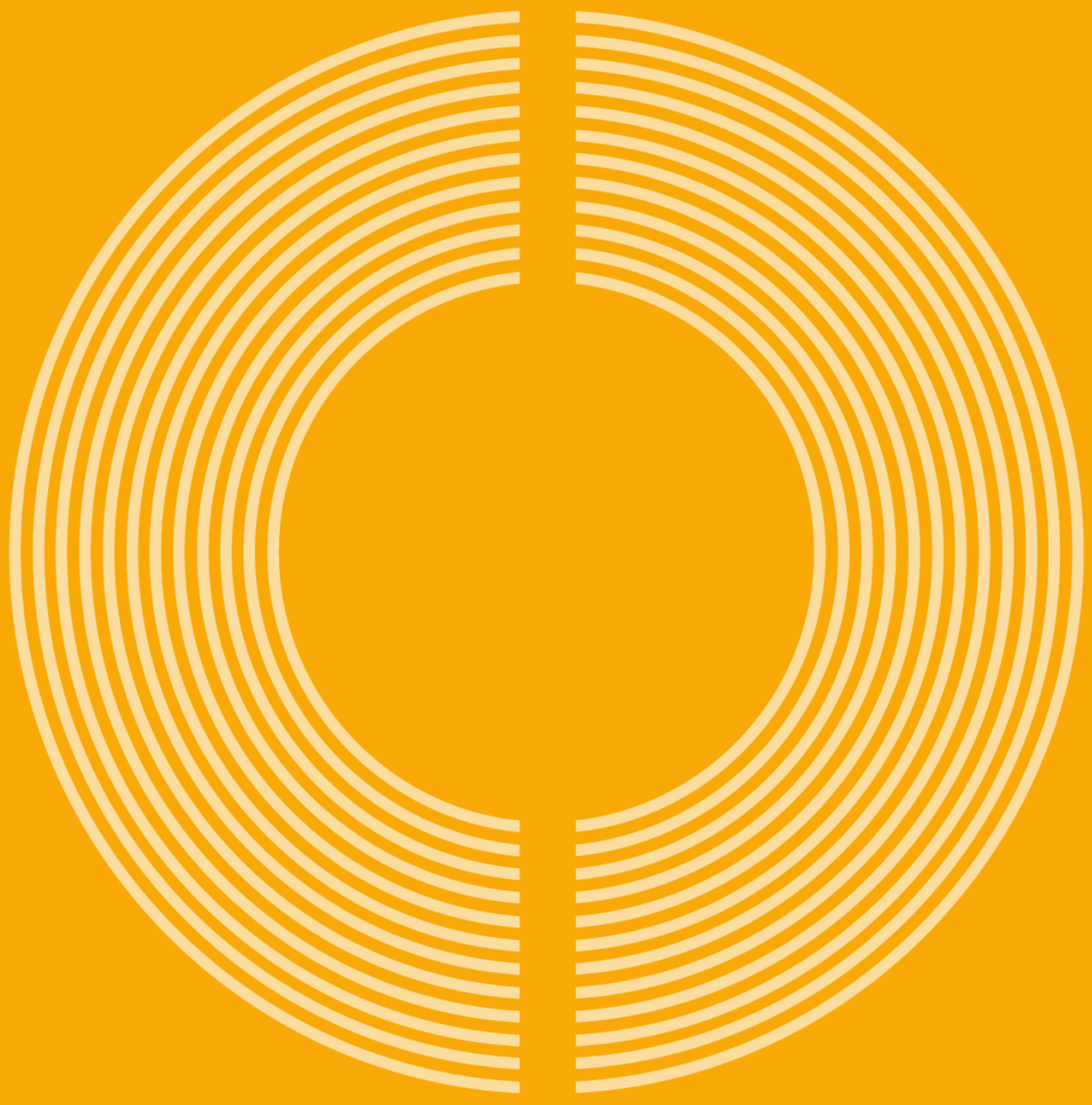
Schroder Investment Solutions

Quarterly Bulletin

Q1 2024



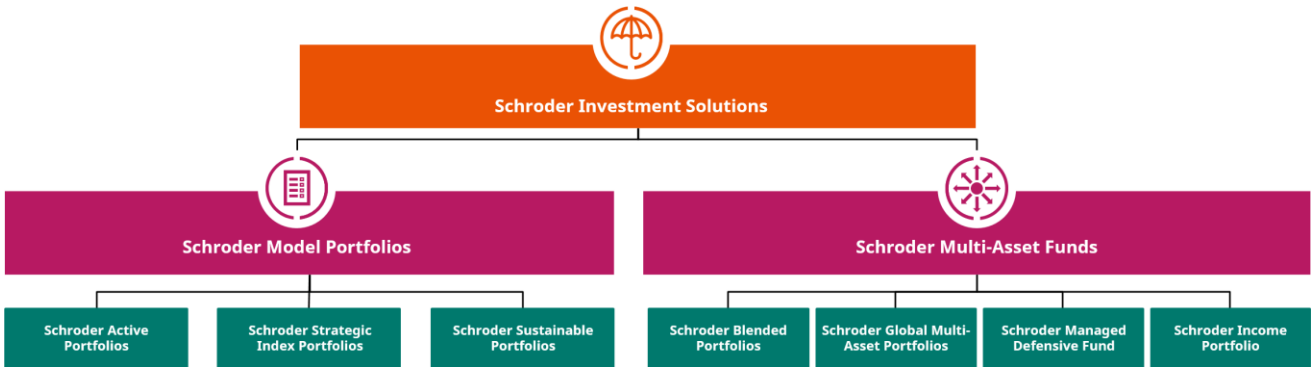
Schroders

Marketing material

Contents

Introduction

Your portfolio is invested across a diverse range of investment markets, with the aim of achieving your long-term objectives.



In this Quarterly Bulletin we provide a review of the performance of investment markets over the quarter, and outline the current market outlook from our multi-asset team.

We then show you how the portfolios have performed.

To help you put this in some context, we explain where the main positive and negative contributions to performance have come from.

We also update you on any changes that we have made to the portfolios and the reasons why.

We hope that you find this information useful.

Alex Funk
Chief Investment Officer

Market performance

Q1 2024

The importance of diversification

The blend of assets in your portfolio is likely to be the dominant influence on your long-term returns. Spreading your investments across a variety of markets can help you to achieve your investment objectives while taking less risk than investing in any single market. The table below 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.

Please remember that 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 amounts originally invested. The return may increase or decrease as a result of currency fluctuations.

2019	2020	2021	2022	2023	YTD	Q1 2024
US Equities 25.7	Asia Ex Japan Equities 21.2	Commodities 41.6	Commodities 41.9	US Equities 18.9	Commodities 11.4	Commodities 11.4
Europe ex UK Equities 20.0	US Equities 16.2	Global Property 28.4	UK Cash 1.4	Europe ex UK Equities 14.8	Japanese Equities 11.1	Japanese Equities 11.1
UK Equities 19.2	Emerging Market Equities 14.7	US Equities 27.6	UK Equities 0.3	Japanese Equities 13.3	US Equities 11.0	US Equities 11.0
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	Europe ex UK Equities 6.8	Europe ex UK Equities 6.8
Japanese Equities 14.6	Japanese Equities 9.5	Europe ex UK Equities 16.7	Japanese Equities -4.1	Global Corporate Bonds 8.0	UK Equities 3.6	UK Equities 3.6
Emerging Market 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 3.3	Asia Ex Japan Equities 3.3
Asia Ex Japan Equities 13.6	UK Gilts 8.3	Japanese Equities 2.0	US Equities -9.4	Global High Yield Bonds 7.6	Emerging Market Equities 3.3	Emerging Market Equities 3.3
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	Global High Yield Bonds 3.1	Global High Yield Bonds 3.1
UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	UK Cash 0.1	Emerging Market Equities -10.0	UK Cash 4.8	UK Cash 1.3	UK Cash 1.3
Global Corporate Bonds 10.6	Global Treasury Bonds 4.6	Global Corporate Bonds -1.0	Global Treasury Bonds -11.7	Global Property 4.6	UK Corporate Bonds 0.1	UK Corporate Bonds 0.1
Global High Yield Bonds 8.2	Global High Yield Bonds 3.7	Emerging Market Equities -1.6	Global Property -14.9	UK Gilts 3.7	Global Corporate Bonds 0.0	Global Corporate Bonds 0.0
UK Gilts 6.9	UK Cash 0.2	Global Treasury Bonds -2.0	Global Corporate Bonds -15.3	Emerging Market Equities 3.6	Global Treasury Bonds -0.1	Global Treasury Bonds -0.1
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 Property -0.1	Global Property -0.1
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 Gilts -1.6	UK Gilts -1.6
UK Cash 0.7	Commodities -26.1	UK Gilts -5.2	UK Index-linked Gilts -33.6	Commodities -9.7	UK Index-linked Gilts -1.8	UK Index-linked Gilts -1.8

Best performing asset class

Worse Performing asset class

Source: Morningstar as at 31 March 2024. Note: All indices in sterling.

Market commentary

Q1 2024

Global stock markets registered strong gains in Q1 amid a resilient US economy and ongoing enthusiasm around Artificial Intelligence (AI). Expectations of interest rate cuts also boosted shares although the pace of cuts is likely to be slower than the market had hoped for at the turn of the year. Bonds saw negative returns in the quarter.

US equities experienced strong growth during the quarter. This was driven by positive company profits and the anticipation of future interest rate cuts. While the speed of interest rate cuts may be slower than originally expected due to the strength of the US economy, this did not diminish investor interest. The S&P 500 index (an index that measures the performance of 500 large publicly traded companies in the US) performed well and was boosted by the profits of some of the so-called "Magnificent Seven" companies. The "Magnificent Seven" stocks are a group of high-performing and influential companies in the US stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. Performance was also particularly supported by the communication services, energy, information technology, and financial sectors. However, the real estate sector saw a negative return, and utilities also underperformed.

Eurozone equities posted a strong gain in Q1. The information technology sector led the way amid ongoing optimism over demand for AI-related technologies. Other top gaining sectors included financials, consumer discretionary and industrials. Improvements in the economic outlook boosted more economically sensitive stocks while banks were supported by some announcements of improvements to shareholder returns. By contrast, utilities, consumer staples and real estate were the main detractors to performance.

UK equities experienced growth during the quarter. The financials, industrials, and energy sectors performed well, along with other areas of the market that are sensitive to economic conditions. Market expectations shifted to anticipate an earlier-than-expected interest rate cut by the Bank of England, as inflation remained below the bank's projections. At the end of the period, the Bank of England's Monetary Policy Committee decided to maintain the UK's interest rate at 5.25% during its March meeting. The annual inflation rate, as measured by the Consumer Price Index, has decreased from a peak of 11.1% in October 2022 to 3.4% in February, marking the lowest rate of price increases since September 2021.

The Japanese stock market had a great quarter, with prices rising significantly. The TOPIX Total Return index (an index which measures the total return, including both capital growth and dividend payments, of all the stocks listed on the Tokyo Stock Exchange's First Section) recorded a return of 18.1% in Japanese yen terms. Foreign investors played a major role in driving this rally, as they became more optimistic about Japan's economy. The Nikkei index reached a new all-time high and surpassed the 40,000 yen level. The Bank of Japan made important changes to its monetary policy at its March meeting, which also contributed to the market's performance. Wage growth and moderate inflation were positive factors in Japan's economic cycle. Overall, it was a historic quarter for the Japanese stock market.

