futures (contracts that require the buyer to purchase an asset at a specific price and date in the future), corporate and government bonds and cash.
- 4

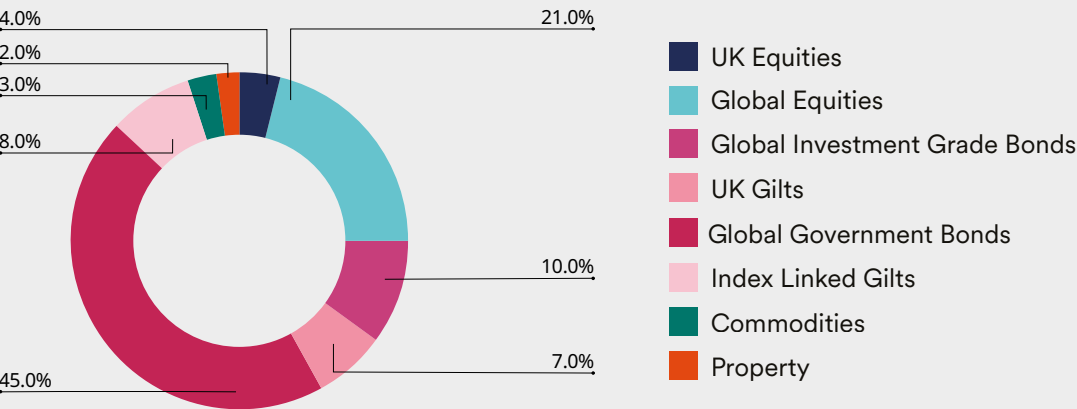
Designed with a focus on cost with the Ongoing Charge Figure (OCF) capped at 0.22%. The OCF is a measure of the total costs of managing and operating an investment portfolio.<sup>1</sup>

### Investment objective

The fund aims to provide capital growth and income of 2% return per year more than cash savings (after fees have been deducted) over a three to five year period, whilst also seeking to mitigate the risk of incurring a loss greater than 10% over any investment period, by investing in a diversified range of assets and markets worldwide. The fund will seek to achieve a target average volatility (a measure of how much the fund's returns may vary over a year) over a rolling five year period of 4% per annum.

### Diversified global multi-asset fund

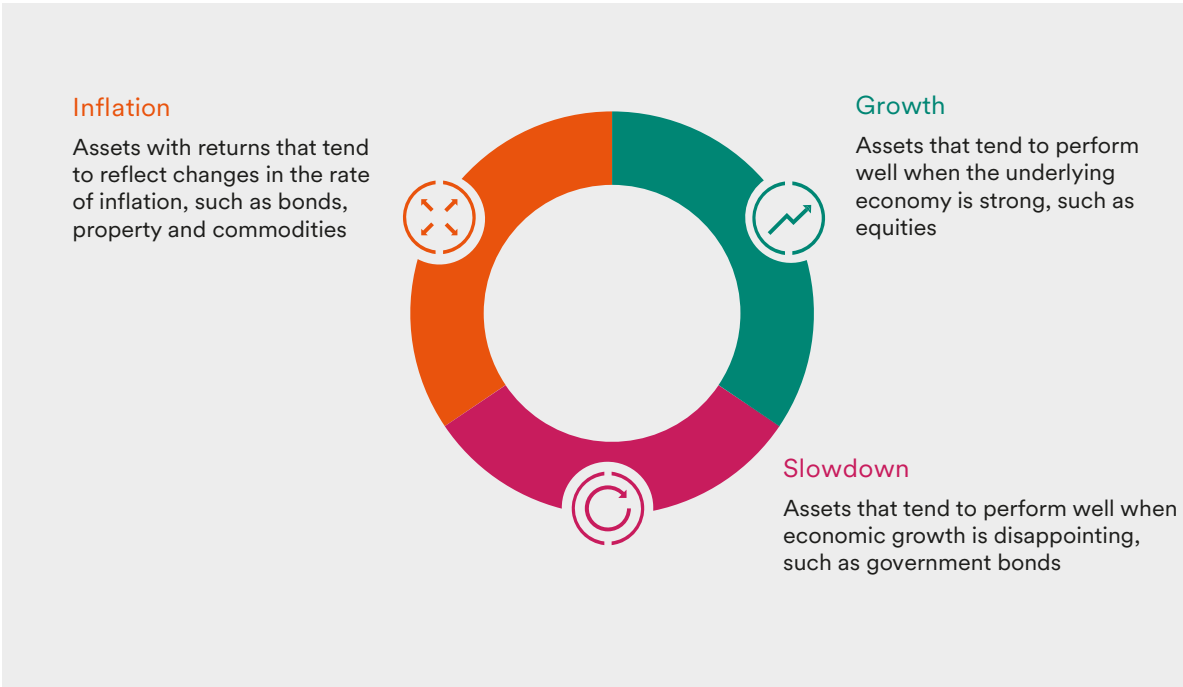
The blend of assets in your portfolio is the factor that is most likely to have the greatest influence on your risk-adjusted returns. It's very important to get this blend right - and to ensure that it is maintained over time.



