



Schroders Emerging Markets Lens: Emerging Market Debt

Strategic Research Unit

July 2023

Marketing material for
professional clients only.

Table of contents

01 [Emerging market debt: hard currency](#)

02 [Emerging market debt: local currency](#)

03 [Emerging market currencies](#)

Summary

EM bonds and currencies extended YTD gains in Q2, led by local bonds (slide 4). This was despite a backdrop of ongoing pressure in developed market bond yields

Hard currency emerging market debt (EMD):

- The hard EM bond index yield and spread is elevated relative to its long term history
- The above median hard EMD spread is attributable to the high yield (HY) sovereign index. The spread on the investment grade (IG) sovereign market is below its historical average, and at a ten year low
- In corporate EMD, the IG spread has fallen below its historical median, while the HY spread is close to its median

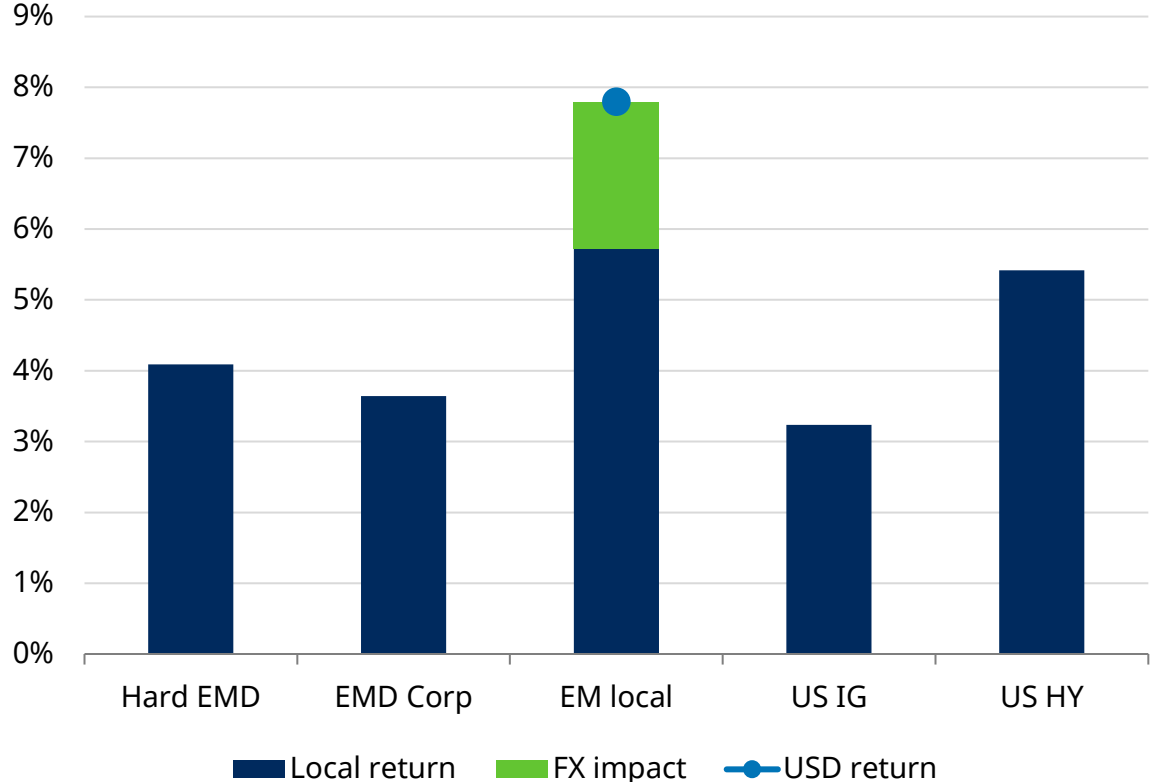
Local currency EMD:

- The real yield pickup over developed market (DM) bonds has fallen to a very low level. This is primarily due to the sharp decrease in EM real yields in the past 12 months, as inflation has increased by more than nominal yields. EM inflation is now falling though, and could provide some relief
- The average local EM yield curve is now inverted (downward sloping)
- There are undervalued **currencies** in all three EM regions. The degree of value in EM currencies varies significantly

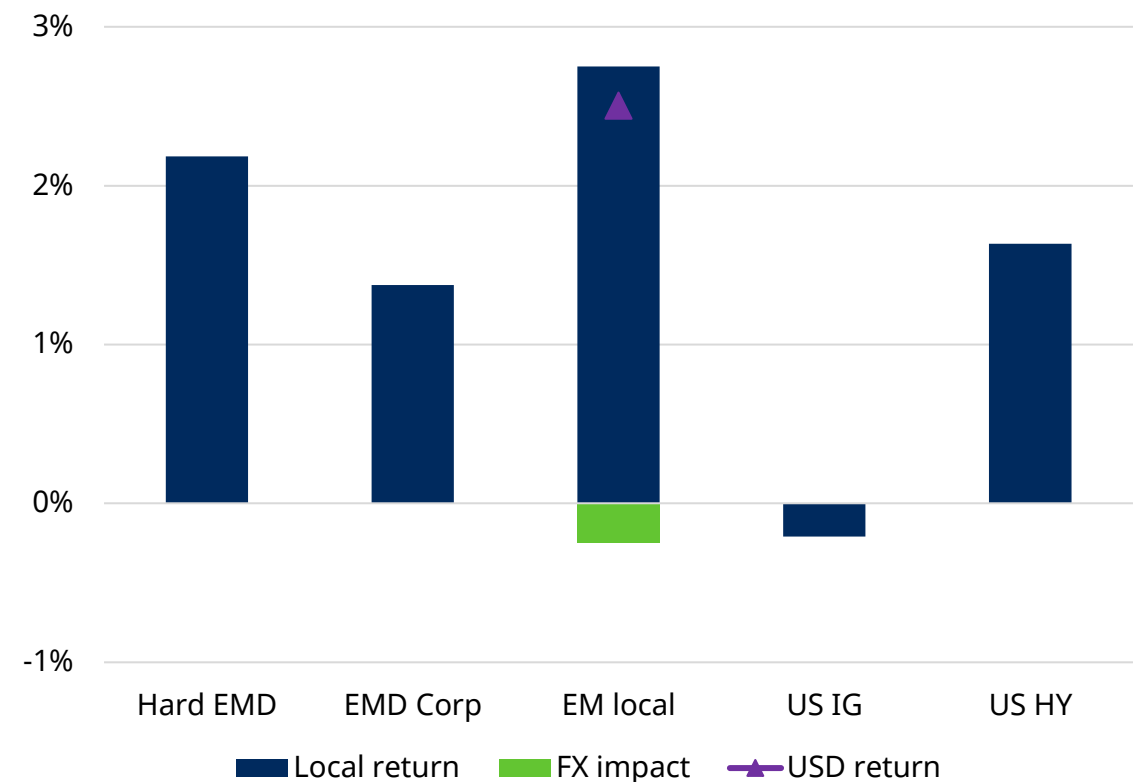
EMD extended gains in Q2, led by local debt

Corporate EMD has been the laggard, but remains positive YTD

Total return YTD



Total return Q2 2023

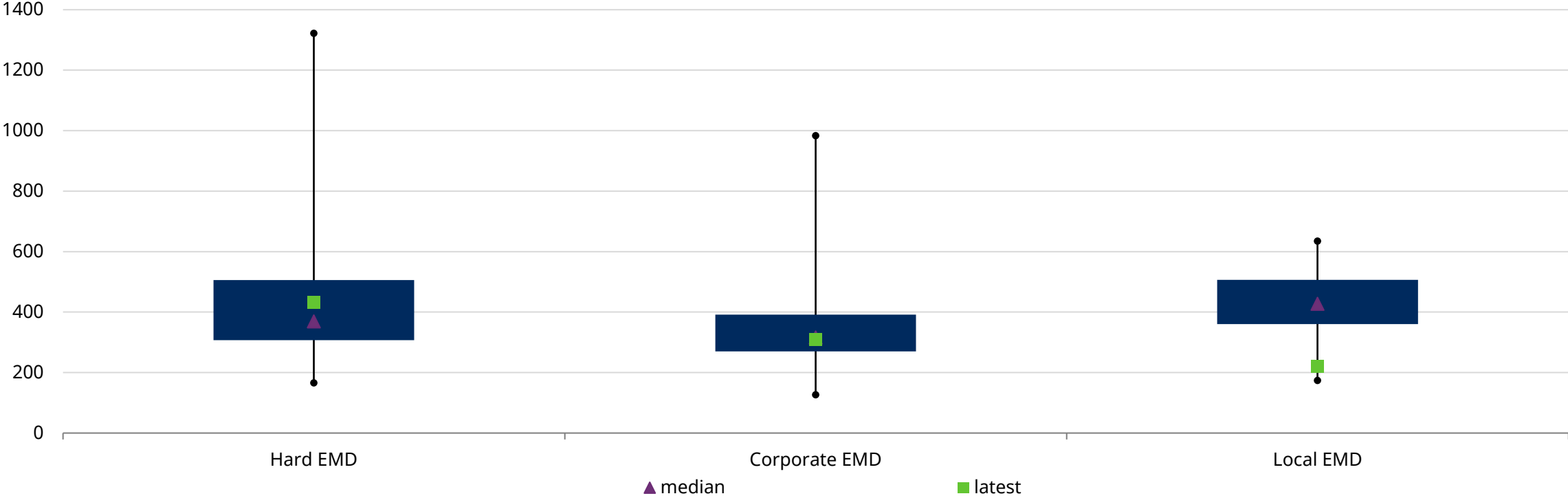


Note: Local currency = US dollar for all apart from local EMD which is in the relevant local EM currency.
 Source: Schroders, Refinitiv Datastream, JP Morgan, Schroders Strategic Research Unit. Data as at 30 June 2023.
 Please see relevant disclaimers on page 41.

EMD headline valuations

Spread percentiles

Spreads of key EMD indices (basis points)



Hard currency valuations remain cheapest versus history, but there is more to this than meets the eye...

See slides 12-13

Source: Schroders, Refinitiv Datastream, J.P. Morgan. Data as at 30 June 2023. Spreads are adjusted for changes in the distribution of credit ratings within each index over time. Percentiles shows where the current spread is relatively to the historical range of spreads, within a range of 0 to 100. The greater the percentile the higher the spread compared to history. Hard EMD =stripped spread, Local EMD =Spread to 5 year UST, Corporate EMD = spread to worst. Please see relevant disclaimers on page 41.



Emerging market debt:

Hard currency

Summary: hard emerging market debt

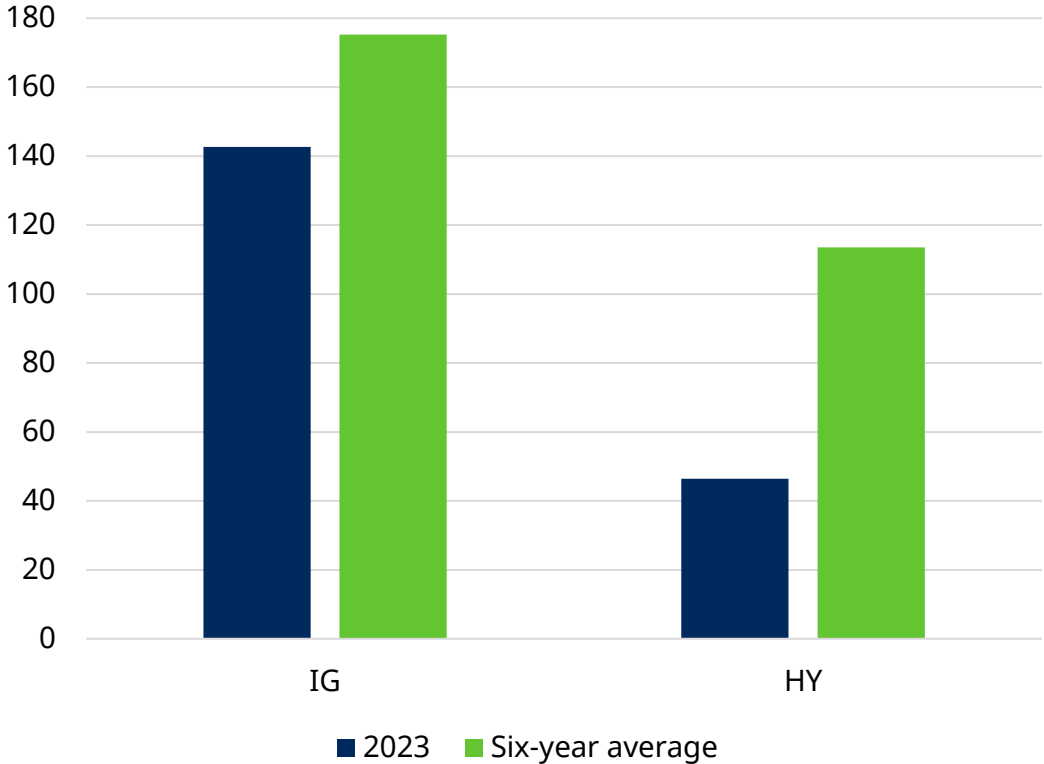
- The hard sovereign EMD index yield is elevated relative to its long term history (slide 9)
- In sovereign EMD, the spread dispersion between countries remains wide. Larger countries in general remain steady, but smaller countries are feeling the pain (slides 13-14). Market access continues to be a problem for EM HY issuers.
- The rise in US yields has increased the cost of debt for EM issuers, and the sovereign HY index spread remains at an elevated level (slide 10). The IG spread is at a ten year low, influenced in part by index composition changes over the past six years (slides 11-12)
- In corporate EMD, the IG spread has fallen below its historical median, while the HY spread is close to its median (slide 15)
- Credit quality has worsened since the pandemic. This has been compounded by the 2022 challenges for issuers included in major sovereign and corporate EMD benchmarks. There is some nuance though; the AA rated share of the sovereign hard currency index has increased, as have the share of BB and CCC or lower (slide 16).