Market commentary

Q1 2024

Emerging market (EM) stocks experienced gains during the first quarter of 2024, although they performed less favourably compared to developed market counterparts. The performance of EM equities was affected by various factors. China's market performance had a negative impact on overall returns, despite some targeted policy measures aimed at stimulating the economy. Expectations regarding the timing of interest rate cuts by the Federal Reserve were delayed, which helped boost returns. However, this delay had a negative effect on interest rate sensitive markets like Brazil. Among the top-performing index markets, Peru stood out, benefiting from currency and monetary policy easing measures.

The first quarter of 2024 brought significant changes to inflation and interest rate expectations. Initially, the market anticipated swift action from central banks to lower interest rates. However, these expectations were tempered, with a few exceptions. The Bank of Japan made a noteworthy move by increasing interest rates from -0.1% to 0.1%, marking the end of negative rates after 17 years. On the other hand, the European Central Bank, the Bank of England, and the Federal Reserve proceeded cautiously, avoiding premature declarations of victory over inflation. As the quarter progressed, there were changes in bond yields, which are the returns on bonds. Overall, 10-year government bond yields increased, leading to lower bond prices. In terms of performance, corporate bonds performed better than government bonds. Among them, UK high yield bonds stood out as top performers. It's important to note that investment grade bonds are considered to be of higher quality, while high yield bonds are riskier and have lower credit ratings.

The S&P GSCI Index (the Goldman Sachs Commodity Index is a benchmark that measures the performance of a diverse range of commodities) had strong growth in the first quarter, with all parts of the index finishing the period with positive results. Energy and livestock were the best-performing components, while agriculture and industrial metals achieved more modest growth. Within energy, all sub-sectors achieved strong price growth apart from natural gas, which experienced a sharp price fall in the quarter. Within agriculture, the price of cocoa rocketed higher in the quarter due to strong demand and shortages in West Africa, where more than half of the world's cocoa beans are harvested. In industrial metals, zinc and aluminium prices fell in the quarter, while prices for copper, lead and nickel were modestly higher. Both gold and silver prices also advanced in the first quarter.

Asia ex Japan equities achieved modest gains in the first quarter, with share prices bouncing back from recent lows and investors displaying cautious optimism that the gloom surrounding China may be starting to lift. Taiwan, India, and the Philippines were the strongest markets in the MSCI AC Asia ex Japan Index while Hong Kong, Thailand, and China ended the quarter in negative territory. This stock market index represents the performance of 11 developed and emerging market countries across the Asia region, excluding Japan. Stocks in Taiwan achieved strong growth in the quarter, driven by on-going investor enthusiasm for AI-related stocks and technology companies.

Source: Schroders. **Please note that any past performance mentioned in this document is not a guide to future performance and may not be repeated. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell**.

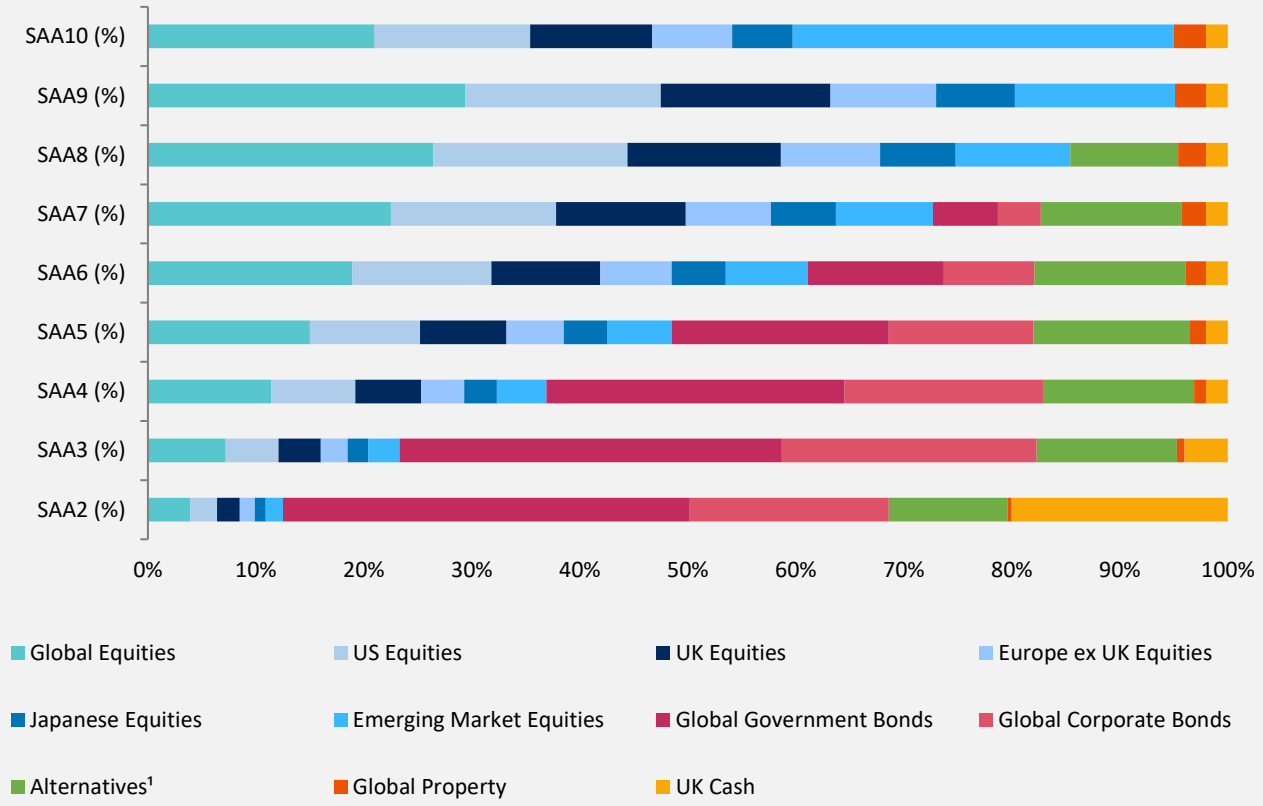
Asset allocation

Q1 2024

We have a robust asset allocation framework with the appropriate balance between asset classes, sectors and regions. Spreading all investments across a well diversified range of assets also helps to reduce risk. With the risk profiles of the Portfolios agreed, we design the optimal blend of asset classes to maximise returns for each level of risk. The chart below illustrates the asset class diversification across our portfolios.

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' on a scale of 2–10 and this will form the foundation of your investment portfolio. A portfolio with the lowest risk level does not mean a risk-free investment.

Strategic Asset Allocation (SAA)



Source: Schroders as at April 2024. The chart illustrates the asset class diversification across the Schroder Active Model Portfolios 2–10. Please note that the illustration may not show our current asset allocation. [1]Alternatives include non-traditional asset classes for example Commodities, Infrastructure and Real Assets.

Asset class views

Q1 2024

MAIN ASSET CLASSES	Equities	Government bonds	Commodities	Credit
	We remain positive on equities, continuing to prefer a broader exposure globally as valuations outside the US look more attractive.	We remain neutral. Expectations of rate cuts are now more realistic compared to the beginning of the year but, in the case of US fixed income in particular, valuations are not cheap enough to offset the negative carry.	Commodity markets remain subdued, driven by strong supply dynamics. We remain neutral but maintain our positive outlook on gold, which should benefit from lower real rates.	We remain neutral on credit. Valuations are extremely stretched in the US. In Europe, where there is slightly better value on offer, investors are focused on all-in yields rather than spreads currently.

Key ● Long/positive ● Neutral ● Short/negative △ Up from last month ▽ Down from last month

	Category		View	Comments
EQUITIES	US		●	We are positive on US equities as consumer confidence continues to grow and core inflation is in line with the Federal Reserve's (Fed) target. We see the merit in broadening out our regional exposures as valuations outside the US look more attractive.
	UK		●	We remain neutral on the UK. Although inflation has eased it remains above the Bank of England's (BoE) target and is likely to remain higher compared to other regions.
	Europe		●	The region has been moving through its own cycle and manufacturing data is looking positive. This, in combination with attractive valuations, should benefit cyclical and growth-oriented European equities.
	Japan		●	We maintain a positive view given a solid fundamental picture, which includes competitive earnings growth.
	Global Emerging Markets[1]		●	Our continued neutral stance is driven by a weak outlook on China. The region lacks the catalyst needed to spur growth.
	Asia ex-Japan	China	●	We maintain our neutral view as ongoing fragility in the property sector and a lack of meaningful stimulus from the People's Bank of China results in a weak growth outlook.
		EM Asia ex China	●	We maintain a preference for Korea and Taiwan as both continue to benefit from the recovery in the manufacturing cycle.

Source: Schroders, March 2024. Note: The views for equities, government bonds and commodities are based on return relative to cash in local currency. **Please note any past performance mentioned is not a guide to future performance and may not be repeated. The sectors, securities, regions and countries shown are for illustrative purposes only and are not to be considered a recommendation to buy or sell.**

[1]*Global Emerging Markets includes Central and Eastern Europe, Latin America and Asia.*

What are the risks?

Prior to making an investment decision, please consider the following risks:

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.

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 meaning greater uncertainty of returns.

Higher volatility risk: The price of the portfolios may be volatile as it may take higher risks in search of higher rewards, meaning the price may go up and down to a greater extent.

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 fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares, meaning investors may not be able to have immediate access to their holdings.

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.

Schroder Active Model Portfolios

Q1 2024

Performance

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from the may go down as well as up and investors may not get back the amounts originally invested. The return may increase or decrease as a result of currency fluctuations.

All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Active Portfolio 2	**1.33**	**1.33**	**5.43**	**-1.93**	**0.44**	**7.42**	**-2.13**	**1.90**	**0.94**	**6.53**	**-0.10**	**5.80**	**57.20**
Inception date 02-01-2008													
UK CPI	0.61	0.61	3.20	10.06	7.02	0.71	1.52	1.91	2.46	2.32	0.46	-0.01	60.30
Schroder Active Portfolio 3	**1.80**	**1.80**	**6.45**	**-3.27**	**1.25**	**14.40**	**-3.13**	**3.80**	**1.77**	**10.23**	**0.34**	**10.83**	**113.21**
Inception date 02-01-2008													
Mixed Investment 0-35% Shares	1.44	1.44	5.84	-5.84	0.21	12.22	-3.54	2.43	0.44	9.93	-1.22	7.86	61.72
Schroder Active Portfolio 4	**2.90**	**2.90**	**8.09**	**-3.22**	**1.86**	**20.19**	**-4.68**	**3.44**	**2.84**	**13.08**	**0.44**	**12.35**	**143.37**
Inception date 02-01-2008													
Mixed Investment 20-60% Shares	2.50	2.50	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	13.05	-2.12	8.78	82.78
Schroder Active Portfolio 5	**3.57**	**3.57**	**9.17**	**-3.16**	**2.23**	**25.31**	**-6.16**	**3.51**	**4.27**	**15.31**	**-0.06**	**13.38**	**161.22**
Inception date 02-01-2008													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	12.97	-2.38	8.51	-
Schroder Active Portfolio 6	**4.46**	**4.46**	**10.47**	**-2.83**	**2.93**	**31.49**	**-6.79**	**2.64**	**7.22**	**18.38**	**-0.86**	**14.49**	**202.54**
Inception date 02-01-2008													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	26.47	-7.73	4.36	1.63	17.48	-2.72	10.71	121.77
Schroder Active Portfolio 7	**5.15**	**5.15**	**11.41**	**-2.46**	**3.46**	**37.17**	**-6.42**	**2.77**	**8.01**	**21.42**	**-0.79**	**13.82**	**238.77**
Inception date 02-01-2008													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	26.47	-7.73	4.36	1.63	17.48	-2.72	10.71	121.77
Schroder Active Portfolio 8	**5.84**	**5.84**	**12.42**	**-2.25**	**3.84**	**41.99**	**-7.56**	**1.78**	**7.64**	**25.71**	**-1.84**	**13.77**	**229.15**
Inception date 02-01-2008													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	118.65
Schroder Active Portfolio 9	**6.30**	**6.30**	**12.69**	**-1.87**	**1.65**	**46.55**	**-5.81**	**1.57**	**9.40**	**30.91**	**-3.08**	**14.29**	**236.87**
Inception date 02-01-2008													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	118.65
Schroder Active Portfolio 10	**5.77**	**5.77**	**10.44**	**-2.36**	**-1.22**	**46.80**	**-10.32**	**0.96**	**8.44**	**32.93**	**-5.79**	**14.03**	**164.71**
Inception date 02-01-2008													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	118.65