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

### Aiming to strike the right balance between growth and security

Our aim is to create a stable, well diversified portfolio that can navigate through different environments. We have identified and grouped investments that should perform well in three environments likely to drive investment returns.



### Risk management

The fund aims to limit potential losses to maximum of 10% over any investment period. Please note that this is not guaranteed.

### Dynamic asset allocation

The asset allocation of the fund is adjusted on a dynamic basis, taking account of the fund's investment objectives and risk parameters. Our research includes Environmental, Social and Governance (ESG) factors and leverages the economic analysis of Schroders' Economics Team.

The fund is managed on an ongoing basis by the Schroders Multi-Asset Team to reflect any changes in their views, within the strategic asset allocation framework.

### Designed with a focus on cost Capped Ongoing Charge Figure (OCF)

0.22%

Source: Schroders as at 29.12.23. The Fund's OCF was reduced from 0.26% to 0.22% on 01.02.23. <sup>1</sup>The OCF (Ongoing Charge Figure) is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the management fees and additional expenses of the underlying funds but excludes any advice, platform charges, transaction fees or incidental costs. The OCF will vary on a monthly basis.





## Glossary

### Active fund/actively managed

A portfolio of investments that is selected by a professional investment manager and managed on an ongoing basis with the aim of achieving an outperformance objective.

### Alternatives

A collective term for asset classes other than equities, bonds and cash. Alternatives include real estate, private equity, hedge funds and commodities.

### Asset allocation

The target investment split between different asset classes in a portfolio. This is based on the long-term risk and return characteristics of asset classes and is designed to reflect an investor's investment objectives and attitude to risk.

**Strategic asset allocation** is along-term investment strategy that involves setting a target allocation and periodically rebalancing the portfolio to maintain that allocation.

**Dynamic asset allocation** is a more tactical approach that involves making adjustments to the portfolio's allocation based on short-term market conditions or other factors.

### Benchmark

A standard, usually an investment index, that a fund's performance can be measured against. For example, a UK equity fund is managed against the FTSE100 index. If the fund does better than the index, it has outperformed; if the fund has done worse, it has underperformed.

### Bonds

A type of fixed-income investment that allow investors to lend money to an issuer, such as a corporation (corporate bonds) or government (gilts or treasury bonds), in exchange for regular interest payments and the return of their principal investment at maturity. Bonds are typically issued with a fixed interest rate and a specific maturity date, which can range from a few months to several decades.

### Commodities

A type of asset class, along with equities, bonds and cash. These are typically raw materials or primary agricultural products that can be bought and sold, such as copper, gold and oil.

### Emerging market debt

A type of debt that is issued by developing countries. These countries have higher growth potential but also higher risks than developed countries. Emerging market debt can be issued in local currency or a major currency and includes government and corporate bonds.

### Equities

Also known as stocks or shares, represent ownership in a company. When an investor buys a share of stock, they are buying a small piece of ownership in that company.

### Exchange Traded Funds (ETFs)

Funds that track indices, sectors or commodities and are bought and sold on the stock exchange.

### Fixed income

A type of investment that provides a fixed or predictable return in the form of regular interest payments. Fixed income investments are typically issued by governments, corporations, or other entities as a way to raise capital to fund their operations or growth. The most common type of fixed income investment are bonds.

### Futures

Financial contracts that stipulate that an asset that must be bought or sold for a predetermined price on a future date.

### Glits

A type of fixed income investment issued by the UK government. They are considered to be among the safest investments available. They have a fixed interest rate and a specific maturity date, which can range from a few months to several decades.

### High yield bonds

These are issued by companies that have a lower credit rating than investment-grade bonds. These companies typically have a higher risk of defaulting on their debt obligations, which is why high yield bonds are considered to be a higher-risk investment. Because of the higher risk involved, they generally offer higher yields than investment-grade bonds to compensate investors for the added risk.



# Glossary

## Index

A standard that a fund's performance can be measured against. For example, a UK equity fund is managed against the FTSE100 index.

## Index-linked gilts

Bonds issued by the UK government that are designed to protect investors against inflation. Unlike conventional gilts, which pay a fixed rate of interest, the interest payments on index-linked gilts are adjusted for inflation.

## Infrastructure

Investments made in the physical structures and facilities that are necessary for the functioning of a society or economy, such as roads, bridges, airports, power plants, and water treatment facilities.

## Market cycle

The term used for the cyclical and repeating pattern of markets which has four phases: slowdown, recession, recovery and expansion.

## Model portfolios

Invest in a diversified portfolio of different asset classes, such as equities, bonds, property, and commodities. The underlying investments are held directly on an investment platform, essentially online supermarkets that enable you to purchase a range of funds, equities, bonds and other investments from one location.