Source: Schroders, Refinitiv Datastream, JP Morgan, Schroders Strategic Research Unit. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

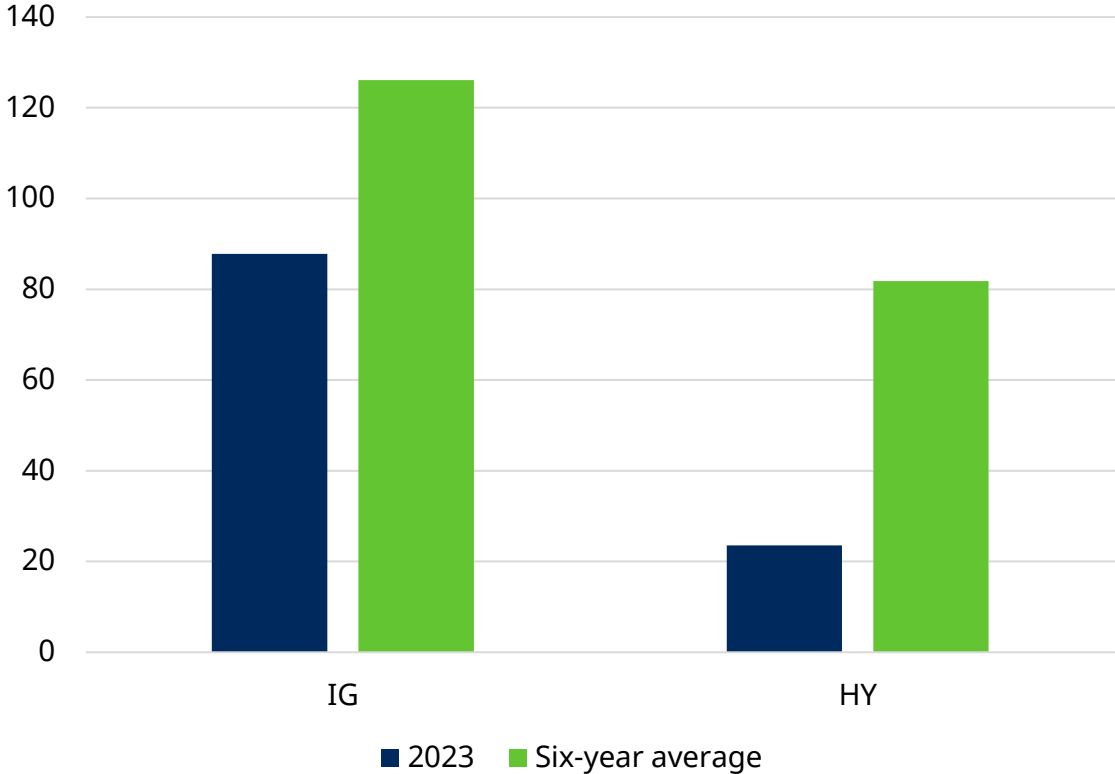
Hard EMD issuance is below the six-year average

IG issuance YTD is 81% of the six-year average, HY 41%, and corporate HY 29%

Overall hard EMD (USD billion)



Hard Corporate EMD (USD billion)



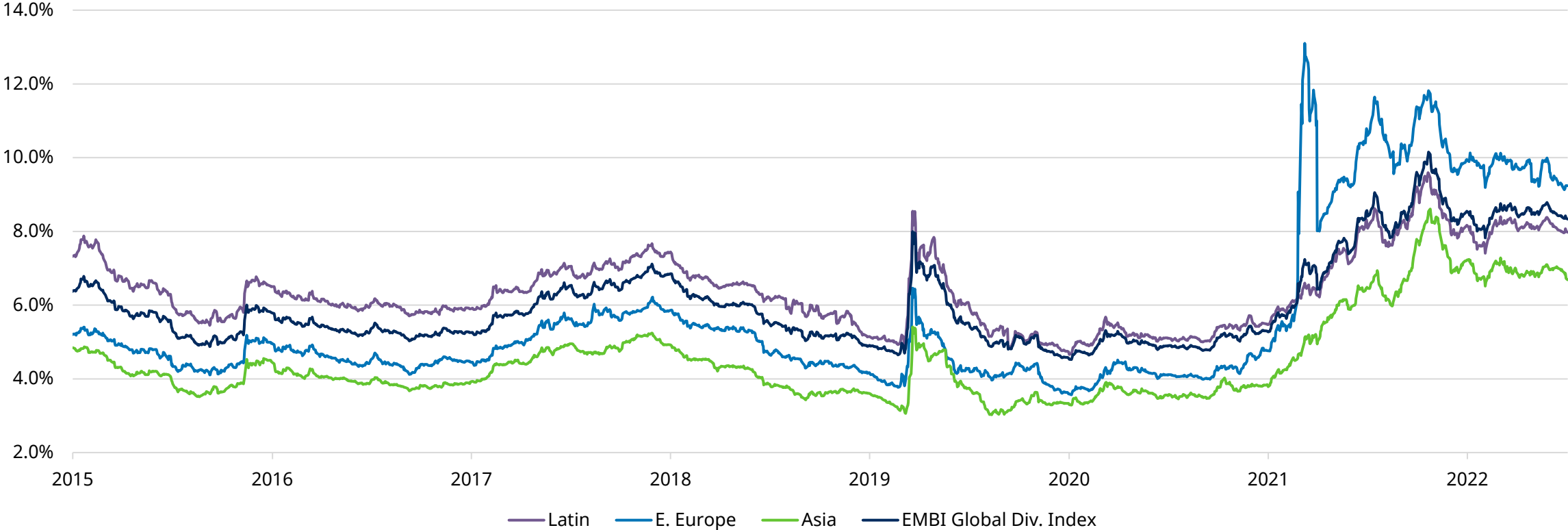
We are currently in the midst of the longest corporate HY issuance drought since data became available

Total sovereign and Corporate hard EMD. Bank of America, data as at 30 June 2023. Please see relevant disclaimers on page 41.

Hard EMD index yield is elevated relative to history

With only a small 0.2% easing to 8.3% so far this year

Hard currency sovereign EMD regional index yield

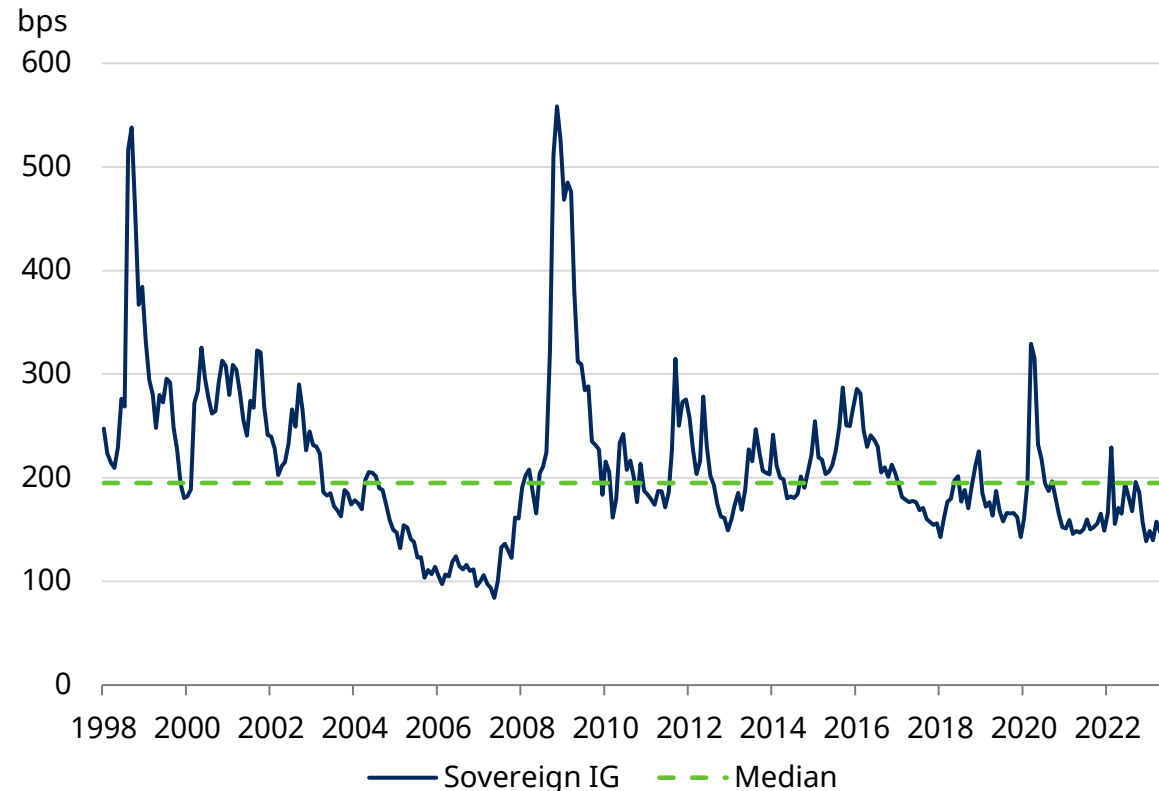


Russia was removed from all JP Morgan EMD indices from 31 March 2022.
Source: Schroders, JP Morgan. Data as at 3 July 2023. Please see relevant disclaimers on page 41.

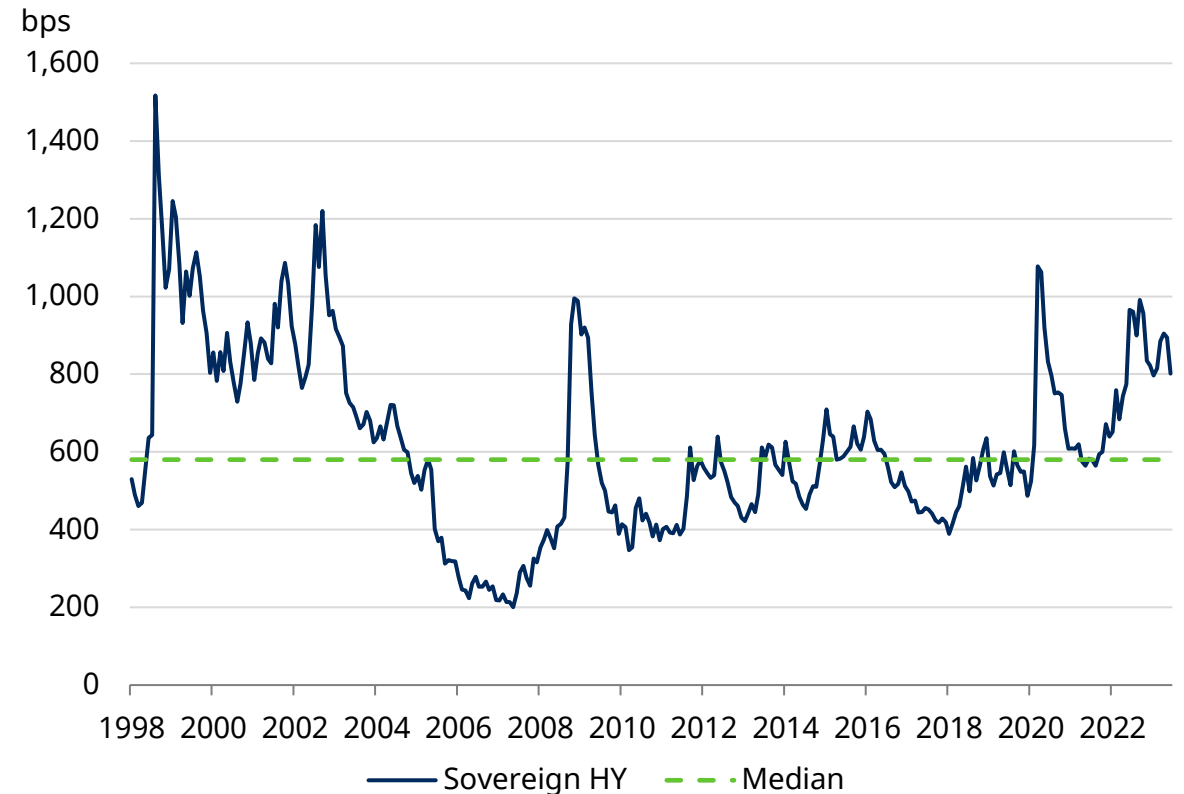
Valuation of hard currency sovereign EMD

IG spread is at the tightest level in over ten years...

Hard currency sovereign EMD IG spread



Hard currency sovereign EMD HY spread



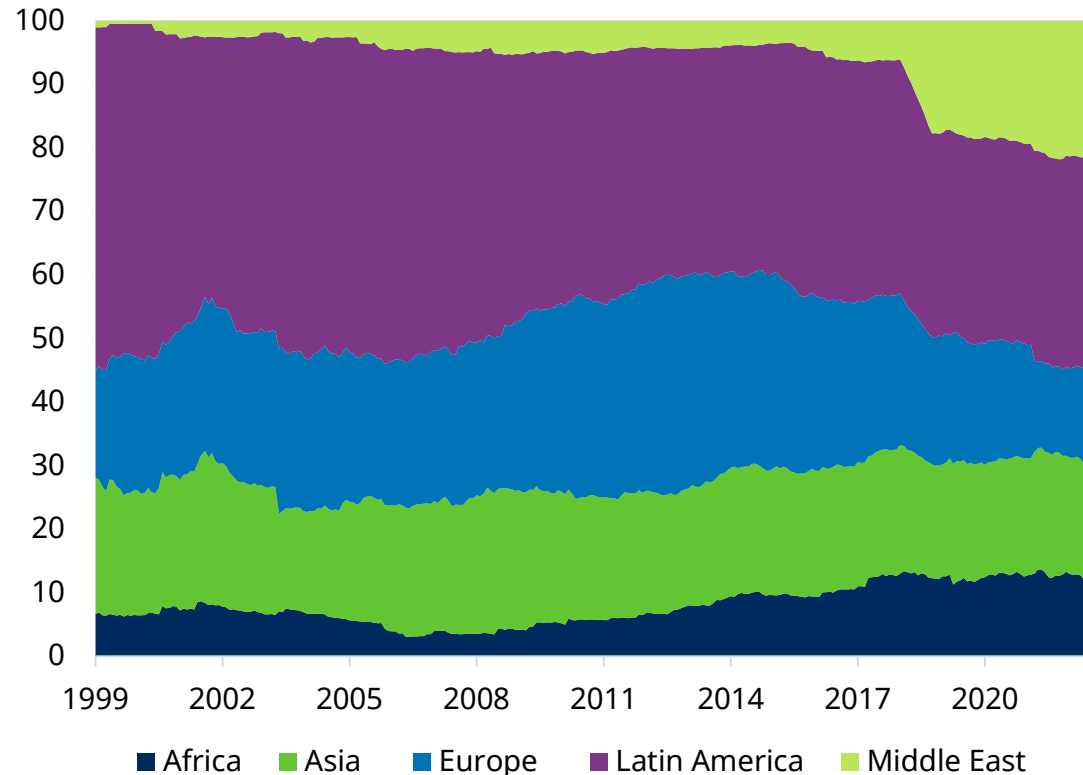
Despite falling in Q2, the HY spread remains elevated relative to history

Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

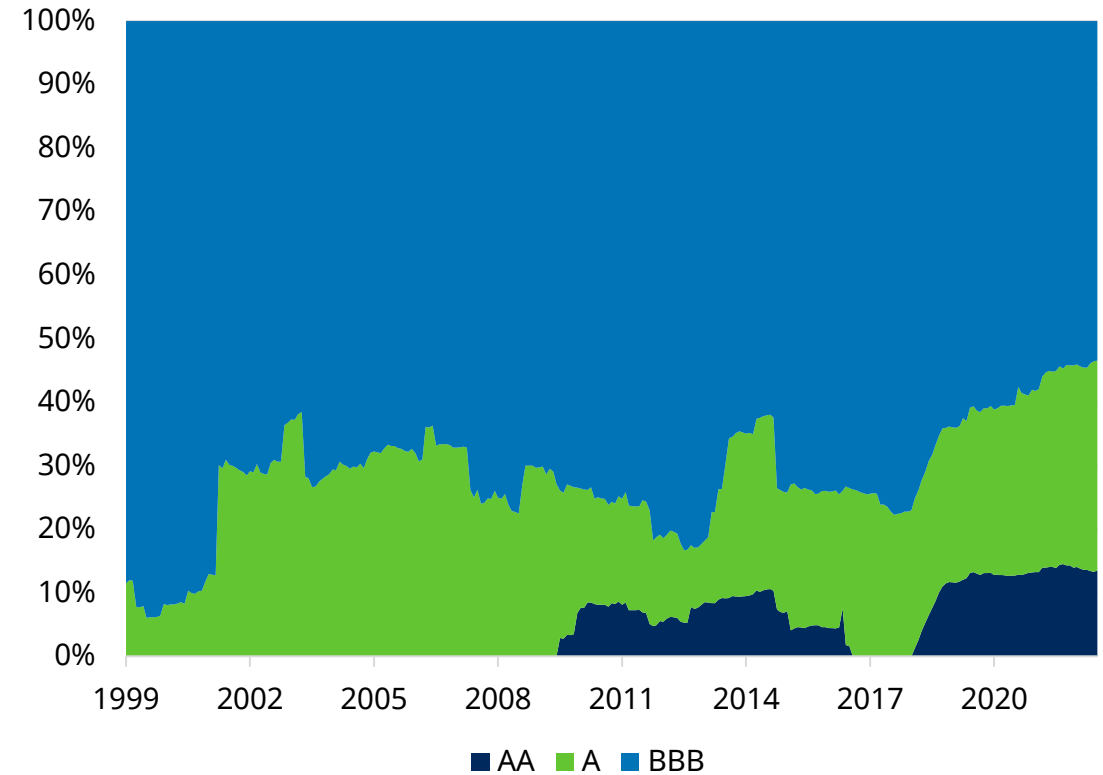
The rise of the Middle East and the impact on IG spreads

The Middle East region's index weight has quadrupled since early 2017

Sovereign EMD regional split



Sovereign EMD IG-sub index ratings split



The Middle East is higher rated, and consequently the average credit quality of the IG index has improved

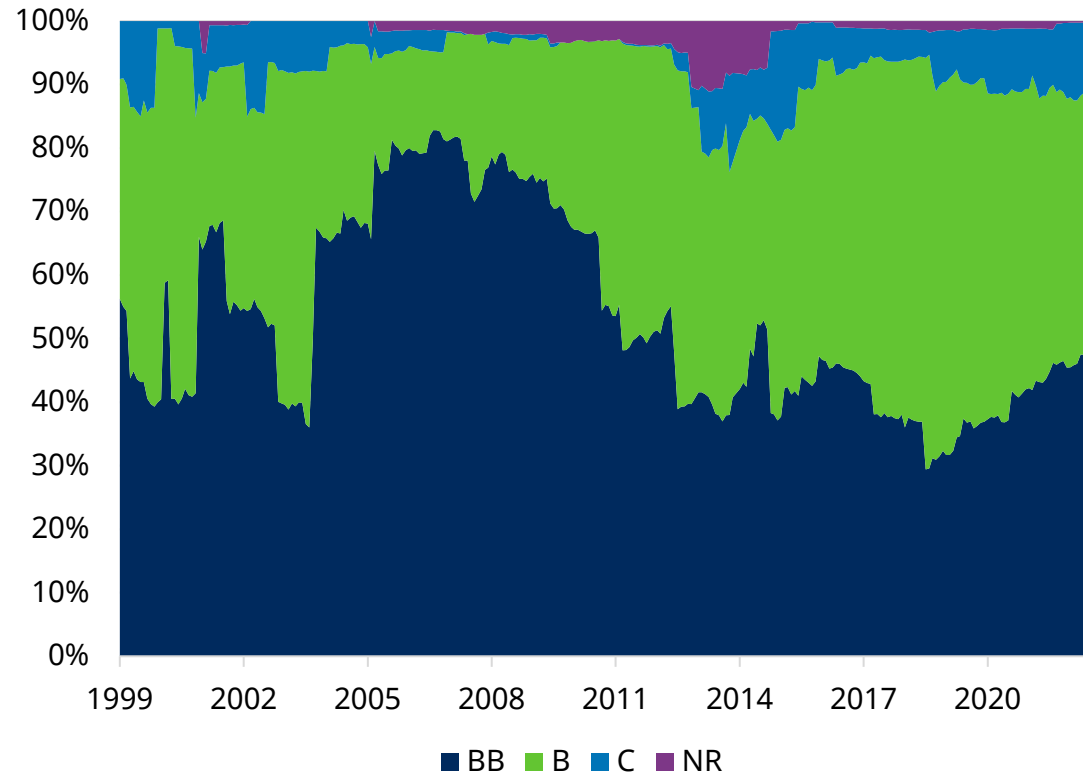
Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. IG sub-index is 51% of JP Morgan EMBIG Diversified Index. Please see relevant disclaimers on page 41.

The long term evolution of the HY index

A contrast between the long term and near term credit rating trends in the HY index

Sovereign EMD HY-sub index ratings split

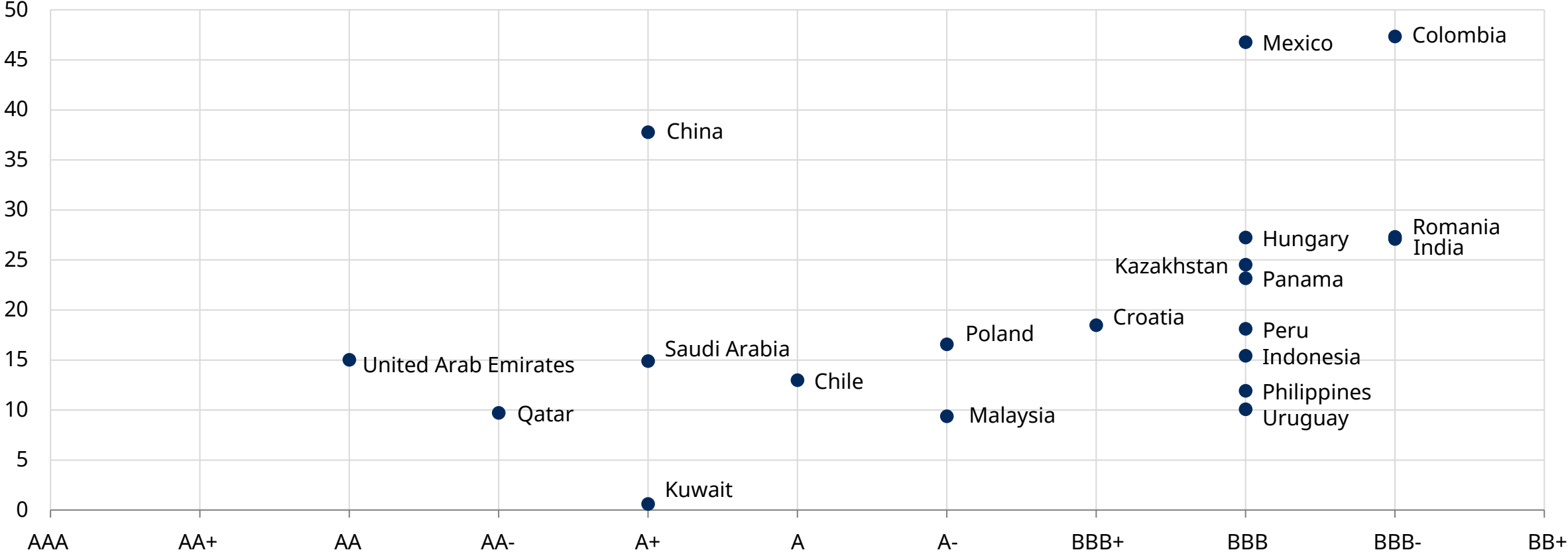


- Average credit quality of the HY index has deteriorated over the medium-to-long term
- Recent trends have been more divergent, with an increase in the share of higher rated issues, but also an increase in the weakest
- Average credit quality has improved more recently, as the former has dominated the latter, but the latter will be leading to some tail risks.

Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. HY sub-index is 49% of JP Morgan EMBIG Diversified Index. Please see relevant disclaimers on page 41.

Duration adjusted spreads of IG countries

Hard currency sovereign EMD IG: spread vs. duration vs. credit rating

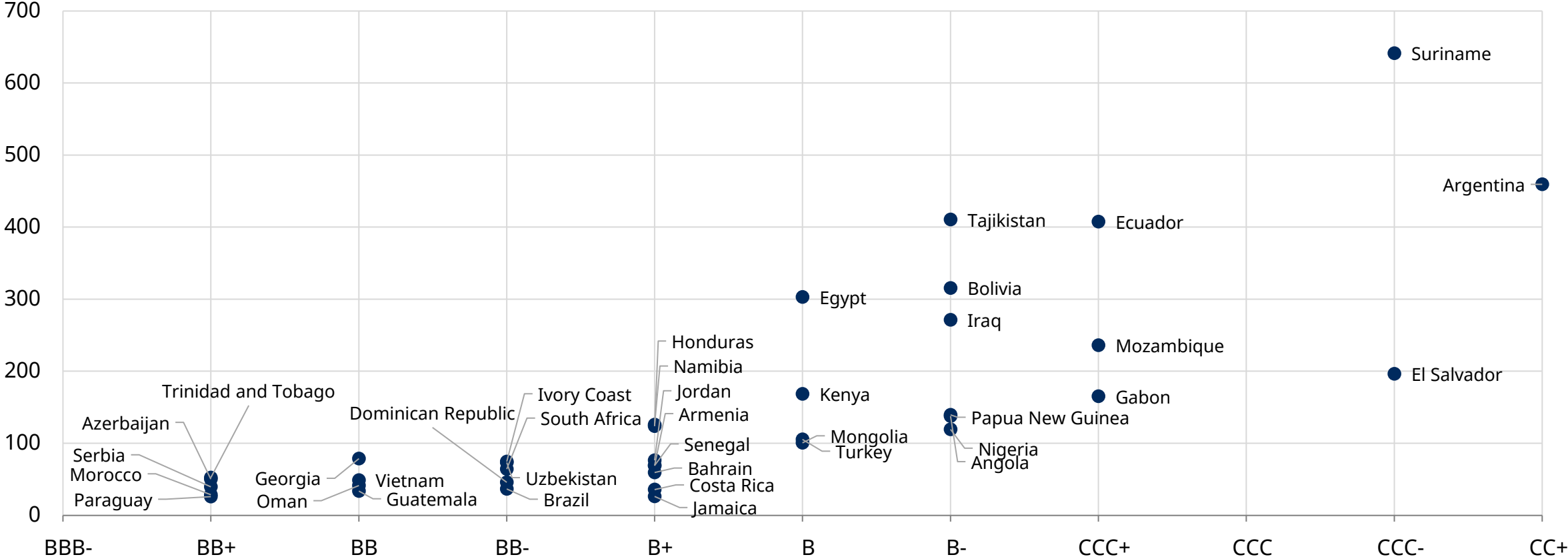


¹The JPMorgan EMBI Global Diversified Index includes both sovereign and quasi-sovereign bonds.
 The y-axis shows spread per unit of duration, in basis points.
 Source: Schroders, Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

Duration adjusted spreads of HY countries

Significant variability between the countries

Hard currency sovereign EMD HY: spread vs. duration vs. credit rating

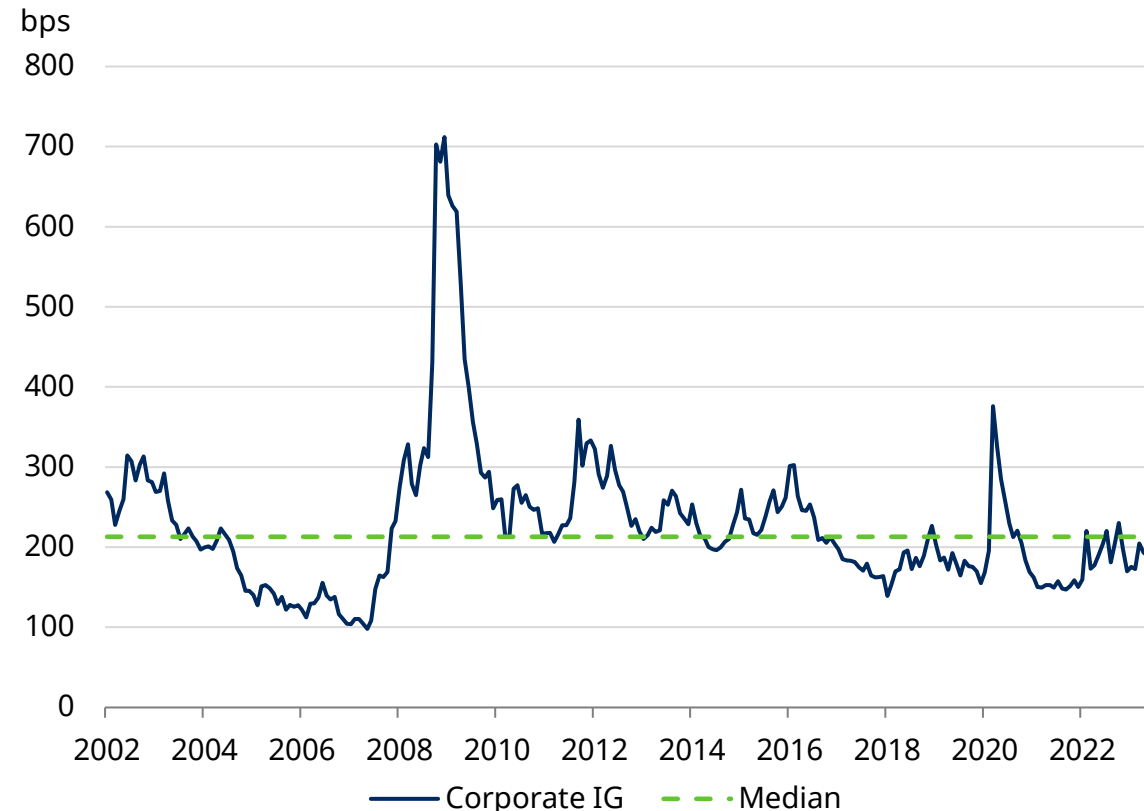


The y-axis shows spread per unit of duration, in basis points.
 Source: Schroders, Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