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Active Model Portfolios

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Portfolio updates

The quarter in summary

As we started 2024, markets continued to rise due to the positive outlook on interest rates set by the Federal Reserve (Fed) in the final quarter of 2023. Markets interpreted the Fed's apparent shift in stance as a sign they may cut rates up to seven times this year, although this looked a little optimistic to us and expectations have since moderated. Demand for artificial intelligence (AI) has been gathering pace, with tech companies the major beneficiaries so far. Looking ahead, other sectors are beginning to adopt AI with the technology being deployed in consumer discretionary, healthcare, financials, and other more industrial areas of the market.

Annual update to our Strategic Asset Allocation

In April each year we reassess our Strategic Asset Allocation (SAA). This is a portfolio strategy which involves setting target allocations for various asset classes and rebalancing periodically. Rebalancing involves increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes. In developing the long-term SAA, the Investment Committee is supported by the Schroders Economics and Multi-Asset teams. We make use of a proprietary tool to produce a set of well-diversified portfolios, positioned to perform throughout various market conditions and cycles. Key inputs into the tool are our 30-year return forecasts and the historic volatility and correlations of asset classes.

In our most recent return forecast, we increased our expectation for the long-term return on cash. This led us to increase the expected returns for government bonds. We therefore increased this exposure within the portfolios that hold the asset class, funded through a reduction in cash. For portfolios which don't hold cash, there was a marginal reduction in equities which was allocated to government bonds. This provides an opportunity for these portfolios to benefit from higher interest payments relative to history. Within equities, the UK allocation was reduced across all portfolios. This was reallocated to the remaining regions with the overall exposure to equities remaining largely unchanged.

Higher interest rates for fixed income

At its latest meeting, the Fed left rates unchanged and expectations for US rate cuts in 2024 have been scaled back to just two cuts. The first interest rate cut is expected in September. Given this, our government bond allocation is positioned to benefit from the higher interest payments on offer. We have also maintained a high allocation to investment grade bonds. Investment grade bonds are issued by non-government entities that have been rated as high quality by credit rating agencies.

Focus on opportunities in equity

Within our regional equity allocations, we are allocating to areas where we see opportunity for growth. Last quarter, we detailed the potential for US smaller capitalisation (small-cap) stocks to perform well and we have now further increased this exposure. Small caps refer to stocks of companies listed on stock exchanges with a market capitalisation below larger, established companies in the main indices like the S&P 500 or the FTSE 100. In Japanese equity we have tilted more towards value-orientated strategies. These strategies invest in companies that are seen to be undervalued relative to their current trading price. Positive factors, such as corporate reform, have been favourable for shareholders. This has resulted in an increase in share buybacks and dividends, which have contributed to the rise in share prices. In Emerging Market equities, we have a higher weighting to growth-orientated strategies. These strategies invest in companies that are expected to offer future growth prospects that are above the average in their industry or sector. Overall, our equity investments are diversified across regions and sectors.

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Schroder Active Model Portfolios

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Positioning for adjustments in alternatives

Alternatives is a collective term for asset classes other than equities, bonds and cash. Alternatives include real estate, private equity, hedge funds and commodities. As part of our update to the Strategic Asset Allocation, the alternatives asset class has received a marginal increase. Although we are currently focused on risk diversifying strategies, this increased allocation positions the portfolio to allocate to return enhancing strategies when the market conditions are more favourable. Risk diversifying strategies tend not to move in the same direction as other assets. For example, if stocks go down, a risk diversifying asset might go up or stay the same. Return enhancing assets have the potential to deliver returns that are higher than those of traditional assets in a portfolio and often carry a higher degree of risk.

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Schroder Active Model Portfolios

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Portfolio changes

Our approach to managing portfolios involves quarterly rebalancing back to our strategic asset allocation as well as making fund changes based on our current investment views.

Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. We rebalanced our portfolios by adjusting the weights of the assets to maintain a desired level of risk or return as per our review in April 2024. Our next review of the strategic asset allocation will be in April 2025.

The following fund additions and sales were made at our April 2024 rebalance:

Reduction of cash allocation

In line with our adjustments to the Strategic Asset Allocation, the allocation to the Royal London Short-Term Money Market Fund was reduced in Portfolios 2 and 3 and sold in Portfolios 4 and 5. The proceeds have been allocated to the Royal London International Government Bond Fund.

Changes in the Alternative asset class

The Jupiter Strategic Absolute Return Bond (SARB) Fund was added to the alternative asset class, funded through a reduction in the Brevan Howard Absolute Return Government Bond Fund. Each fund now has an equal weighting in the portfolio and are complementary to one another. The Jupiter SARB Fund aims to provide positive returns regardless of market conditions. It aims to achieve this while also managing volatility and minimising significant declines in value. We like the strategy because the investment process is structured and repeatable, with risk management a primary input.

The Schroders GAIA Contour Tech Equity Fund holding was increased to boost exposure within the technology, media and telecoms sectors. The managers believe that the rapid pace of change in the tech space creates significant opportunities for companies that can spearhead or quickly adapt to the changing landscape. On the other hand, it is seen as a significant risk for companies that are limited by their technological or financial history. This allocation was funded through a reduction in the Landseer European Equity Focus Fund.

Fund sale in UK Equities

The announced departure of Alex Savvides, the lead manager of the JO Hambro UK Dynamic Fund, triggered a review of the fund according to our sell-discipline policy. Our policy states that the departure of a key person results in an evaluation of a fund to determine if it is still fit for purpose. Based on our analysis of the new managers preferred approach, we have decided to sell the fund.

The proceeds were distributed between existing holdings in the R&M UK Listed Smaller Companies and the TB Evenlode Income Funds. We also allocated to a new holding, the HSBC FTSE All-Share Index Fund which ensures that we retain exposure to large companies within the UK market such as Shell, HSBC, Unilever, BP and GSK.

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Schroder Active Model Portfolios

Q1 2024

Positive contributors to portfolio performance

Artemis US Select Fund	Total return 17.33%

- Returns were primarily driven by stock selection
- The fund has a significant underweight holding of Apple and this benefited performance

The Artemis US Select Fund continues to contribute positively to performance for the portfolios. For the first quarter of 2024 it generated a total return of 17.33%, relative to the S&P 500 return of 11.56%. The S&P 500 index is a stock market index that tracks the performance of the 500 largest publicly traded companies in the United States. Returns were primarily driven by stock selection in the technology, Industrials and Consumer Discretionary sectors. Meta, Nvidia, Saia, Constellation Energy, and Eagle Materials were all in the top 10 contributors and all continued their strong run that began in 2023. The fund has a significant underweight holding of Apple, relative to the S&P 500 and this benefited performance. Apple has performed poorly off the back of less demand for the iPhone 15.

Lazard Global Thematic Focus Fund	Total return 6.54%

-Stock selection in the technology, communication services and financial services sectors were the top contributors

The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. Active stock selection in the technology, communication services and financial services sectors were the top contributors. These sectors make up approximately 56% of the fund's holdings and accounted for 70% of the total return over the quarter. At a country level, this was once again led by the allocation to US companies, followed by France and Taiwan.

Neuberger Berman US Large Cap Value Fund	Total return 7.37%

-Top performing stocks were Merck & Co, JP Morgan and Berkshire Hathaway

After detracting from portfolio performance over last quarter, the Neuberger Berman US Large Cap Value Fund contributed positively this quarter. Performance was driven by the fund’s holdings in the financial services, healthcare and consumer defensive sectors. The top stock contributor was Merck & Co, the American pharmaceutical company. This was followed by JP Morgan and Berkshire Hathaway.

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Schroder Active Model Portfolios

Q1 2024

Negative contributors to portfolio performance

Royal London International Government Bond Fund	Total return -0.48%

-Interest rate expectations negatively affected performance

The first quarter of 2024 saw a significant shift in the landscape of inflation and interest rate expectations. Initially, the market anticipated faster central bank action to lower interest rates, however, expectations were scaled back. Bond yields have adjusted to these higher interest rate expectations, which has weighed on bond performance, with US, UK, and Euro government bonds down. When bond yields go down, their prices go up. A notable exception in actions taken by central banks is the Bank of Japan (BoJ), which increased interest rates from -0.1% to 0.1% for the first time in 17 years, signalling an end to negative rates.

Robeco Sustainable Water Fund	Total return -2.82%

-The fund was sold during the quarter

The Robeco Sustainable Water Fund was a detractor of performance over the quarter before it was sold during our January rebalance. The proceeds of the sale were distributed across the Lazard Global Thematic Focus Fund and the Fidelity Global Dividend Fund. This change means we're investing more in companies that are financially healthy, with steady profits and increased our and good cash flow.

FFSA Asia Focus Fund	Total return -2.88%

-The fund was sold during the quarter

The FFSA Asia Focus Fund was a detractor of performance over the quarter before it was sold during our January rebalance. The proceeds of the sale were allocated to the Polar Capital Emerging Market Stars Fund. The investment process of the Polar Fund examines the strategic position of companies and their potential to create value in the future. We believe this has the potential to deliver good returns going forward.