## Multi-asset funds

Similar to model portfolios, multi-asset funds invest in a diversified portfolio of different asset classes, such as equities, bonds, property, and commodities. The goal of a multi-asset investment strategy is to achieve a balance between risk and return by spreading investments across different asset classes that behave differently in different market conditions. However, unlike model portfolios, investments are held within the fund.

## Outperformance

Where an investment or portfolio performs better than a benchmark or a comparable investment. It is a measure of the excess return generated by an investment over a specified period of time.

## Passive fund

A fund that aims to track the performance of a market index.

## Property

Property, as an asset class, refers to real estate investments that are intended to generate income and/or capital growth. Property investments can take many forms, including residential, commercial, industrial, and retail properties.

## Real asset

A physical investment that has an intrinsic worth due to its substance and properties. Commodities, real estate, equipment, and natural resources are all types of real assets.

## Social bonds

A type of bond used to finance or refinance social projects whose purpose is to address a common problem and help those most vulnerable.

## Sustainable Development Goals (SDGs)

SDGs were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. There are 17 goals in total.

## Treasury bonds

A type of fixed income investment issued by the US government which are considered to be one of the safest investments available, as they are backed by the US government. Treasury bonds are issued with maturities ranging from 10 to 30 years and pay interest every six months until maturity.





## Risk considerations

**Capital risk:** All capital invested is at risk. You may not get back some or all of your investment.

**Counterparty risk:** The portfolios may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the portfolios may be lost in part or in whole.

**Credit risk:** A decline in the financial health of an issuer could cause the value of the instruments it issues, such as equities or bonds, to fall or become worthless.

**Currency risk:** The fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates.

**Derivatives risk:** Derivatives, which are financial instruments deriving their value from an underlying asset, may be used to manage the portfolio efficiently. The portfolio may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.

**Derivatives risk – efficient portfolio management and investment purposes:** Derivatives may be used to manage the portfolios efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the portfolios. The portfolios may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.

**Equity risk:** Equity prices fluctuate daily, based on many factors including general, economic, industry or company news.

**High yield bond risk:** High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk.

**Interest rate risk:** The portfolios may lose value as a direct result of interest rate changes.

**Investments in other collective investment schemes risk:** The portfolios will invest mainly in other collective investment schemes.

**Leverage risk:** The portfolios use derivatives for leverage, which makes them more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss.

**Liquidity risk:** In difficult market conditions, the portfolios may not be able to sell a security for full value or at all.

**Market risk:** The value of investments can go up and down and an investor may not get back the amount initially invested.

**Money market & deposit risk:** A failure of a deposit institution or an issuer of a money market instrument could have a negative impact on the performance of the portfolios.

**Negative yields risk:** If interest rates are very low or negative, this may have a negative impact on the performance of the portfolios.

**Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

**Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

### Find out more

Our multi-asset funds and model portfolios are available on a range of investment platforms. Just speak to your financial adviser to find out how you could invest.

Your adviser will also guide you through your investment options and help you focus on what's important to you. They will also be able to share with you the Key Investor Information Document (for our multi-asset funds only), the latest factsheets, performance and commentaries for the portfolios and funds.

## Investment objectives

### Schroder Blended Portfolios

The Funds aim to provide capital growth and income by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much each Fund's returns may vary over a year) over a rolling five year period. This target volatility is fund specific and varies between 30% to 100%\* of that of global stock markets (represented by the MSCI All Country World index), depending on the investment objective of each Fund.

The Funds are part of the SISCO Schroder Blended Portfolio range, which offers six funds with different expected combinations of investment risk and return.

### Schroder Global Multi-Asset Portfolios

The Funds aim to provide capital growth and income by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much each Fund's returns may vary over a year) over a rolling five year period. This target volatility is fund specific and varies between 30% to 90%\* of that of global stock markets (represented by the MSCI All Country World index), depending on the investment objective of each Fund.

### Schroder Managed Defensive Fund

The Fund aims to provide capital growth and income in excess of the ICE BofA Sterling 3-Month Government Bill Index plus 2% per annum (after fees have been deducted) over a three to five year period, whilst also seeking to mitigate the risk of incurring a loss greater than 10% over any investment period, by investing in a diversified range of assets and markets worldwide. The Fund will seek to achieve a target average volatility (a measure of how much the Fund's returns may vary over a year) over a rolling five year period of 4% per annum. This cannot be guaranteed and your capital is at risk.

### Schroder Income Portfolio

The Fund aims to provide an income of 3% to 5% per year and capital growth by investing in a diversified range of assets and markets worldwide with a target average annual volatility (a measure of how much the Fund's returns may vary over a year) over a rolling five year period of between 50% to 65% of that of global stock markets (represented by the MSCI All Country World index). This is not guaranteed and could change depending on market conditions.

\* Please refer to the Prospectus for the individual risk profile volatility target.





EST. 1804

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