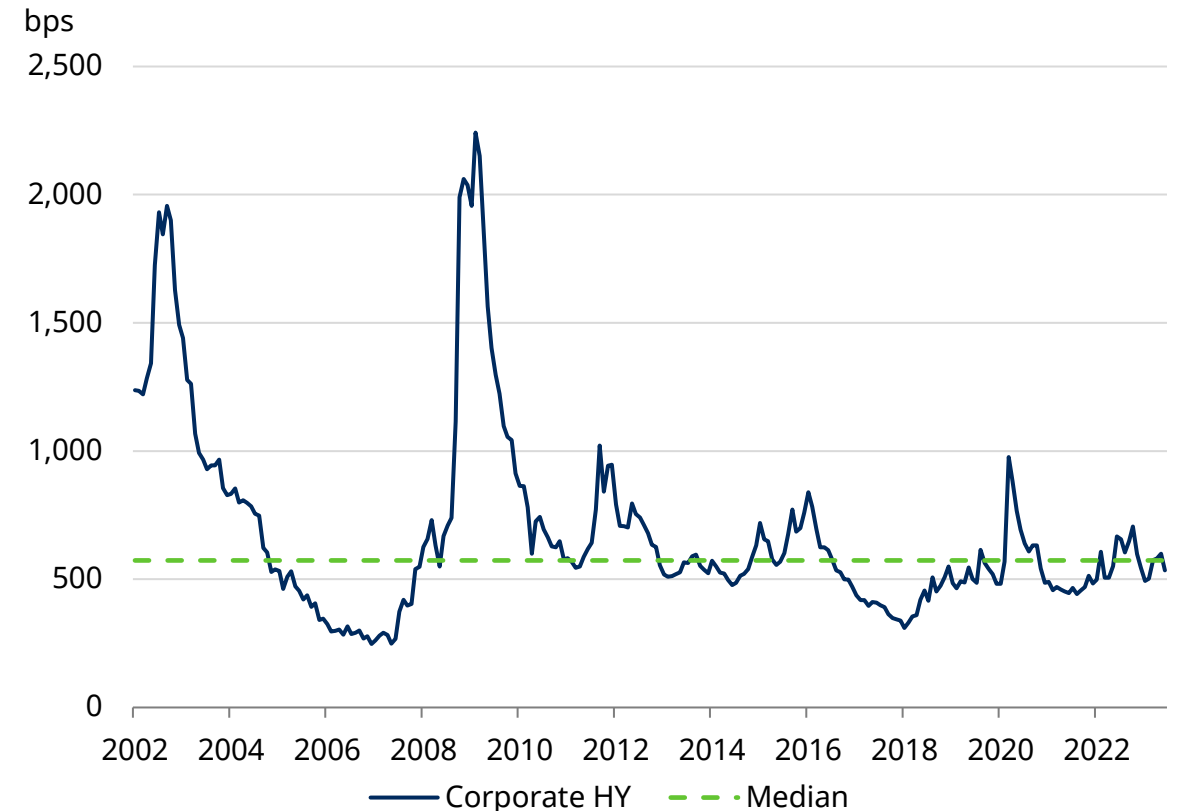
Valuation of hard currency corporate EMD

IG corporate spreads have fallen below their historical median

Hard currency corporate EMD IG spread



Hard currency corporate EMD HY spread



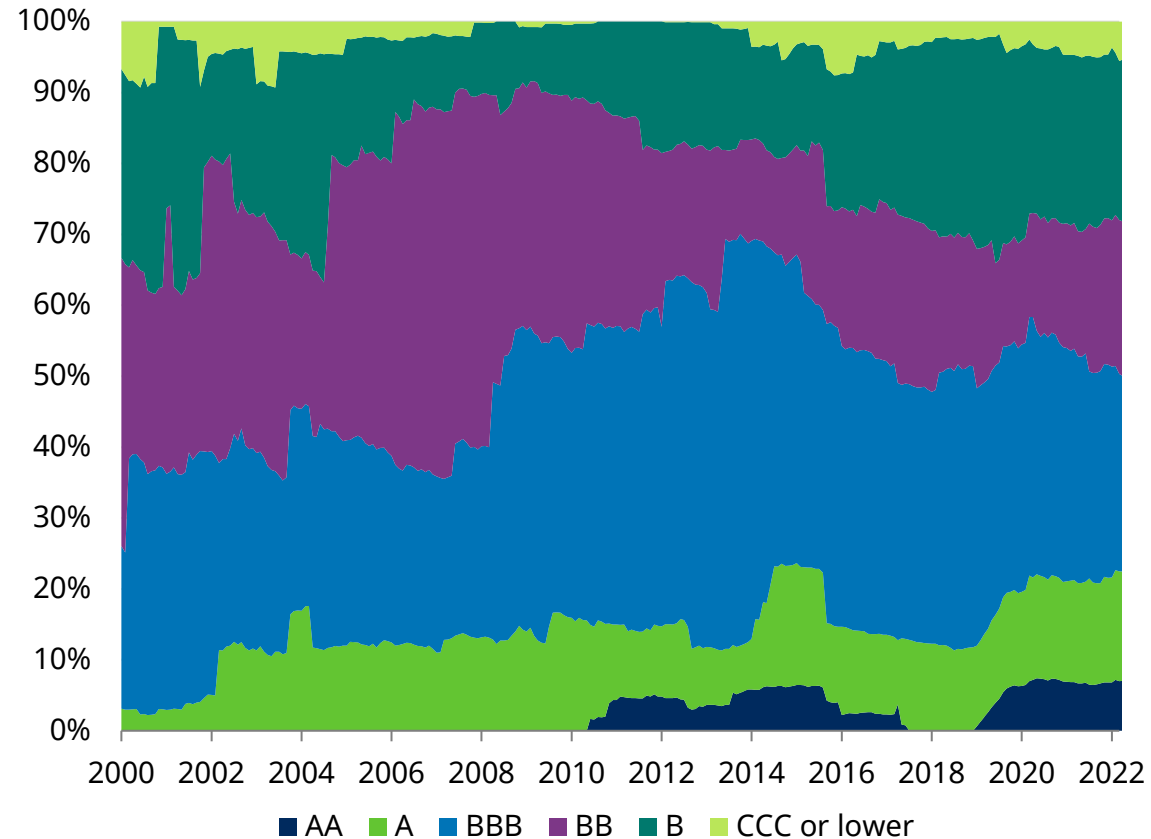
IG spread has fallen below its historical median, and the HY spread is close to its median

Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

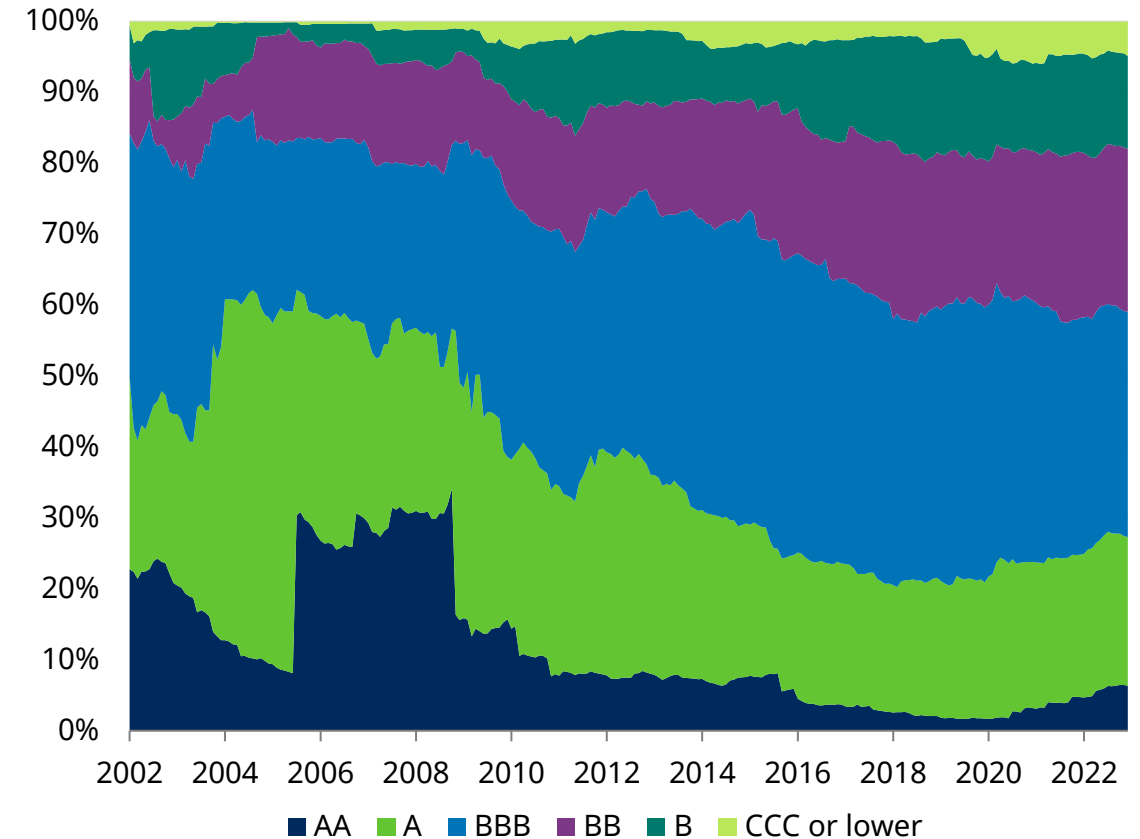
EMD historical ratings split

Share of IG bonds has fallen in the sovereign and corporate indices in the last 10 years

Sovereign EMD ratings split



Corporate EMD ratings split



Source: Schroders, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

Characteristics of EM hard currency issuers

Hard currency corporate issuers



■ Financials ■ Nonfinancials

Hard currency sovereign issuers



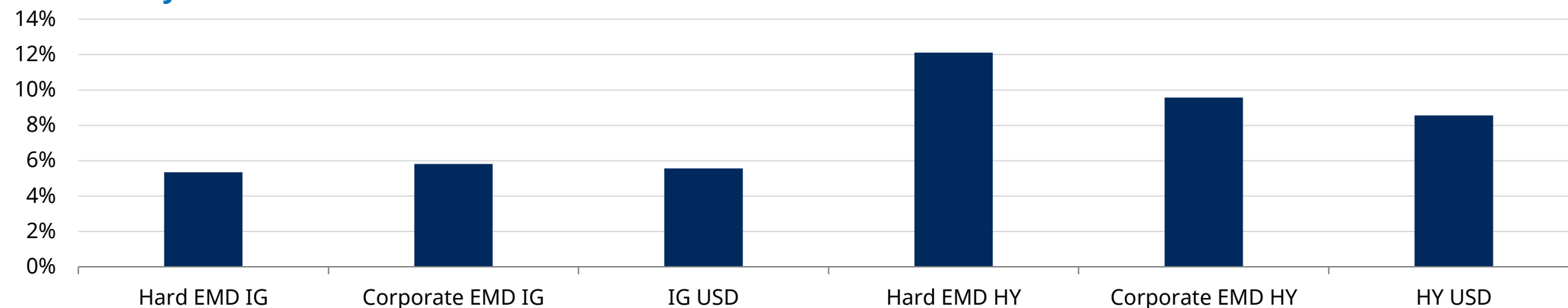
■ Sovereign ■ Quasi Sovereign

Source: Refinitiv Datastream, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

Hard and corporate EMD offer a spread pick-up over equivalent rated US corporate debt

	Hard EMD IG	Corporate EMD IG	IG USD	Hard EMD HY	Corporate EMD HY	HY USD
Yield	5.3%	5.8%	5.6%	12.1%	9.6%	8.6%
Spread (bps)	135	172	130	802	535	405
Duration	8.1	4.8	7.1	5.4	3.3	4.2
Rating	A3	A3	A3	B1	B1	B1
Percentage of EMD index	50.9%	58.1%	-	49.1%	41.9%	-

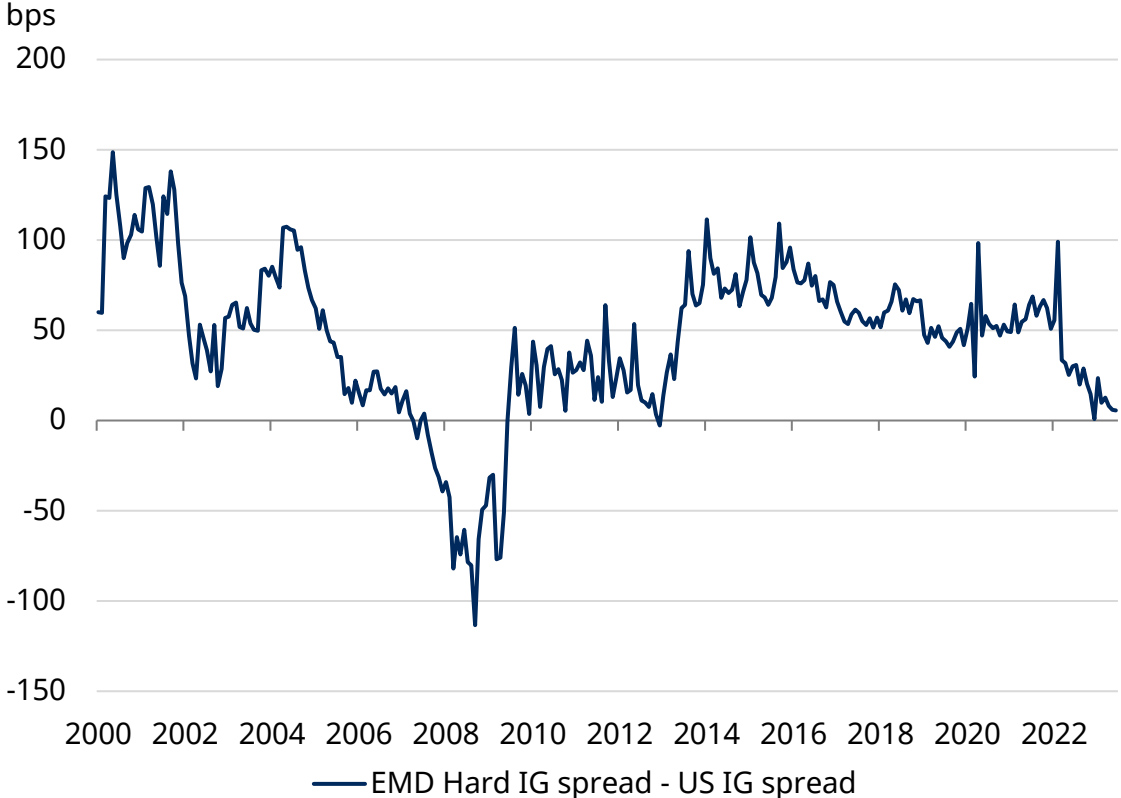
EM vs. DM yields



Source: Schroders, Refinitiv Datastream, ICE Data Indices, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM dollar debt: sovereign EMD vs. US corporates