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Schroder Strategic Index Portfolios

Q1 2024

Performance

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All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Strategic Index Portfolio 2	**1.25**	**1.25**	**5.63**	**-3.64**	**-0.59**	**5.45**	**0.67**	**2.98**	**-0.12**	**9.52**	**0.93**	**9.26**	**51.89**
Inception date 04-01-2011													
UK CPI	0.61	0.61	3.20	10.06	7.02	0.71	1.52	1.91	2.46	2.32	0.46	-0.01	45.79
Schroder Strategic Index Portfolio 3	**1.71**	**1.71**	**6.82**	**-5.16**	**0.32**	**11.14**	**-0.67**	**4.06**	**0.41**	**14.91**	**1.30**	**14.64**	**90.13**
Inception date 04-01-2011													
Mixed Investment 0-35% Shares	1.44	1.44	5.84	-5.84	0.21	12.22	-3.54	2.43	0.44	9.93	-1.22	7.86	49.49
Schroder Strategic Index Portfolio 4	**3.00**	**3.00**	**9.27**	**-4.65**	**1.92**	**15.73**	**-2.50**	**4.53**	**1.03**	**17.44**	**-0.08**	**15.70**	**115.63**
Inception date 04-01-2011													
Mixed Investment 20-60% Shares	2.50	2.50	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	13.05	-2.12	8.78	70.55
Schroder Strategic Index Portfolio 5	**3.75**	**3.75**	**10.71**	**-4.22**	**2.97**	**19.56**	**-3.74**	**6.10**	**0.74**	**20.56**	**-0.19**	**14.83**	**128.45**
Inception date 04-01-2011													
Mixed Investment 20-60% Shares	2.50	2.50	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	13.05	-2.12	8.78	70.55
Schroder Strategic Index Portfolio 6	**4.82**	**4.82**	**12.69**	**-3.51**	**4.53**	**23.81**	**-5.33**	**5.75**	**1.33**	**23.41**	**-1.78**	**14.25**	**139.68**
Inception date 04-01-2011													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	26.47	-7.73	4.36	1.63	17.48	-2.72	10.71	107.17
Schroder Strategic Index Portfolio 7	**5.67**	**5.67**	**14.23**	**-2.77**	**6.11**	**29.02**	**-7.42**	**5.16**	**1.68**	**26.68**	**-2.56**	**13.17**	**154.83**
Inception date 04-01-2011													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	26.47	-7.73	4.36	1.63	17.48	-2.72	10.71	107.17
Schroder Strategic Index Portfolio 8	**6.48**	**6.48**	**15.60**	**-2.14**	**7.53**	**32.71**	**-9.51**	**4.82**	**2.59**	**29.86**	**-3.87**	**12.43**	**141.94**
Inception date 04-01-2011													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	105.46
Schroder Strategic Index Portfolio 9	**6.85**	**6.85**	**15.57**	**-1.68**	**5.55**	**35.39**	**-10.31**	**3.14**	**4.24**	**32.61**	**-5.44**	**13.56**	**124.94**
Inception date 04-01-2011													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	105.46
Schroder Strategic Index Portfolio 10	**5.82**	**5.82**	**12.55**	**-2.83**	**2.73**	**36.66**	**-10.82**	**2.18**	**5.12**	**35.10**	**-6.55**	**14.80**	**98.14**
Inception date 04-01-2011													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	29.36	-8.05	3.34	2.34	19.15	-3.94	11.39	105.46

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Strategic Index Portfolios

Q1 2024

Portfolio updates

The quarter in summary

As we started 2024, markets continued to rise due to the positive outlook on interest rates set by the Federal Reserve (Fed) in the final quarter of 2023. Markets interpreted the Fed's apparent shift in stance as a sign they may cut rates up to seven times this year, although this looked a little optimistic to us and expectations have since moderated. Demand for artificial intelligence (AI) has been gathering pace, with tech companies the major beneficiaries so far. Looking ahead, other sectors are beginning to adopt AI with the technology being deployed in consumer discretionary, healthcare, financials, and other more industrial areas of the market.

Annual update to our Strategic Asset Allocation

In April each year we reassess our Strategic Asset Allocation (SAA). This is a portfolio strategy which involves setting target allocations for various asset classes and rebalancing periodically. Rebalancing involves increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes.

In developing the long-term SAA, the Investment Committee is supported by the Schroders Economics and Multi-Asset teams. We make use of a proprietary tool to produce a set of well-diversified portfolios, positioned to perform throughout various market conditions and cycles. Key inputs into the tool are our 30-year return forecasts and the historic volatility and correlations of asset classes.

In our most recent return forecast, we increased our expectation for the long-term return on cash. This led us to increase the expected returns for government bonds. We therefore increased this exposure within the portfolios that hold the asset class, funded through a reduction in cash. For portfolios which don't hold cash, there was a marginal reduction in equities which was allocated to government bonds. This provides an opportunity for these portfolios to benefit from higher interest payments relative to history.

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Schroder Strategic Index Portfolios

Q1 2024

Portfolio changes

Our approach to managing portfolios involves quarterly rebalancing back to our strategic asset allocation. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. We rebalanced our portfolios by adjusting the weights of the assets to maintain a desired level of risk or return as per our review in April 2024. Our next review of the strategic asset allocation will be in April 2025.

There were no fund additions or sales over the quarter.

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Schroder Strategic Index Portfolios

Q1 2024

Positive contributors to portfolio performance

Fidelity Index World Fund	Total return 9.62%

-US based companies led performance
-Japanese equities have benefited from a weak yen

The Fidelity Index World Fund continued to contribute positively to performance for the portfolios. This was once again led by the allocation to US companies which achieved a return of 11.35% for the quarter. Companies within the technology sectors had the strongest performance, followed by financial services and industrials. The allocation to Japanese companies only amounts to 5.88% but the region also generated strong performance, achieving a return of 11.99%. Japanese equities have benefited from a weak yen, given that many of its biggest companies, such as Toyota and Sony, are exporters.

HSBC America Index Fund	Total return 11.23%

-Top three performing stocks for the quarter were Nvidia, Microsoft and Meta

US stocks had another strong quarter of positive performance. Returns were primarily driven by companies in the technology, financial services and communication service sectors. The top three performing stocks for the quarter were Nvidia, Microsoft and Meta. Nvidia has been at the forefront of the rally around artificial intelligence (AI), given its position as a leading designer of chips that enable this technology. The stock is the second-best performer in the US market so far this year and is rapidly closing in on Apple as the world's second largest company by market capitalisation.

HSBC FTSE All Share Index Fund	Total return 3.41%

-Top performing stocks were industrial companies such as BAE systems and Rolls Royce

The UK Equity market had modest performance over the quarter, generating positive returns. Performance was largely driven industrial companies such as BAE systems and Rolls Royce, which were up 20% and 40% respectively. Healthcare and financial services companies also generated positive returns.

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Schroder Strategic Index Portfolios

Q1 2024

Negative contributors to portfolio performance

iShares Environment & Low Carbon Tilt Real Estate Index Fund	Total return -2.35%

-Stock selection in Hong Kong, Singapore and Germany detracted from performance

The interest rate environment continues to have knock-on effects in the real estate (property) market. Negative performance over the quarter came from holdings in Hong Kong, Singapore and Germany. The largest detractor was Link Real Estate Investment Trust, the Hong Kong based real estate investor focused on retail facilities, car parks, offices and logistics facilities (the storage, transportation, and distribution of goods).

HSBC Global Government Bond Fund	Total return -0.37%

-Interest rate expectations negatively affected performance

The first quarter of 2024 saw a significant shift in the landscape of inflation and interest rate expectations. Initially, the market anticipated faster central bank action to lower interest rates, however, expectations were scaled back. Bond yields have adjusted to these higher interest rate expectations, which has weighed on bond performance, with US, UK, and Euro government bonds down. When bond yields go down, their prices go up. A notable exception in actions taken by central banks is the Bank of Japan (BoJ), which increased interest rates from -0.1% to 0.1% for the first time in 17 years, signalling an end to negative rates.

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Schroder Sustainable Portfolios

Q1 2024

Performance

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All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Sustainable Portfolio 3	**0.95**	**0.95**	**5.05**	**-4.17**	**0.76**	**13.34**	**0.50**	**3.84**	**1.97**	**11.89**	**-0.16**	**11.47**	**109.39**
Inception date 02-01-2008													
Mixed Investment 0-35% Shares	1.44	1.44	5.84	-5.84	0.21	12.22	-3.54	2.43	0.44	9.93	-1.22	7.86	61.72
Schroder Sustainable Portfolio 4	**1.70**	**1.70**	**6.18**	**-4.34**	**1.49**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.72**
Inception date 19-10-2020													
Mixed Investment 20-60% Shares	2.50	2.50	7.80	-5.00	1.79	-	-	-	-	-	-	-	10.70
Schroder Sustainable Portfolio 5	**2.20**	**2.20**	**6.97**	**-4.36**	**1.90**	**22.51**	**-0.43**	**5.63**	**4.12**	**16.00**	**-1.14**	**12.08**	**140.85**
Inception date 02-01-2008													
Mixed Investment 20-60% Shares	2.50	2.50	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	13.05	-2.12	8.78	82.78
Schroder Sustainable Portfolio 6	**2.90**	**2.90**	**7.94**	**-4.14**	**2.49**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12.29**
Inception date 19-10-2020													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	-	-	-	-	-	-	-	19.32
Schroder Sustainable Portfolio 7	**3.46**	**3.46**	**8.70**	**-3.84**	**3.08**	**32.08**	**-1.87**	**7.19**	**4.83**	**21.21**	**-1.00**	**11.87**	**192.24**
Inception date 02-01-2008													
Mixed Investment 40-85% Shares	4.14	4.14	10.11	-4.62	5.38	26.47	-7.73	4.36	1.63	17.48	-2.72	10.71	121.77
Schroder Sustainable Portfolio 8	**4.09**	**4.09**	**9.56**	**-3.49**	**3.30**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18.18**
Inception date 19-10-2020													
Flexible Investment	4.48	4.48	10.09	-3.96	5.00	-	-	-	-	-	-	-	20.96

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Schroder Sustainable Portfolios

Q1 2024

Portfolio updates

The quarter in summary

As we started 2024, markets continued to rise due to the positive outlook on interest rates set by the Federal Reserve (Fed) in the final quarter of 2023. Markets interpreted the Fed's apparent shift in stance as a sign they may cut rates up to seven times this year, although this looked a little optimistic to us and expectations have since moderated. Demand for artificial intelligence (AI) has been gathering pace, with tech companies the major beneficiaries so far. Looking ahead, other sectors are beginning to adopt AI with the technology being deployed in consumer discretionary, healthcare, financials, and other more industrial areas of the market.

Annual update to our Strategic Asset Allocation

In April each year we reassess our Strategic Asset Allocation (SAA). This is a portfolio strategy which involves setting target allocations for various asset classes and rebalancing periodically. Rebalancing involves increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes. In developing the long-term SAA, the Investment Committee is supported by the Schroders Economics and Multi-Asset teams. We make use of a proprietary tool to produce a set of well-diversified portfolios, positioned to perform throughout various market conditions and cycles. Key inputs into the tool are our 30-year return forecasts and the historic volatility and correlations of asset classes.

In our most recent return forecast, we increased our expectation for the long-term return on cash. This led us to increase the expected returns for government bonds. We therefore increased this exposure within the portfolios that hold the asset class, funded through a reduction in cash. For portfolios which don't hold cash, there was a marginal reduction in equities which was allocated to government bonds. This provides an opportunity for these portfolios to benefit from higher interest payments relative to history.

Higher interest rates for fixed income

At its latest meeting, the Fed left rates unchanged and expectations for US rate cuts in 2024 have been scaled back to just two cuts. The first interest rate cut is expected in September. Given this, our government bond allocation is positioned to benefit from the higher interest payments on offer. We have also maintained a high allocation to investment grade bonds. Investment grade bonds are issued by non-government entities that have been rated as high quality by credit rating agencies.

Positioning for adjustments in alternatives

Alternatives is a collective term for asset classes other than equities, bonds and cash. Alternatives include real estate, private equity, hedge funds and commodities. As part of our update to the Strategic Asset Allocation, the alternatives asset class has received a marginal increase. Although we are currently focused on risk diversifying strategies, this increased allocation positions the portfolio to allocate to return enhancing strategies when the market conditions are more favourable. Risk diversifying strategies tend not to move in the same direction as other assets. For example, if stocks go down, a risk diversifying asset might go up or stay the same. Return enhancing assets have the potential to deliver returns that are higher than those of traditional assets in a portfolio and often carry a higher degree of risk.

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Schroder Sustainable Portfolios

Q1 2024

Portfolio changes

Our approach to managing portfolios involves quarterly rebalancing back to our strategic asset allocation as well as making fund changes based on our current investment views.

Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. We rebalanced our portfolios by adjusting the weights of the assets to maintain a desired level of risk or return as per our review in April 2024. Our next review of the strategic asset allocation will be in April 2025.

The following fund additions and sales were made at our April 2024 rebalance:

Reduction of cash allocation

In line with our adjustments to the Strategic Asset Allocation, the allocation to the Royal London Short-Term Money Market Fund was reduced in Portfolios 3 and sold in Portfolios 4 and 5. The proceeds have been allocated to the Royal London International Government Bond Fund.

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Schroder Sustainable Portfolios

Q1 2024

Positive contributors to portfolio performance

Ninety One Global Sustainable Equity Fund	Total return 11.11%

-Added to portfolios in January 2024
-Stock selection in the healthcare, technology and industrial sectors were top contributors to performance

The Ninety One Global Sustainable Equity Fund was added to portfolios in January and has positively contributed to performance. The fund is managed by Stephanie Niven, who believes that companies leading in sustainability have the potential to outperform the market. Stock selection in the healthcare, technology and industrial sectors were top contributors to performance. These sectors make up approximately 65% of the fund and accounted for 77% of the total return over the quarter.

BNY Mellon Sustainable Global Equity Income Fund	Total return 4.27%

-Fund was added to portfolios in January
-Approximately 45% of the fund is invested in US based companies and these were the top contributors

The BNY Mellon Sustainable Global Equity Income Fund was added to portfolios in January and has positively contributed to performance. The fund aims to generate income, together with capital growth, by investing in global companies that demonstrate attractive investment qualities and sustainable business practices. Over the quarter, performance was driven by stock selection in the financial services, technology and consumer defensive sectors. Approximately 45% of the fund is invested in US based companies and these were the top contributors, followed by companies in France and Taiwan. The top stock contributor was the American pharmaceutical company, AbbView, which achieved a return of 19.71%.

Schroders Global Sustainable Value Equity Fund	Total return 5.01%

-Top performing stocks were NatWest and Western Digital Corp
-Companies in the US, UK and France performed well

Over the quarter, positive performance was generated in the financial services, communication services and technology sectors. NatWest and Western Digital Corp have both been the biggest contributors to the fund this quarter. At a country level, stocks in the US, UK and France were top contributors. The fund maintains a strict approach to valuing investments and concentrates on selecting stocks from the most affordable 20% of the market. Over the quarter the team have sold out of Colruyt Group, Marks & Spencer and Wiley. The team has bought positions in Best-Buy, KB Financial, Ahold Delhaize and Macy's.

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Schroder Sustainable Portfolios

Q1 2024

Negative contributors to portfolio performance

Ninety One Global Environment Fund	Total return -4.22%

-The fund was sold during the quarter

The Ninety One Global Environment Fund was a detractor of performance over the quarter before it was sold during our January rebalance. The proceeds were allocated to sustainable global equity funds which align with the key sustainability objectives as defined in Schroders' Engagement Blueprint. Our Blueprint describes our approach to engagement on environmental, social and governance (ESG) topics. It is forward looking and guides our ambition to generate investment returns for our clients by encouraging change where we consider it is needed. It aims to bring transparency to the companies we invest in and to our clients around our expectations, while also giving our internal investment teams guidance for their engagements on key issues.

Gravis Clean Energy Income Fund	Total return -9.61%

-Stock selection in the US, Canada and the UK detracted from performance

Approximately 40% of the fund invests in companies in the utilities sector and this was the largest detractor of performance. The largest detractor was EDP Renovaveis, a Spanish renewable energy company that designs, develops, manages and operates power plants that generate electricity using renewable energy sources. At a country level, companies in the US, Canada and the UK also detracted.

Lazard Global Thematic Focus Fund	Total return -1.18%

-The fund was sold during the quarter

The Lazard Global Thematic Focus Fund was a detractor of performance over the quarter before it was sold during our January rebalance. The proceeds were allocated to sustainable global equity funds which align with the key sustainability objectives as defined in Schroders' Engagement Blueprint. Our Blueprint describes our approach to engagement on environmental, social and governance (ESG) topics. It is forward looking and guides our ambition to generate investment returns for our clients by encouraging change where we consider it is needed. It aims to bring transparency to the companies we invest in and to our clients around our expectations, while also giving our internal investment teams guidance for their engagements on key issues.

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 amounts originally invested. The return may increase or decrease as a result of currency fluctuations. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Model portfolio returns may vary from individual investor returns due to timings and cash flows.

Schroder Blended Portfolios

Q1 2024

Investment objective

The Fund aims 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 the Fund's returns may vary over a year) over a rolling five year period of between [see table below for volatility target range by Portfolio] of that of global stock markets (represented by the MSCI All Country World index).

	Volatility target[1] (% p.a. over a five year rolling period)	Comparator benchmark[2] IA Mixed Investment sector
Schroder Blended Portfolio 3	30% to 45% of MSCI ACWI	0-35% shares average
Schroder Blended Portfolio 4	40% to 55% of MSCI ACWI	20-60% shares average
Schroder Blended Portfolio 5	50% to 65% of MSCI ACWI	20-60% shares average
Schroder Blended Portfolio 6	65% to 80% of MSCI ACWI	40-85% shares average
Schroder Blended Portfolio 7	75% to 90% of MSCI ACWI	40-85% shares average
Schroder Blended Portfolio 8	85% to 100% of MSCI ACWI	Flexible Investment average

[1]The Fund seeks to achieve the target volatility range by varying the weighting of asset types. During the relevant rolling five year period the Fund's volatility may be higher or lower than the target range if the investment manager believes it is necessary to seek to mitigate potential losses. The Fund's potential gains and losses are likely to be constrained by the aim to achieve its target volatility range. [2]The comparator benchmarks have been selected because the Investment Manager believes that this benchmark is a suitable comparison for performance purposes. Global equities are expressed as MSCI All Countries World Index.

Source: Schroders 2024.

Schroder Blended Portfolios

Q1 2024

Performance

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from the may go down as well as up and investors may not get back the amounts originally invested. The return may increase or decrease as a result of currency fluctuations.

All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Blended Portfolio 3 Z Acc	**1.71**	**1.71**	**6.67**	**-4.23**	**1.75**	**13.78**	**-**	**-**	**-**	**-**	**-**	**-**	**21.16**
Inception date 19-03-2020													
IA Mixed Investment 0-35% benchmarks	1.45	1.45	5.85	-5.84	0.21	12.22	-	-	-	-	-	-	15.96
Schroder Blended Portfolio 4 Z Acc	**2.83**	**2.83**	**8.43**	**-4.04**	**3.11**	**19.84**	**-**	**-**	**-**	**-**	**-**	**-**	**31.70**
Inception date 19-03-2020													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-	-	-	-	-	-	30.99
Schroder Blended Portfolio 5 Z Acc	**3.51**	**3.51**	**9.54**	**-3.80**	**3.89**	**23.69**	**-**	**-**	**-**	**-**	**-**	**-**	**39.14**
Inception date 19-03-2020													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-	-	-	-	-	-	30.99
Schroder Blended Portfolio 6 Z Acc	**4.51**	**4.51**	**11.05**	**-3.27**	**5.21**	**28.78**	**-**	**-**	**-**	**-**	**-**	**-**	**49.78**
Inception date 19-03-2020													
IA OE Mixed Investment 40-85% Shares	4.16	4.16	10.12	-4.62	5.38	26.47	-	-	-	-	-	-	47.83
Schroder Blended Portfolio 7 Z Acc	**5.22**	**5.22**	**12.13**	**-2.73**	**7.22**	**35.81**	**-**	**-**	**-**	**-**	**-**	**-**	**63.56**
Inception date 19-03-2020													
IA OE Mixed Investment 40-85% Shares	4.16	4.16	10.12	-4.62	5.38	26.47	-	-	-	-	-	-	47.83
Schroder Blended Portfolio 8 Z Acc	**5.91**	**5.91**	**13.16**	**-2.26**	**6.86**	**39.64**	**-**	**-**	**-**	**-**	**-**	**-**	**70.12**
Inception date 19-03-2020													
IA OE Flexible Investment	4.49	4.49	10.10	-3.96	5.00	29.36	-	-	-	-	-	-	51.21

Note: Typically, the performance of the Blended portfolios can be estimated using a combination of the return from the Active and Strategic Index Model Portfolios. The return over short periods can however appear out of sync due to a pricing delay. The underlying funds within the Blended Portfolios and the Blended Portfolio itself, price at 12pm. This means that the price of the Blended Portfolio today, reflects the price of the underlying funds from yesterday. This becomes particularly evident in short-term return figures when there are sharp price movements at the end of the month or end of the quarter. As an example, a large move at the end of September will be reflected in the price of the Blended Portfolio on the 1st of October and forms part of the October performance, even though it is attributable to September. This phenomenon averages out over longer return periods.

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Blended Portfolios

Q1 2024

Portfolio updates

The quarter in summary

As we started 2024, markets continued to rise due to the positive outlook on interest rates set by the Federal Reserve (Fed) in the final quarter of 2023. Markets interpreted the Fed's apparent shift in stance as a sign they may cut rates up to seven times this year, although this looked a little optimistic to us and expectations have since moderated. Demand for artificial intelligence (AI) has been gathering pace, with tech companies the major beneficiaries so far. Looking ahead, other sectors are beginning to adopt AI with the technology being deployed in consumer discretionary, healthcare, financials, and other more industrial areas of the market.

Annual update to our Strategic Asset Allocation

In April each year we reassess our Strategic Asset Allocation (SAA). This is a portfolio strategy which involves setting target allocations for various asset classes and rebalancing periodically. Rebalancing involves increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes. In developing the long-term SAA, the Investment Committee is supported by the Schroders Economics and Multi-Asset teams. We make use of a proprietary tool to produce a set of well-diversified portfolios, positioned to perform throughout various market conditions and cycles. Key inputs into the tool are our 30-year return forecasts and the historic volatility and correlations of asset classes.

In our most recent return forecast, we increased our expectation for the long-term return on cash. This led us to increase the expected returns for government bonds. We therefore increased this exposure within the portfolios that hold the asset class, funded through a reduction in cash. For portfolios which don't hold cash, there was a marginal reduction in equities which was allocated to government bonds. This provides an opportunity for these portfolios to benefit from higher interest payments relative to history. Within equities, the UK allocation was reduced across all portfolios. This was reallocated to the remaining regions with the overall exposure to equities remaining largely unchanged.

Higher interest rates for fixed income

At its latest meeting, the Fed left rates unchanged and expectations for US rate cuts in 2024 have been scaled back to just two cuts. The first interest rate cut is expected in September. Given this, our government bond allocation is positioned to benefit from the higher interest payments on offer. We have also maintained a high allocation to investment grade bonds. Investment grade bonds are issued by non-government entities that have been rated as high quality by credit rating agencies.