Sovereign EMD IG spread minus US IG spread



Sovereign EMD HY spread minus US HY spread

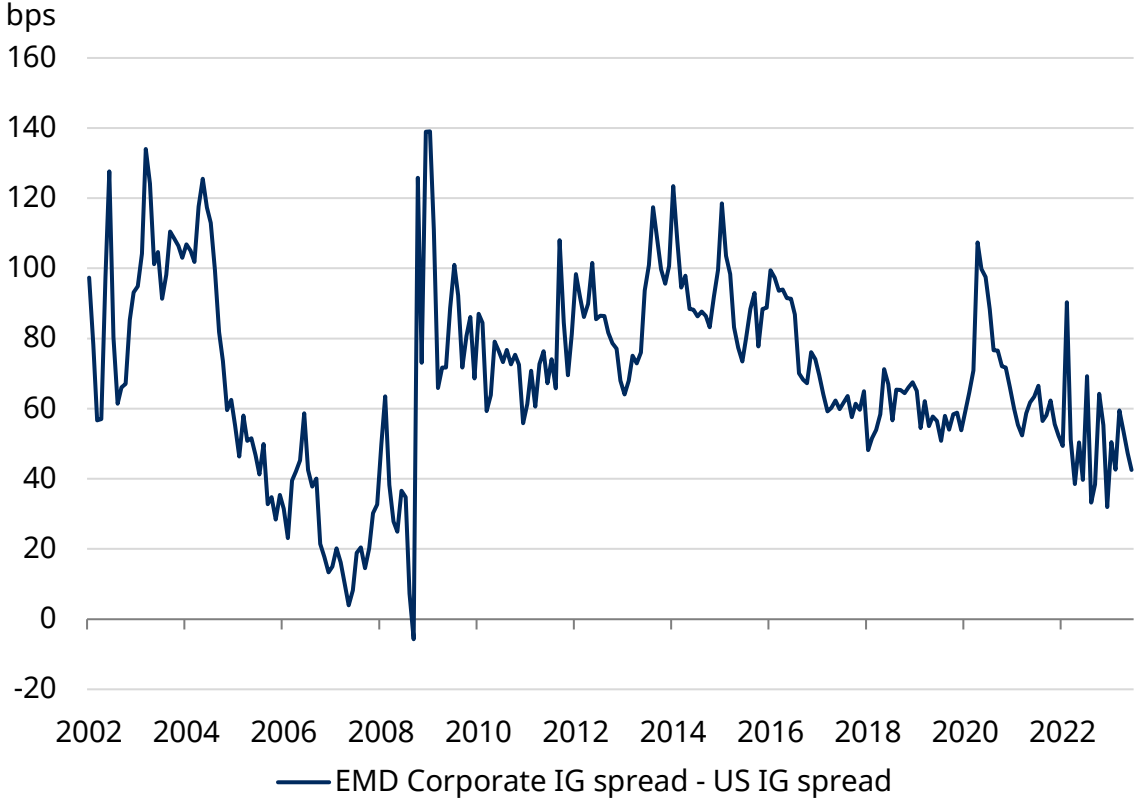


Sovereign HY spread minus US HY spread is close to the top of long term range

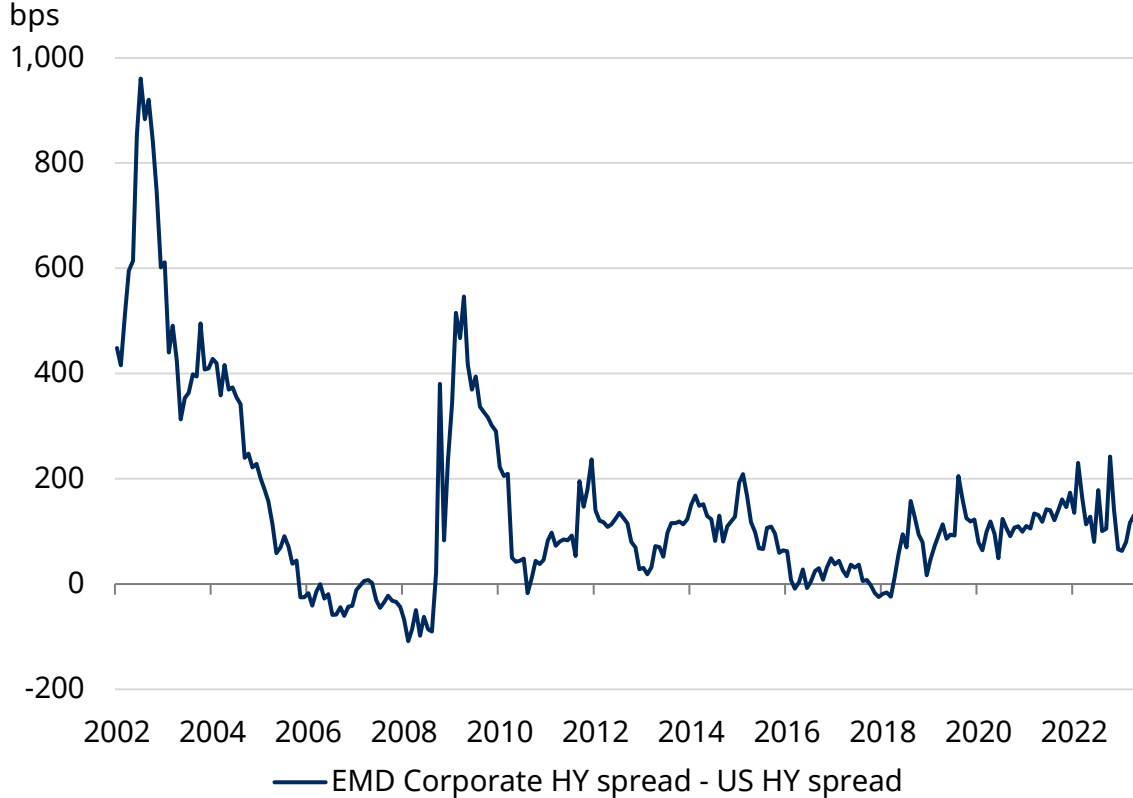
Source: Schroders, Refinitiv Datastream, ICE Data Indices, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM dollar debt: corporate EMD vs. US corporates

Corporate EMD IG spread minus US IG spread



Corporate EMD HY spread minus US HY spread



Source: Schroders, Refinitiv Datastream, ICE Data Indices, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.



Emerging market debt:

Local currency

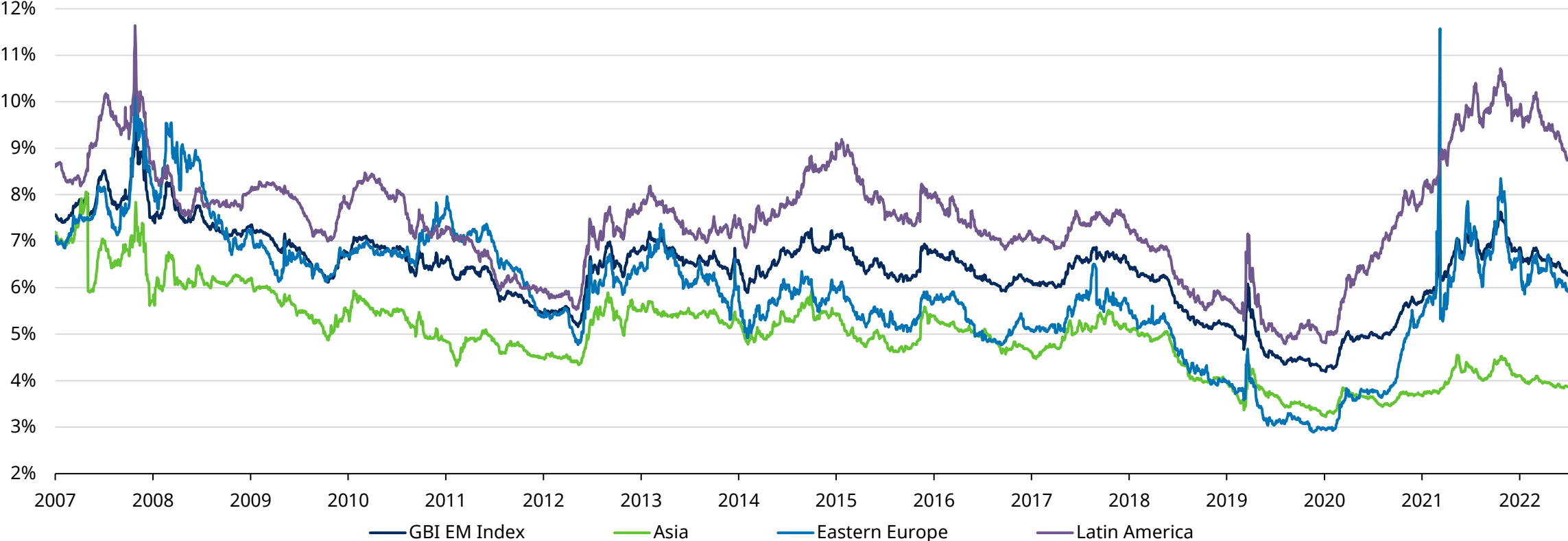
Summary: local currency emerging market debt

- The local EM index yield has continued to fall from the top of its ten year range, although remains a lot higher than in previous years. This masks significant variation between regions (slide 23)
- Various EM central banks have continued rate hiking cycles in 2023. The average EM policy rate is at its highest level since 2008 (slide 24)
- Headline and core EM inflation remain above target almost everywhere ex China. However, average EM inflation has turned, and is now falling (slides 26-27)
- The average local EM yield curve is now inverted (downward sloping) (slide 30)
- The real yield premium of EM over DM is at the bottom-end of its post-GFC range (slide 31). This is primarily due to the sharp decrease in EM real yields over the past 12 months, as inflation has increased by more than nominal yields. EM inflation is now falling though, and could provide some relief

EM local currency index yield is down 0.6% YTD

It has declined by 1.3% from a peak in October last year

Yields of EM regions



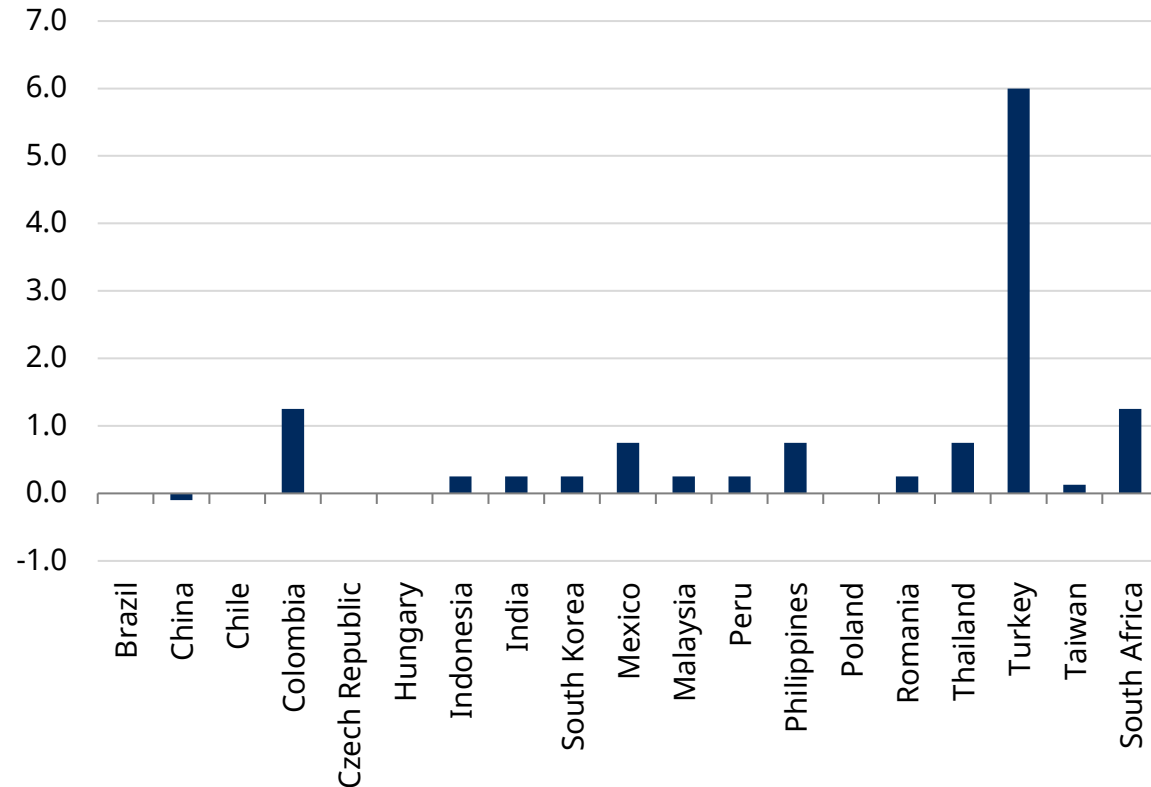
Yields vary significantly by region, and are notably higher in Latin America relative to the EM index

Source: Schroders, Refinitiv Datastream. Data as at 3 July 2023. Russia was removed from all JP Morgan EMD indices from 31 March 2022. Please see relevant disclaimers on page 41.

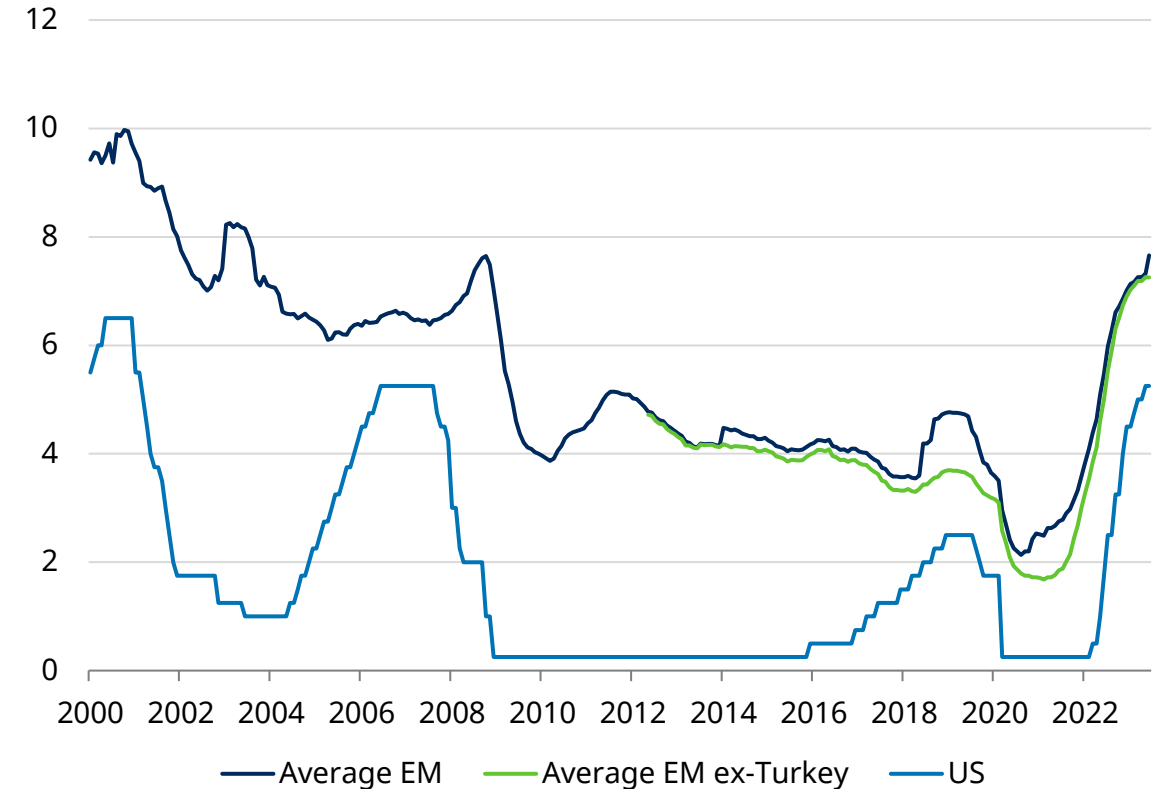
EM policy rates

Average EM policy rate is close to its 2008 high

Change in EM policy rates YTD (%)



Average EM policy rate¹ (%)