Focus on opportunities in equity

Within our regional equity allocations, we are allocating to areas where we see opportunity for growth. Last quarter, we detailed the potential for US smaller capitalisation (small-cap) stocks to perform well and we have now further increased this exposure. Small caps refer to stocks of companies listed on stock exchanges with a market capitalisation below larger, established companies in the main indices like the S&P 500 or the FTSE 100. In Japanese equity we have tilted more towards value-orientated strategies. These strategies invest in companies that are seen to be undervalued relative to their current trading price. Positive factors, such as corporate reform, have been favourable for shareholders. This has resulted in an increase in share buybacks and dividends, which have contributed to the rise in share prices. In Emerging Market equities, we have a higher weighting to growth-orientated strategies. These strategies invest in companies that are expected to offer future growth prospects that are above the average in their industry or sector. Overall, our equity investments are diversified across regions and sectors.

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Schroder Blended Portfolios

Q1 2024

Positioning for adjustments in alternatives

Alternatives is a collective term for asset classes other than equities, bonds and cash. Alternatives include real estate, private equity, hedge funds and commodities. As part of our update to the Strategic Asset Allocation, the alternatives asset class has received a marginal increase. Although we are currently focused on risk diversifying strategies, this increased allocation positions the portfolio to allocate to return enhancing strategies when the market conditions are more favourable. Risk diversifying strategies tend not to move in the same direction as other assets. For example, if stocks go down, a risk diversifying asset might go up or stay the same. Return enhancing assets have the potential to deliver returns that are higher than those of traditional assets in a portfolio and often carry a higher degree of risk.

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Schroder Blended Portfolios

Q1 2024

Portfolio changes

Our approach to managing portfolios involves quarterly rebalancing back to our strategic asset allocation as well as making fund changes based on our current investment views.

Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. We rebalanced our portfolios by adjusting the weights of the assets to maintain a desired level of risk or return as per our review in April 2024. Our next review of the strategic asset allocation will be in April 2025.

Reduction of cash allocation

In line with our adjustments to the Strategic Asset Allocation, the allocation to the Royal London Short-Term Money Market Fund was reduced in Portfolios 3 and sold in Portfolios 4 and 5. The proceeds have been allocated to the HSBC Global Government Bond Fund.

Changes in the Alternative asset class

The Jupiter Strategic Absolute Return Bond (SARB) Fund was added to the alternative asset class, funded through a reduction in the Brevan Howard Absolute Return Government Bond Fund. Each fund now has an equal weighting in the portfolio and are complementary to one another. The Jupiter SARB Fund aims to provide positive returns regardless of market conditions. It aims to achieve this while also managing volatility and minimising significant declines in value. We like the strategy because the investment process is structured and repeatable, with risk management a primary input.

The Schroders GAIA Contour Tech Equity Fund holding was increased to boost exposure within the technology, media and telecoms sectors. The managers believe that the rapid pace of change in the tech space creates significant opportunities for companies that can spearhead or quickly adapt to the changing landscape. On the other hand, it is seen as a significant risk for companies that are limited by their technological or financial history.

This allocation was funded through a reduction in the Landseer European Equity Focus Fund.

Fund sale in UK Equities

The announced departure of Alex Savvides, the lead manager of the JO Hambro UK Dynamic Fund, triggered a review of the fund according to our sell-discipline policy. Our policy states that the departure of a key person results in an evaluation of a fund to determine if it is still fit for purpose. Based on our analysis of the new managers preferred approach, we have decided to sell the fund.

The proceeds were distributed between existing holdings in the R&M UK Listed Smaller Companies, HSBC FTSE All-Share Index and TB Evenlode Income Funds. This ensures we retain exposure to areas of the UK market which we believe will benefit portfolios.

Active and passive allocation

Our analysis of the economic cycle (the natural pattern of growth and contraction that happens in the economy over time) has shifted into expansion. The analysis evaluates the state of the global economy using data on a broad range of components which tracks global activity trends. When the data indicates a positive outlook and an expansion of the economy, we typically allocate larger portions to passive managers and vice versa. This means that we have adjusted the split within the portfolios to have 55% exposure to passive funds and 45% exposure to active funds. At the end of 2023, the split was 40% exposure to passive funds and 60% exposure to active funds. Active funds aim to outperform a benchmark index through investing in assets selected by a fund manager while passive funds aim to track the performance of a benchmark market index. Within each asset class, the split between active and passive managers can differ. We allocate to active managers where we believe they will add the most value.

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Schroder Blended Portfolios

Q1 2024

Positive contributors to portfolio performance

HSBC America Index Fund	Total return 11.23%

-Top three performing stocks for the quarter were Nvidia, Microsoft and Meta

US stocks had another strong quarter of positive performance. Returns were primarily driven by companies in the technology, financial services and communication service sectors. The top three performing stocks for the quarter were Nvidia, Microsoft and Meta. Nvidia has been at the forefront of the rally around artificial intelligence (AI), given its position as a leading designer of chips that enable this technology. The stock is the second-best performer in the US market so far this year and is rapidly closing in on Apple as the world's second largest company by market capitalisation.

Fidelity Index World Fund	Total return 9.62%

-US based companies led performance
-Japanese equities have benefited from a weak yen

The Fidelity Index World Fund continued to contribute positively to performance for the portfolios. This was once again led by the allocation to US companies which achieved a return of 11.35% for the quarter. Companies within the technology sectors had the strongest performance, followed by financial services and industrials. The allocation to Japanese companies only amounts to 5.88% but the region also generated strong performance, achieving a return of 11.99%. Japanese equities have benefited from a weak yen, given that many of its biggest companies, such as Toyota and Sony, are exporters.

Lazard Global Thematic Focus Fund	Total return 6.54%

-Stock selection in the technology, communication services and financial services sectors were the top contributors

The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. Active stock selection in the technology, communication services and financial services sectors were the top contributors. These sectors make up approximately 56% of the fund's holdings and accounted for 70% of the total return over the quarter. At a country level, this was once again led by the allocation to US companies, followed by France and Taiwan.

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Schroder Blended Portfolios

Q1 2024

Negative contributors to portfolio performance

Schroders Diversified Alternative Assets Fund	Total return -7.56%

-Higher borrowing costs are impacting certain businesses in their ability to grow their operations

The market continues to present difficulties for alternative assets like listed infrastructure and certain private equity firms. Listed infrastructure refers to companies that own and operate infrastructure assets, for example airports, ports, and telecommunications networks. Private equity is a type of investment where funds are raised to invest in privately owned companies with the goal of increasing the value of the companies over time. These companies are facing higher borrowing costs, which can impact their ability to repay existing debt and grow their operations. While rising interest rates also have a negative impact on real estate, the fund's investments are in more stable areas of the sector. They have high occupancy rates, reliable rent collection, and are linked to inflation, which helps mitigate potential challenges.

iShares Environment & Low Carbon Tilt Real Estate Index Fund	Total return -2.35%

-Stock selection in Hong Kong, Singapore and Germany detracted from performance

The interest rate environment continues to have knock-on effects in the real estate (property) market. Negative performance over the quarter came from holdings in Hong Kong, Singapore and Germany. The largest detractor was Link Real Estate Investment Trust, the Hong Kong based real estate investor focused on retail facilities, car parks, offices and logistics facilities (the storage, transportation, and distribution of goods).

Artemis US Smaller Companies Fund	Total return -2.72%

-The fund was sold during the quarter

The Artemis US Smaller Companies Fund was a detractor of performance over the quarter before it was sold during our January rebalance. The proceeds of the sale were allocated to the Fisher US Small & Mid Cap Core Fund. The Fisher fund can adjust its investment strategy as needed, which should help it adapt to possible changes in the world economy.

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Schroder Global Multi-Asset Portfolios

Q1 2024

Investment objective

The Fund aims 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 the Fund's returns may vary over a year) over a rolling five year period of between [see table below for volatility target range by Portfolio] of that of global stock markets(represented by the MSCI All Country World index).

	Volatility target[1] (% p.a. over a five year rolling period)	Comparator benchmark[2] IA Mixed Investment sector
Schroder Global Multi-Asset Cautious Portfolio	30% to 45% of MSCI ACWI	0-35% shares average
Schroder Global Multi-Asset Moderately Cautious Portfolio	40% to 55% of MSCI ACWI	20-60% shares average
Schroder Global Multi-Asset Balanced Portfolio	50% to 65% of MSCI ACWI	20-60% shares average
Schroder Global Multi-Asset Growth Portfolio	65% to 80% of MSCI ACWI	20-60% shares average
Schroder Global Multi-Asset Adventurous Portfolio	75% to 90% of MSCI ACWI	40-85% shares average

The Global Multi-Asset Portfolios were previously called the Tactical Portfolios. The name change became effective on 2 May 2023.

[1]The Fund seeks to achieve the target volatility range by varying the weighting of asset types. During the relevant rolling five year period the Fund's volatility may be higher or lower than the target range if the investment manager believes it is necessary to seek to mitigate potential losses. The Fund's potential gains and losses are likely to be constrained by the aim to achieve its target volatility range. [2]The comparator benchmarks have been selected because the Investment Manager believes that this benchmark is a suitable comparison for performance purposes. Global equities are expressed as MSCI All Countries World Index.

Schroder Global Multi-Asset Portfolios

Q1 2024

Performance

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from the may go down as well as up and investors may not get back the amounts originally invested. The return may increase or decrease as a result of currency fluctuations.

All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Global Multi-Asset Cautious Portfolio F Acc	**1.93**	**1.93**	**6.74**	**-5.15**	**1.08**	**10.90**	**-0.91**	**1.48**	**1.05**	**-**	**-**	**-**	**15.94**
Inception date 10-01-2017													
IA Mixed Investment 0-35% benchmarks	1.45	1.45	5.85	-5.84	0.21	12.22	-3.54	2.43	0.44	-	-	-	12.88
Schroder Global Multi-Asset Moderately Cautious Portfolio F Acc	**3.27**	**3.27**	**8.93**	**-4.58**	**2.49**	**15.96**	**-4.49**	**1.59**	**1.21**	**-**	**-**	**-**	**22.46**
Inception date 10-01-2017													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	-	-	-	22.83
Schroder Global Multi-Asset Balanced Portfolio F Accumulation GBP	**4.07**	**4.07**	**10.42**	**-4.06**	**3.50**	**20.30**	**-6.71**	**0.91**	**1.95**	**-**	**-**	**-**	**28.42**
Inception date 10-01-2017													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	-	-	-	22.83
Schroder Global Multi-Asset Growth Portfolio F Acc	**5.11**	**5.11**	**12.20**	**-3.26**	**5.03**	**24.09**	**-9.06**	**0.52**	**2.30**	**-**	**-**	**-**	**34.62**
Inception date 10-01-2017													
IA OE Mixed Investment 40-85% Shares	4.16	4.16	10.12	-4.62	5.38	26.47	-7.73	4.36	1.63	-	-	-	40.10
Schroder Global Multi-Asset Adventurous Portfolio F Acc	**5.90**	**5.90**	**13.78**	**-2.32**	**6.62**	**28.44**	**-11.48**	**-0.21**	**1.96**	**-**	**-**	**-**	**39.90**
Inception date 10-01-2017													
IA OE Mixed Investment 40-85% Shares	4.16	4.16	10.12	-4.62	5.38	26.47	-7.73	4.36	1.63	-	-	-	40.10

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Global Multi-Asset Portfolios

Q1 2024

Portfolio updates

The Schroder Global Multi-Asset Portfolios performed well in the first quarter of 2024. Investors were optimistic due to expectations of interest rate cuts later in the year, leading to gains in the stock market and higher government bond yields. The positive returns were primarily driven by investments in equities, with alternative assets also making a positive contribution. However, fixed income investments had a negative impact on overall performance.

Going into the quarter, we had a neutral stance on equities because they had already risen significantly. However, as the quarter progressed, the economy continued to grow better than expected, while inflation remained under control. This led to the belief that equity prices could rise further and so we became more positive on equities towards the end of January.

This overweight position was expressed primarily through US equities. Strong corporate profits and enthusiasm surrounding artificial intelligence contributed to positive returns. We also held smaller overweight positions in Japanese and European equities. Many Japanese companies are reporting strong earnings, and there are signs that European manufacturing is recovering from 2023 lows. These two positions also contributed to positive returns.

In fixed income, the performance was mixed. Concerns about inflation weighed on bonds. In February, bond yields rose following higher-than-expected inflation rates in the US and eurozone which dampened hopes for near-term interest rate cuts. While government bonds didn't perform well overall, we adjusted the bond exposure to mitigate some losses. For example, we added an overweight position in UK government bonds compared to US government bonds in March. We believe the Federal Reserve (Fed) is less likely to cut interest rates as growth has been strong, and higher inflation, while the UK has more stable growth and inflation, keeping bond yields lower. Elsewhere within fixed income, an overweight US inflation-linked bond position, first implemented in January, was maintained. This position should help protect the portfolios in an environment where inflation proved to be more persistent than expected.

Alternative assets, such as gold, contributed positively to performance over the quarter. We added a tactical position in gold in January as demand from Asian investors remained strong and gold can also provide some protection against the risk of rising inflation and geopolitical tensions. Finally, within currencies, we increased our exposure to the US dollar at the start of the quarter. This position could help protect against the risk that the Federal Reserve doesn't cut interest rates as quickly as the market expects.

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Schroder Global Multi-Asset Portfolios

Q1 2024

Portfolio changes

While the economic backdrop is supportive of equites, the challenge currently facing stock markets is that the very concentrated performance has left things looking lopsided. Markets have risen to new highs and some of the largest growth companies, such as Nvidia, have again powered equity markets. However, a look at valuations under the surface shows that, globally, equity valuations are still attractive. Other markets are trading at a significant discount to the US. While by no means cheap as a group, even the 'Magnificent 7' (a group of high-performing and influential companies in the US stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla) have delivered corporate profits to support their valuations, so we are still a long way from bubble territory.

The recovery in global manufacturing is good news for stocks in Europe, Asia, and Emerging Markets. In the US and Europe, falling inflation has created an opportunity for interest rate cuts, which can benefit stock valuations. Many emerging economies have already started to make their monetary policies more flexible. We have also been positive about Japan for some time due to its supportive monetary policy and a cultural shift towards better capital allocation and shareholder returns. Overall, we are expanding our investments beyond the US to include other parts of the world, expecting a broader improvement in stock market performance. However, we may face challenges if central banks struggle to meet their inflation targets later in the year. For now, we maintain a positive outlook on equities.

Turning to bonds, the US economy's ongoing strength has led to changes in interest rate expectations, aligning more closely with our view of a controlled slowdown rather than a recession. While bond yields have increased, we have reduced our investment in government bonds to be more cautious and balance risk in the portfolio. Our focus in fixed income is on generating income rather than expecting a negative correlation with equities or significant price increases. We still see potential in gold, despite recent price rises, as it can benefit from central banks easing policies and provide protection against higher-than-expected inflation. To balance risk, we prefer the US dollar in our currency choices.

In summary, we are positioned for improving global growth and a window where inflation continues to moderate. The key question in the next few months is at what point does good news for the economy spell bad news for markets?

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Schroder Global Multi-Asset Portfolios

Q1 2024

Positive contributors to portfolio performance

Global Equities	Total return 3.24%

The expectations of interest rate cuts in 2024 and positive economic data led to the rise in global equities.

Europe ex UK Equities	Total return 0.41%

European stocks performed well due to improved business activity in Europe and strong performance in the technology sector.

Japanese Equities	Total return 0.38%

The positive economic cycle in Japan led to strong performance in Japanese stocks as optimism increased.

Note: Global Equities = Schroder Global Equity Fund, Schroder Global Equity Component Fund, Schroder Sustainable Multi Factor Equity Fund, Japanese Equities = Topix Index, Europe ex UK Equities = Eurostoxx Index. Returns are in base currency.

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Schroder Global Multi-Asset Portfolios

Q1 2024

Negative contributors to portfolio performance

Government Bonds	Total return -0.15%
The US and Eurozone experienced higher inflation than expected, which postponed the anticipated interest rate cuts and caused government bond prices to decline.	

Government Bonds = Schroder Global Sovereign Bond Tracker Component Fund. Returns are in base currency.

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Schroder Managed Defensive Fund

Q1 2024

Investment objective

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. The Fund invests directly or indirectly through derivatives in equity or equity related securities and fixed and floating rate securities, issued by governments, government agencies, supra-nationals or corporate issuers, worldwide. The Fund seeks to achieve the target average volatility by varying the weighting of asset types. During the market cycle the Fund's volatility may be higher or lower than the target average level if the Investment Manager believes it is necessary to seek to mitigate potential losses. The Fund's potential gains and losses are likely to be constrained by the aim to achieve its target average volatility. The Fund may also invest in alternative assets including funds that use absolute return strategies or funds that invest indirectly in real estate, infrastructure and commodities. The Fund may also invest in money market instruments, collective investment schemes, closed ended investment schemes, real estate investment trusts and exchange traded funds, and hold cash (exceptionally up to 100% of the Fund's assets may be cash or money market instruments). The Fund may invest more than 10% of its assets in collective investment schemes managed by Schroders. The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently (for more information please refer to section 10 of Appendix III of the Prospectus). The Fund may use leverage and take short positions.

Source: Schroders 2024.

Schroder Managed Defensive Fund

Q1 2024

Performance

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All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Managed Defensive Fund F Acc	**2.68**	**2.68**	**6.95**	**-4.37**	**1.00**	**6.94**	**0.04**	**-**	**-**	**-**	**-**	**-**	**11.76**
Inception date 31-05-2018													
ICE BofA Sterling 3-Month Government Bill Index plus 2%	1.79	1.79	7.25	4.10	3.18	1.72	2.54	-	-	-	-	-	22.51

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Managed Defensive Fund

Q1 2024

Portfolio updates

The Schroder Managed Defensive Fund performed well in the first quarter of 2024, generating positive returns. Investors were optimistic due to expectations of interest rate cuts later in the year, which led to gains in the stock market and increased yields on government bonds. The fund's investments in equities contributed to its overall returns, while its fixed income holdings had a negative impact.

At the start of the quarter, we had a neutral stance on equities due to their significant recent gains. However, as the quarter unfolded, the economy continued to exceed expectations in terms of growth, while inflation remained manageable. This positive economic outlook led us to upgrade our view on equities to positive, particularly in the US market. The strong performance of US companies, driven by robust earnings and the excitement surrounding artificial intelligence, contributed to the overall positive returns.

In addition to our focus on US equities, we also had smaller overweight positions in Japanese and European equities. Many Japanese companies reported impressive earnings, and there are indications that European manufacturing data is rebounding from the lows experienced in 2023. These positions also contributed to the positive returns of the fund. Overall, the combination of a positive economic environment, strong corporate earnings, and specific opportunities in the US, Japan, and Europe drove the fund's positive performance during the quarter.

Government bonds had a mixed performance during the quarter. Concerns about inflation weighed on this asset class, particularly in February when US yields rose due to higher-than-expected inflation rates in the US and eurozone. This dampened hopes for near-term interest rate cuts. The Fund maintained exposure to a diversified range of government bonds from developed markets, including the UK, US, Germany, Australia, and Canada. The largest exposure was to shorter-dated US Treasury Bonds. Additionally, the Fund held an overweight position in UK index-linked bonds, which helped offset some losses from nominal government bonds and provided protection in an environment where inflation proved to be more persistent than expected.

Alternative assets made a positive contribution to the Fund's performance during the quarter. In addition to our longer-term position in broad commodities, such as oil, wheat, corn, and metals, we added a tactical position in gold in March. Gold prices were supported by strong demand from investors in Asia. Gold also serves as a potential hedge against the risk of inflation picking up again and a renewal of geopolitical tensions. The inclusion of alternative assets in the Fund's portfolio helped diversify risk and contributed to its overall performance.

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Schroder Managed Defensive Fund

Q1 2024

Portfolio changes

While the economic backdrop is supportive of equites, the challenge currently facing stock markets is that the very concentrated performance has left things looking lopsided. Markets have risen to new highs and some of the largest growth companies, such as Nvidia, have again powered equity markets. However, a look at valuations under the surface shows that, globally, equity valuations are still attractive. Other markets are trading at a significant discount to the US. While by no means cheap as a group, even the 'Magnificent 7' (a group of high-performing and influential companies in the US stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla) have delivered corporate profits to support their valuations, so we are still a long way from bubble territory.

The recovery in global manufacturing is good news for stocks in Europe, Asia, and Emerging Markets. In the US and Europe, falling inflation has created an opportunity for interest rate cuts, which can benefit stock valuations. Many emerging economies have already started to make their monetary policies more flexible. We have also been positive about Japan for some time due to its supportive monetary policy and a cultural shift towards better capital allocation and shareholder returns. Overall, we are expanding our investments beyond the US to include other parts of the world, expecting a broader improvement in stock market performance. However, we may face challenges if central banks struggle to meet their inflation targets later in the year. For now, we maintain a positive outlook on equities.

Turning to bonds, the US economy's ongoing strength has led to changes in interest rate expectations, aligning more closely with our view of a controlled slowdown rather than a recession. While bond yields have increased, we have reduced our investment in government bonds to be more cautious and balance risk in the portfolio. Our focus in fixed income is on generating income rather than expecting a negative correlation with equities or significant price increases. We still see potential in gold, despite recent price rises, as it can benefit from central banks easing policies and provide protection against higher-than-expected inflation. To balance risk, we prefer the US dollar in our currency choices.

In summary, we are positioned for improving global growth and a window where inflation continues to moderate. The key question in the next few months is at what point does good news for the economy spell bad news for markets?

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Schroder Managed Defensive Fund

Q1 2024

Positive contributors to portfolio performance

US Equities	Total return 1.52%

Strong corporate earnings and enthusiasm surrounding artificial intelligence contributed to positive returns.

Europe ex UK Equities	Total return 0.60%

European stocks performed well due to improved business activity in Europe and strong performance in the technology sector.

Japanese Equities	Total return 0.45%

The positive economic cycle in Japan led to strong performance in Japanese stocks as optimism increased.

Note: US Equities = S&P 500 Index Future, Japanese Equities = Topix Index Future, Europe ex UK Equities = Eurostoxx Index Future. Returns are in base currency.

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Schroder Managed Defensive Fund

Q1 2024

Negative contributors to portfolio performance

Government Bonds	Total return -0.94%

The US and Eurozone experienced higher inflation than expected, which postponed the anticipated interest rate cuts and caused government bond prices to decline.

Government Bonds = US, UK, German, Canadian, Australian government bonds of varying maturity. Returns are in base currency.