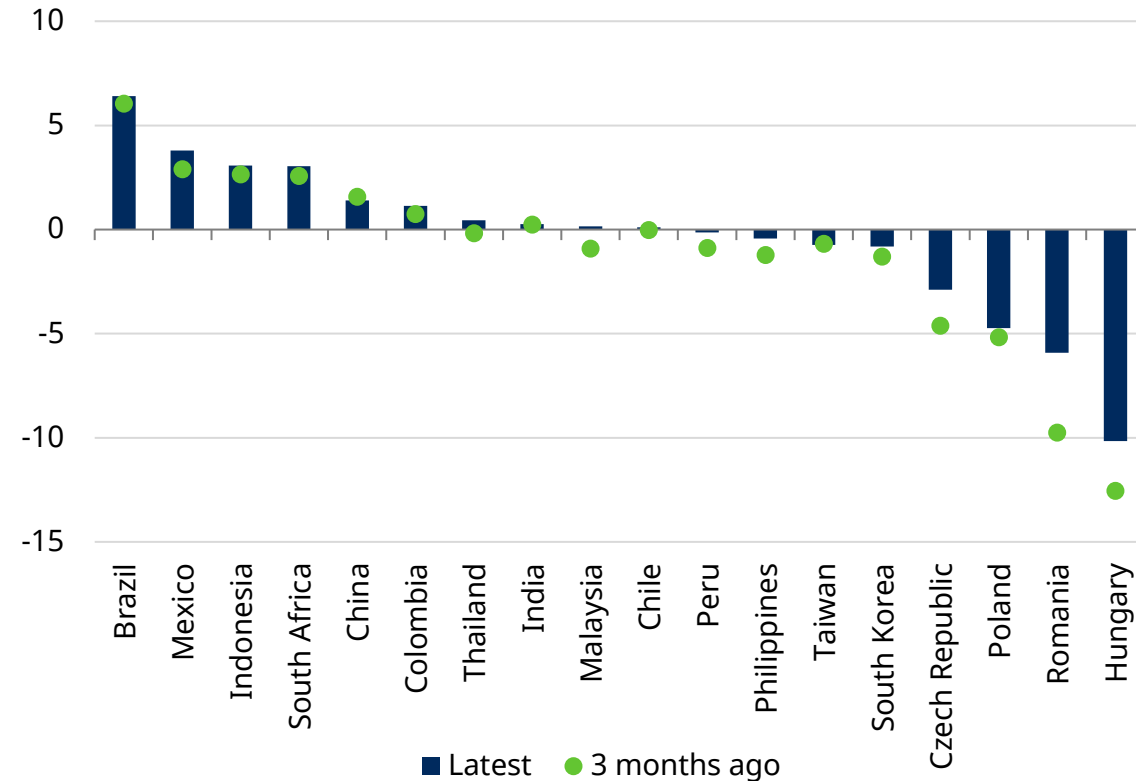
Turkey's central bank changed course in June, hiking rates by 6%

Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. ¹Based on 19 major EM countries. Please see relevant disclaimers on page 41.

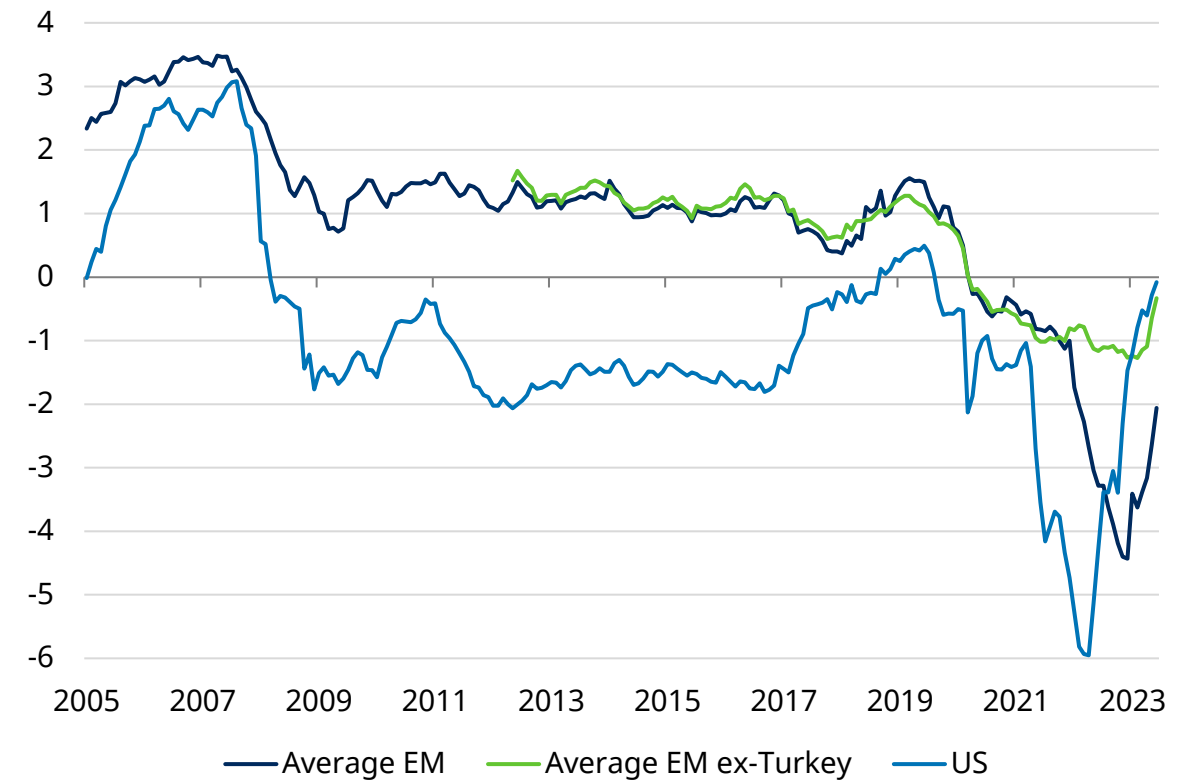
Various EM real policy rates are still negative

...especially in Eastern Europe

EM real policy rates (%)



Average EM real policy rate¹ (%)

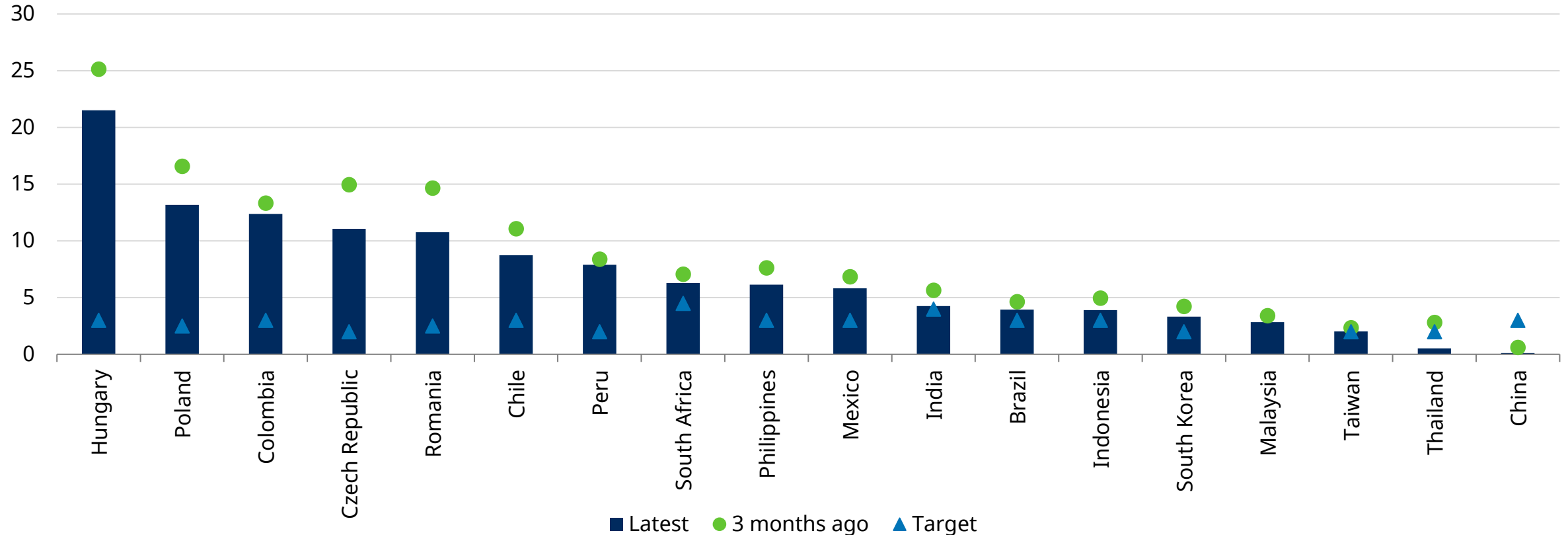


¹Based on 19 major EM countries. Turkey has very high inflation at the moment, with the annual core inflation at 47%. Despite the large rate hike in June, Turkey's policy rate is well below core inflation at 15%. Hence, Turkey's real policy rate is very negative at -32%, skewing the EM average.
 Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Nominal policy rate minus annual core inflation.
 Please see relevant disclaimers on page 41.

EM inflation

Headline inflation is above target in most EM ex. China

Headline inflation (%)



There are now signs of disinflation in most EM

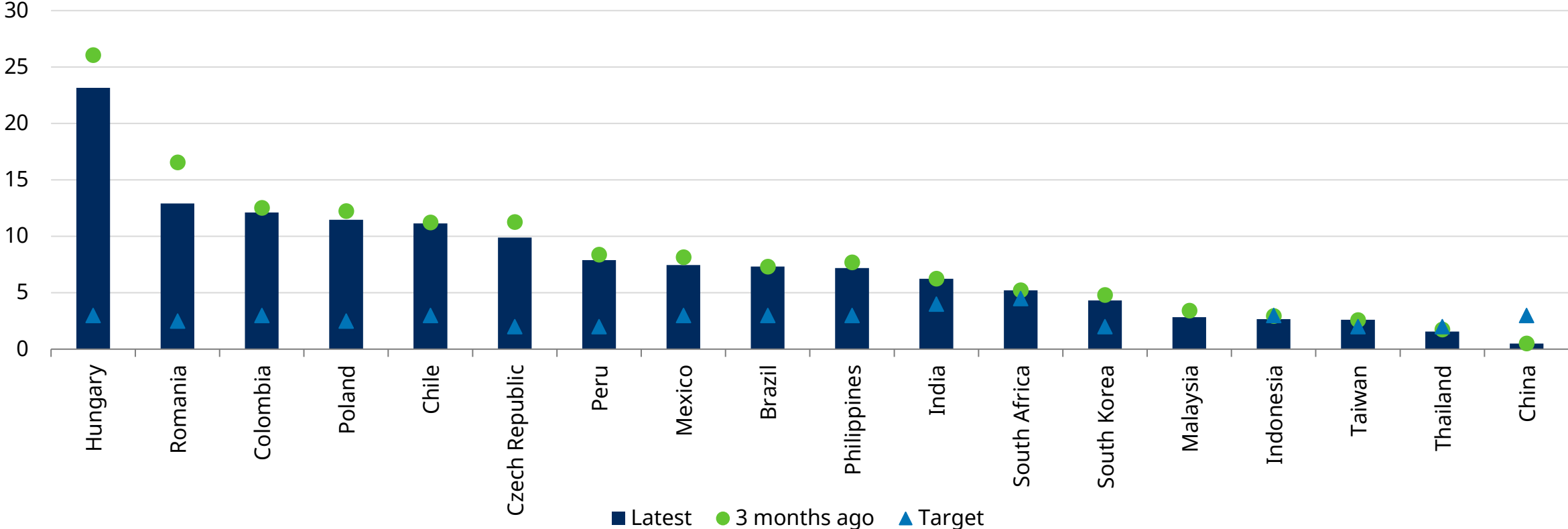
Turkey's annual headline inflation (38%) omitted from the figure.

Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM core inflation

Core inflation is also above target in EM ex. China, Thailand, and Indonesia

Core inflation (%)

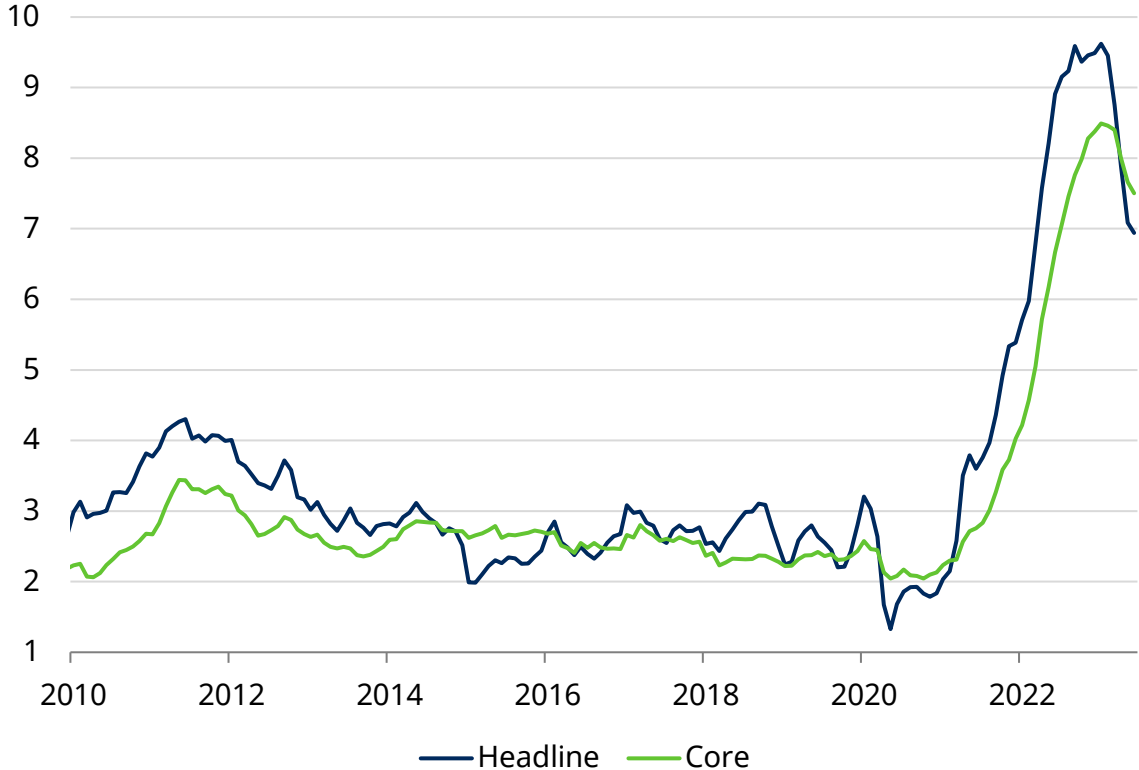


Turkey's annual core inflation (47%) omitted from the figure.
Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