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Schroder Income Portfolio

Q1 2024

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.

Volatility target[1] (% p.a. over a five year rolling period)	Comparator benchmark[2] IA Mixed Investment Sector	Income target
50% to 65% of MSCI ACWI	20% to 60% shares average	3% to 5% per year

[1]The Fund seeks to achieve the target volatility range by varying the weighting of asset types. During the relevant rolling five year period the Fund's volatility may be higher or lower than the target range if the investment manager believes it is necessary to seek to mitigate potential losses. The Fund's potential gains and losses are likely to be constrained by the aim to achieve its target volatility range. [2]The comparator benchmarks have been selected because the Investment Manager believes that this benchmark is a suitable comparison for performance purposes. Global equities are expressed as MSCI All Countries World Index. The Schroder Multi-Manager Diversity Income Fund was restructured and renamed the Schroder Income Fund on the 12 November 2021.

Schroder Income Portfolio

Q1 2024

Performance

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All performance figures presented below are expressed as percentages.

	Q1 2024	YTD	01/04/2023 - 31/03/2024	01/04/2022 - 31/03/2023	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021	01/04/2019 - 31/03/2020	01/04/2018 - 31/03/2019	01/04/2017 - 31/03/2018	01/04/2016 - 31/03/2017	01/04/2015 - 31/03/2016	01/04/2014 - 31/03/2015	Since Inception
Schroder Income Portfolio Z Accumulation GBP	**2.74**	**2.74**	**8.45**	**-2.76**	**2.53**	**27.94**	**-12.64**	**3.77**	**-1.44**	**9.16**	**-1.44**	**5.29**	**82.69**
Inception date 15-12-2010													
IA OE Mixed Investment 20-60% Shares	2.51	2.51	7.80	-5.00	1.79	20.05	-7.14	2.89	0.83	12.97	-2.38	8.51	70.75

Yield

The current yield is 3.63%. This is an expression of the annual income (interest or dividends) divided by the current price of the fund. This measure is not an accurate reflection of the actual return that an investor will receive in all cases because bond and stock prices constantly change due to market factors. Please note the actual figure may be revised once the final interest and dividends payments have been declared by the underlying investments.

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 31 March 2024. Portfolio returns may vary from individual investor returns due to timings and cash flows. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.

Schroder Income Portfolio

Q1 2024

Portfolio updates

The quarter in summary

As we started 2024, markets continued to rise due to the positive outlook on interest rates set by the Federal Reserve (Fed) in the final quarter of 2023. Markets interpreted the Fed's apparent shift in stance as a sign they may cut rates up to seven times this year, although this looked a little optimistic to us and expectations have since moderated. Demand for artificial intelligence (AI) has been gathering pace, with tech companies the major beneficiaries so far. Looking ahead, other sectors are beginning to adopt AI with the technology being deployed in consumer discretionary, healthcare, financials, and other more industrial areas of the market.

Annual update to our Strategic Asset Allocation

In April each year we reassess our Strategic Asset Allocation (SAA). This is a portfolio strategy which involves setting target allocations for various asset classes and rebalancing periodically. Rebalancing involves increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes. In developing the long-term SAA, the Investment Committee is supported by the Schroders Economics and Multi-Asset teams. We make use of a proprietary tool to produce a set of well-diversified portfolios, positioned to perform throughout various market conditions and cycles. Key inputs into the tool are our 30-year return forecasts and the historic volatility and correlations of asset classes.

In our most recent return forecast, we increased our expectation for the long-term return on cash. This led us to increase the expected returns for government bonds. We therefore increased this exposure within the portfolios that hold the asset class, funded through a reduction in cash. For portfolios which don't hold cash, there was a marginal reduction in equities which was allocated to government bonds. This provides an opportunity for these portfolios to benefit from higher interest payments relative to history. Within equities, the UK allocation was reduced across all portfolios. This was reallocated to the remaining regions with the overall exposure to equities remaining largely unchanged.

Higher interest rates for fixed income

At its latest meeting, the Fed left rates unchanged and expectations for US rate cuts in 2024 have been scaled back to just two cuts. The first interest rate cut is expected in September. Given this, our government bond allocation is positioned to benefit from the higher interest payments on offer. We have also maintained a high allocation to investment grade bonds. Investment grade bonds are issued by non-government entities that have been rated as high quality by credit rating agencies.

Focus on opportunities in equity

Within our regional equity allocations, we are allocating to areas where we see opportunity for growth. Last quarter, we detailed the potential for US smaller capitalisation (small-cap) stocks to perform well and we have now further increased this exposure. Small caps refer to stocks of companies listed on stock exchanges with a market capitalisation below larger, established companies in the main indices like the S&P 500 or the FTSE 100. In Japanese equity we have tilted more towards value-orientated strategies. These strategies invest in companies that are seen to be undervalued relative to their current trading price. Positive factors, such as corporate reform, have been favourable for shareholders. This has resulted in an increase in share buybacks and dividends, which have contributed to the rise in share prices. In Emerging Market equities, we have a higher weighting to growth-orientated strategies. These strategies invest in companies that are expected to offer future growth prospects that are above the average in their industry or sector. Overall, our equity investments are diversified across regions and sectors.

Positioning for adjustments in alternatives

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Schroder Income Portfolio

Q1 2024

Positioning for adjustments in alternatives

Alternatives is a collective term for asset classes other than equities, bonds and cash. Alternatives include real estate, private equity, hedge funds and commodities. As part of our update to the Strategic Asset Allocation, the alternatives asset class has received a marginal increase. Although we are currently focused on risk diversifying strategies, this increased allocation positions the portfolio to allocate to return enhancing strategies when the market conditions are more favourable. Risk diversifying strategies tend not to move in the same direction as other assets. For example, if stocks go down, a risk diversifying asset might go up or stay the same. Return enhancing assets have the potential to deliver returns that are higher than those of traditional assets in a portfolio and often carry a higher degree of risk.

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Schroder Income Portfolio

Q1 2024

Portfolio changes

Our approach to managing portfolios involves quarterly rebalancing back to our strategic asset allocation as well as making fund changes based on our current investment views.

Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. We rebalanced our portfolios by adjusting the weights of the assets to maintain a desired level of risk or return as per our review in April 2024. Our next review of the strategic asset allocation will be in April 2025.

The following fund additions and sales were made at our April 2024 rebalance:

Reduction of cash allocation

In line with our adjustments to the Strategic Asset Allocation, the Royal London Short-Term Market Fund was sold. The proceeds were allocated to the HSBC Global Government Bond Fund.

Changes in the Alternative asset class

The Jupiter Strategic Absolute Return Bond (SARB) Fund was added to the alternative asset class, funded through a reduction in the Brevan Howard Absolute Return Government Bond Fund. Each fund now has an equal weighting in the portfolio and are complementary to one another. The Jupiter SARB Fund aims to provide positive returns regardless of market conditions. It aims to achieve this while also managing volatility and minimising significant declines in value. We like the strategy because the investment process is structured and repeatable, with risk management a primary input.

The Schroders GAIA Contour Tech Equity Fund holding was increased to boost exposure within the technology, media and telecoms sectors. The managers believe that the rapid pace of change in the tech space creates significant opportunities for companies that can spearhead or quickly adapt to the changing landscape. On the other hand, it is seen as a significant risk for companies that are limited by their technological or financial history. This allocation was funded through a reduction in the Landseer European Equity Focus Fund.

Increasing exposure to income generating assets in UK Equities

The Man GLG Income Professional Fund was added to the portfolio through a reduction of the City of London Investment Trust. The fund is managed by an experienced team with a robust and clear investment philosophy. The team selects around 40 to 60 stocks to invest in, with a focus on companies that have strong financial positions and generate healthy amounts of free cash compared to other companies in the market. The fund currently has a dividend yield of approximately 5%. This is an expression of the annual dividends paid out by the fund. This measure is not an accurate reflection of the actual return that an investor will receive in all cases because stock prices constantly change due to market factors. Please note the actual figure may be revised once the final dividend payments have been declared by the underlying investments.

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Schroder Income Portfolio

Q1 2024

Positive contributors to portfolio performance

Fidelity US Quality Income Fund	Total return 9.38%

-US based companies led performance
-The Index tracks the performance of quality US large and medium-sized companies, while also generating income

US based companies continue to contribute positively to performance of the portfolio. For the Fidelity US Quality Income Fund, their holdings in the technology, healthcare and financial services sectors were up. Nvidia was the top contributor over the quarter and has been at the forefront of the rally around artificial intelligence (AI). This is due to its position as a leading designer of chips that enable this technology. The stock is the second-best performer in the US market so far this year and is rapidly closing in on Apple as the world's second largest company by market capitalisation. The fund aims to provide both capital and income returns by replicating the Fidelity US Quality Income Index. The Index is designed to reflect the performance of US large and medium sized companies that exhibit quality fundamental characteristics, while also ensuring income is provided.

Lazard Global Thematic Focus Fund	Total return 6.54%

-Stock selection in the technology, communication services and financial services sectors were the top contributors

The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. Active stock selection in the technology, communication services and financial services sectors were the top contributors. These sectors make up approximately 56% of the fund's holdings and accounted for 70% of the total return over the quarter. At a country level, this was once again led by the allocation to US companies, followed by France and Taiwan.

Schroders US Equity Income Maximiser Fund	Total return 9.83%

-Stock selection in the technology, financial services and communication service sectors were top contributors to performance

Another top contributor in our US Equity allocation was the Schroders US Equity Income Maximiser Fund. The fund aims to broadly replicate the performance of the S&P 500 Index (a stock market index that tracks the performance of the 500 largest publicly traded companies in the United States), while also generate an income of 5% on an annual basis. Over the quarter, companies in the technology, financial services and communication service sectors contributed to most to overall performance.

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Schroder Income Portfolio

Q1 2024

Negative contributors to portfolio performance

Schroders Diversified Alternative Assets Fund	Total return -7.56%

-Higher borrowing costs are impacting certain businesses in their ability to grow their operations

The market continues to present difficulties for alternative assets like listed infrastructure and certain private equity firms. Listed infrastructure refers to companies that own and operate infrastructure assets, for example airports, ports, and telecommunications networks. Private equity is a type of investment where funds are raised to invest in privately owned companies with the goal of increasing the value of the companies over time. These companies are facing higher borrowing costs, which can impact their ability to repay existing debt and grow their operations. While rising interest rates also have a negative impact on real estate, the fund's investments are in more stable areas of the sector. They have high occupancy rates, reliable rent collection, and are linked to inflation, which helps mitigate potential challenges.

BlackRock Continental Europe Income Fund	Total return -2.56%

-The fund was sold during the quarter

The BlackRock Continental Europe Income Fund was sold during our January rebalance. Up until the point of sale, the fund had contributed positively to portfolio performance, but it was a detractor over the quarter. The proceeds were allocated to the Fidelity Index Europe ex UK and the Polar Capital Europe ex UK Income Funds.

iShares Environment & Low Carbon Tilt Real Estate Index Fund	Total return -2.35%

-Stock selection in Hong Kong, Singapore and Germany detracted from performance

The interest rate environment continues to have knock-on effects in the real estate (property) market. Negative performance over the quarter came from holdings in Hong Kong, Singapore and Germany. The largest detractor was Link Real Estate Investment Trust, the Hong Kong based real estate investor focused on retail facilities, car parks, offices and logistics facilities (the storage, transportation, and distribution of goods).

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