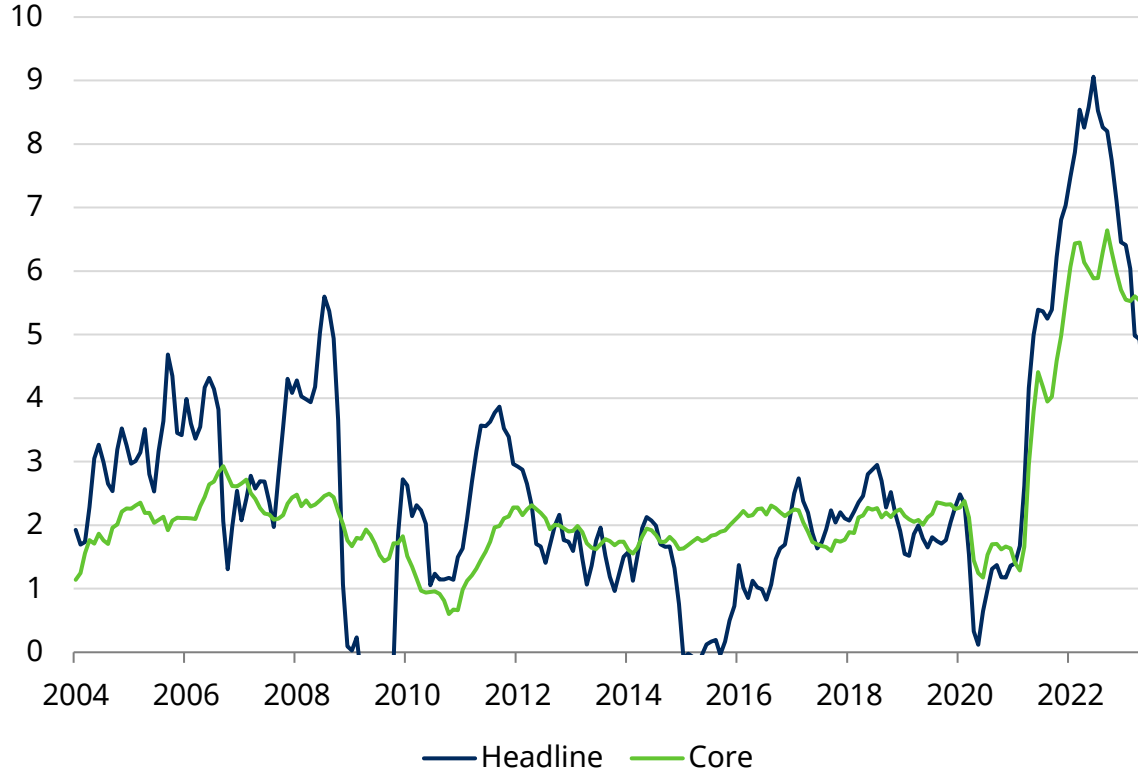
Headline EM inflation has started to fall

...and core is now coming down too

Average EM inflation ex Turkey¹ (%)



US inflation (%)



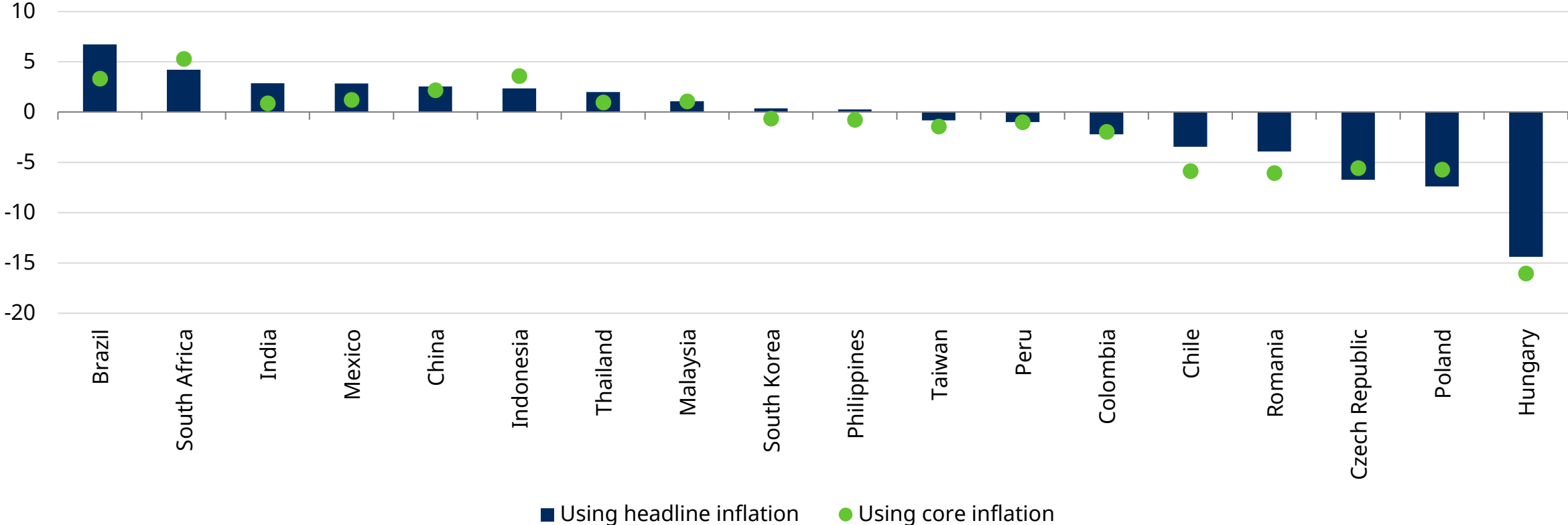
[Read more: Falling EM inflation points to rate cuts, but is El Nino a risk?](#)

¹Based on 19 major EM countries. Turkey excluded because of significantly higher inflation in the country compared to the rest of the EM. Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

Real bond yields are deeply negative in certain EM

EM Europe real bond yields are firmly negative relative to core inflation

Real 10 year yield

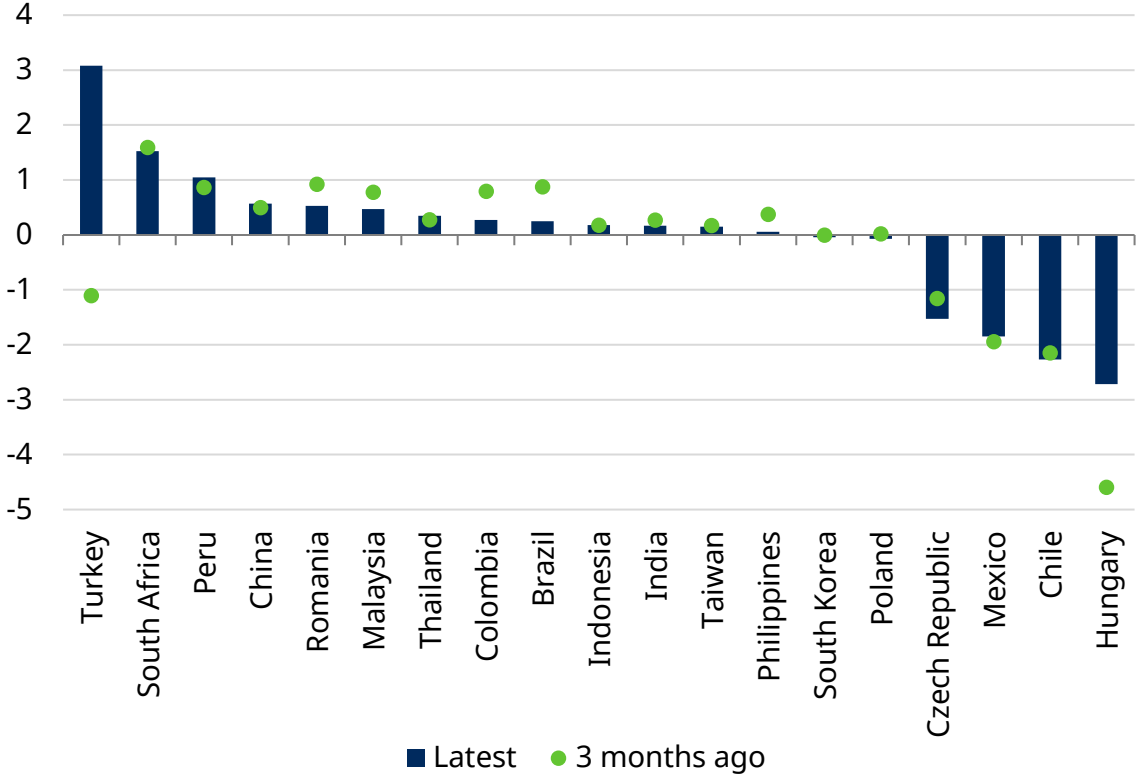


Real bond yields are positive in Brazil and South Africa in particular

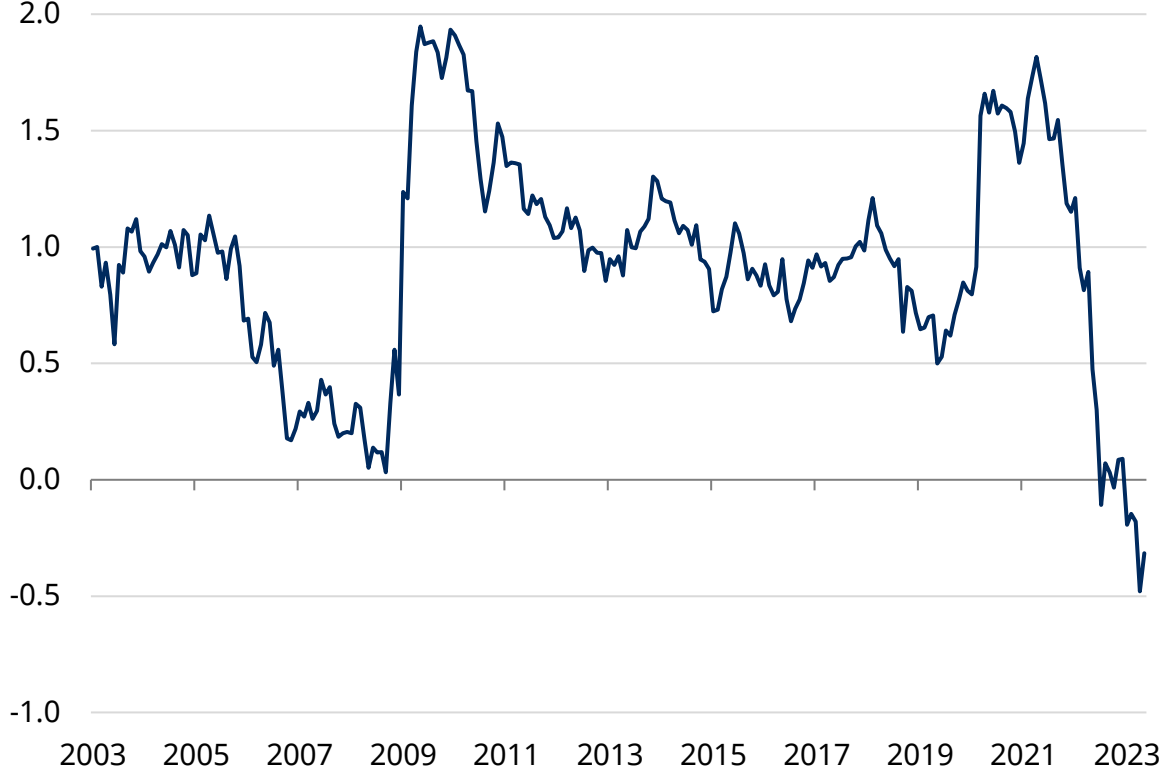
Nominal 10 year yield minus annual headline or core inflation.
Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM yield curve shape

Yield curve steepness (10y yield – 2y yield)



Average EM yield curve steepness (10y yield – 2y yield)¹



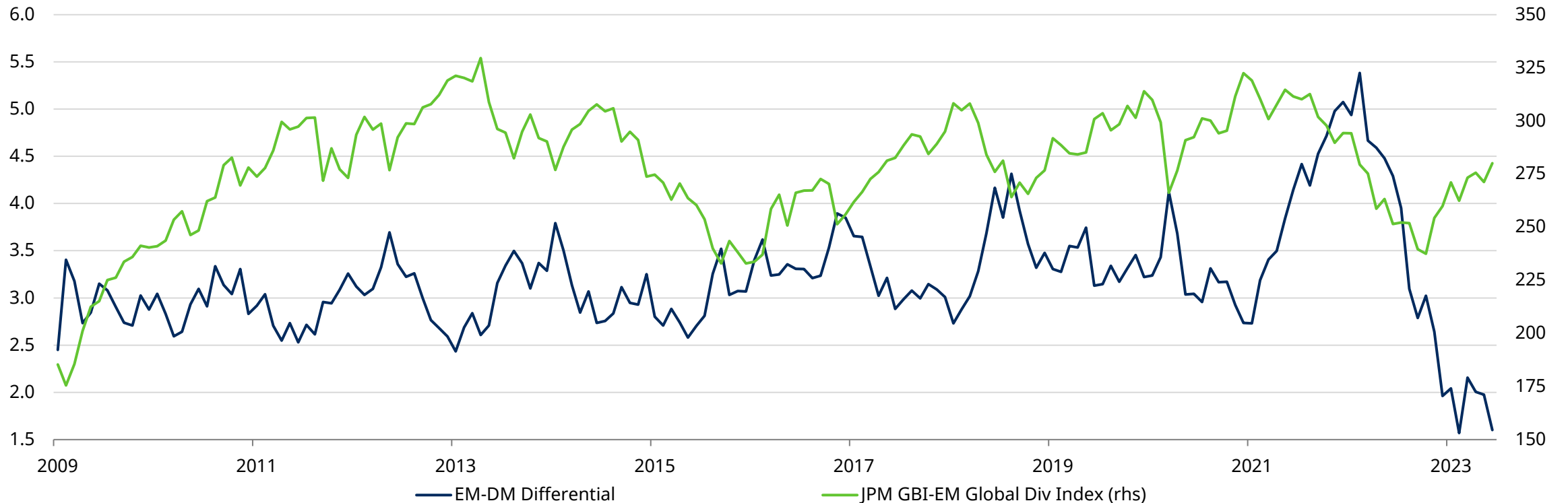
The average local EM yield curve is now inverted (downward sloping)

¹Based on 19 major EM countries. Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM/DM real yield differential

EM local currency bond valuation

EM/DM real yield differential (%)



Real yield differential is back to a post-GFC low

Past performance is not a guide to future performance and may not be repeated.

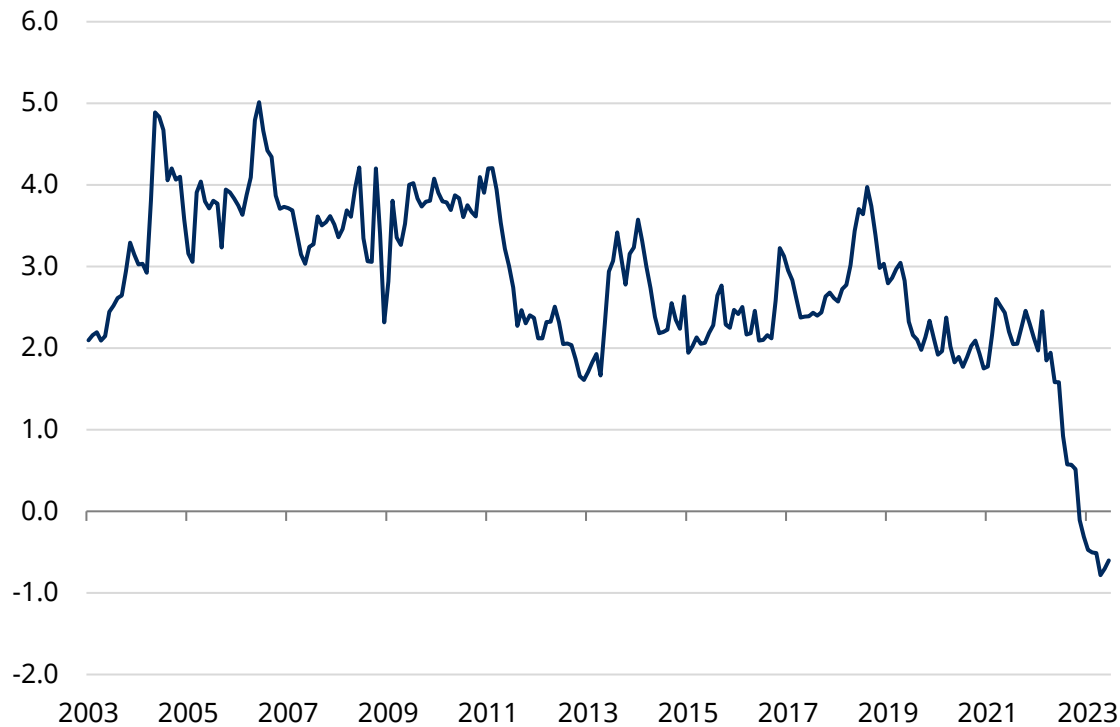
EM real yield is weighted average of individual JPM GBI-EM index nominal yields deflated by core inflation. DM real yield is 5Y government bond yields of US, UK, Euro zone, Japan deflated by core inflation, weighted by the size of individual government bond market.

Source: Schroders, Refinitiv Datastream, ICE Data Indices, JP Morgan. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM and DM real yields

Individual drivers of the real yield differential

EM real yield (%)



DM real yield (%)



EM real yield has moved into negative territory

Source: Schroders, Refinitiv Datastream, ICE Data Indices, JP Morgan. Data as at 30 June 2023. EM real yield is weighted average of individual JPM GBI-EM index nominal yields deflated by core inflation. DM real yield is 5Y government bond yields of US, UK, eurozone, Japan deflated by core inflation, weighted by the GDP PPP of each country. Please see relevant disclaimers on page 41.



Emerging market currencies

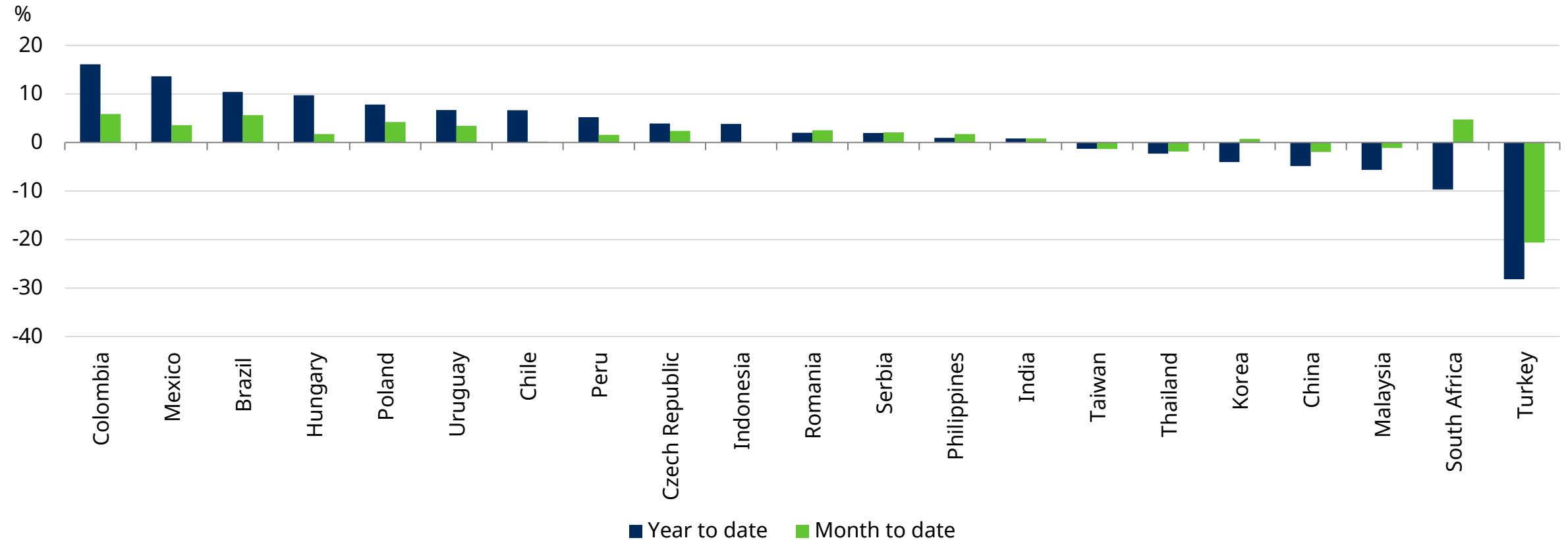
Summary: emerging market currencies

- EM currency performance versus the US dollar has been varied YTD
- There are undervalued currencies in all three EM regions, though the degree of value in EM currencies varies significantly
- The Czech koruna is notably above its long term and five-year averages. Currencies in Uruguay, and to a lesser extent in India are also expensive versus history. Turkey, Serbia, and South Africa are among the cheapest EM currencies relative to the long term average
- EM FX carry, the strategy of buying higher-yielding EM currencies against lower-yielding currencies to earn the interest rate differential, made a comeback because of EM rate hikes but has faded

EM currency performance vs. US dollar

EM currency performance has been varied YTD

EM currency returns (%)



Latin currencies have seen the most appreciation so far this year

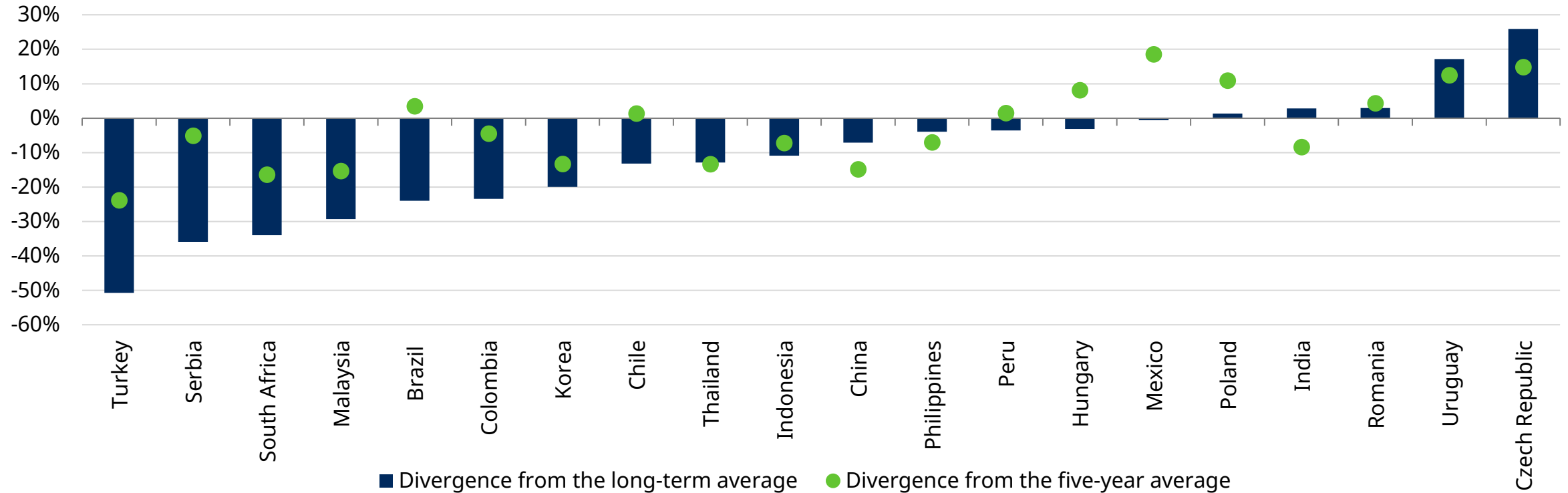
Past performance is not a guide to future performance and may not be repeated.

Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

EM currency value

Some currencies are significantly undervalued

Real exchange rate: deviation from average



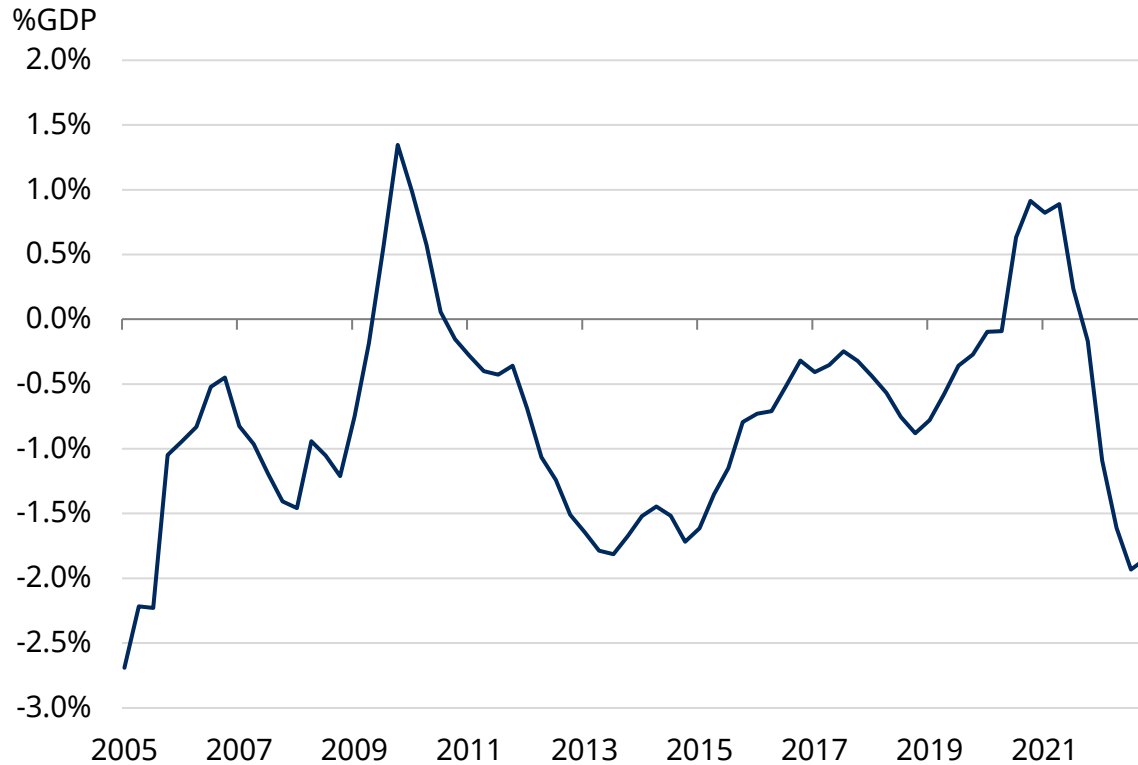
Turkey, Serbia and South Africa are among the cheapest currencies; Czech Republic, Uruguay, Romania, and India have real exchange rate above the long term average

Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Real exchange rate is the nominal dollar exchange rate deflated by the consumer price index (CPI) of each EM country vs. US. Long-term average is since January 1995. Please see relevant disclaimers on page 41.

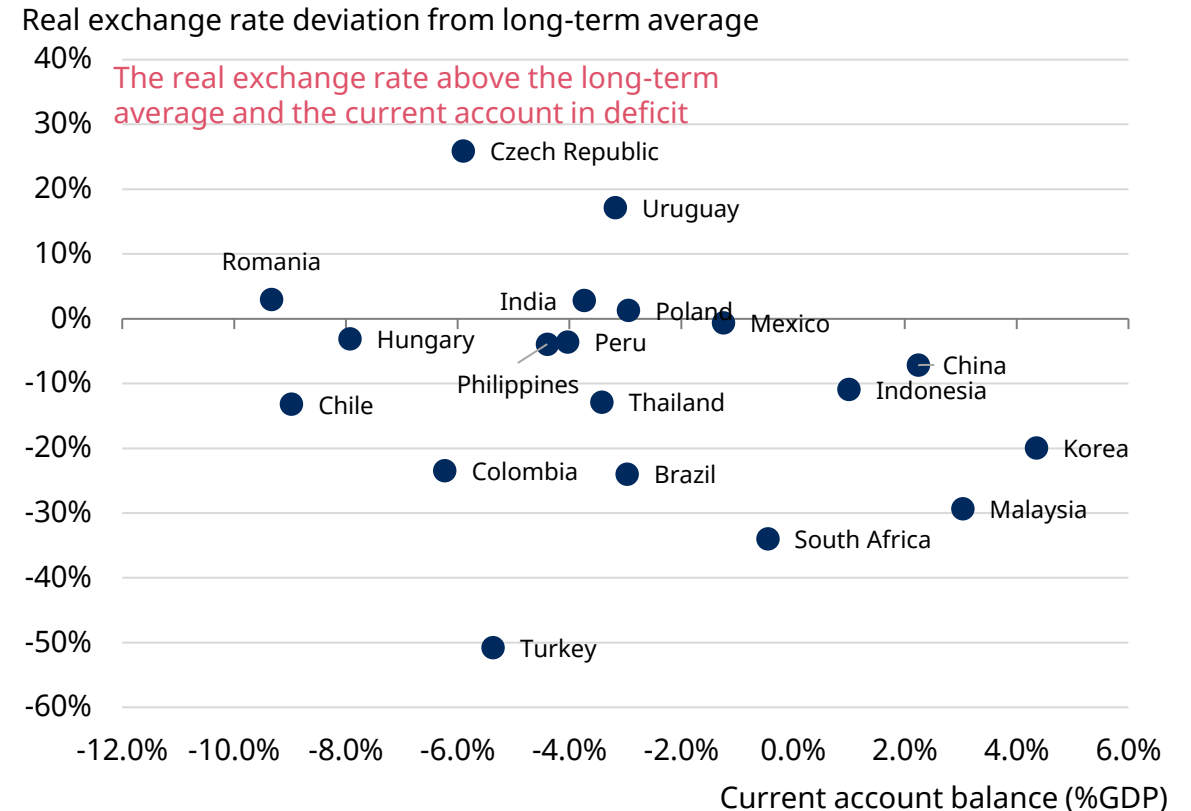
EM fundamentals: current account vs. currency valuation

Current accounts of commodity importers have deteriorated

Average EM current account balance¹



EM currency value² vs. current account balance



Czech Republic, Uruguay and Romania are among the most vulnerable to currency weakness

¹Based on the historical country weights of the JPM GBI-EM Global Diversified Index. ²Currency value is the deviation of the real exchange rate from the long-term average since 1995. Source: Schroders, Refinitiv Datastream. Current account data as at Q4 2022, currency value data as at 30 June 2023. Please see relevant disclaimers on page 41.

The EM FX carry trade made a comeback on the back of EM rate hikes but has faded

Average EM carry¹

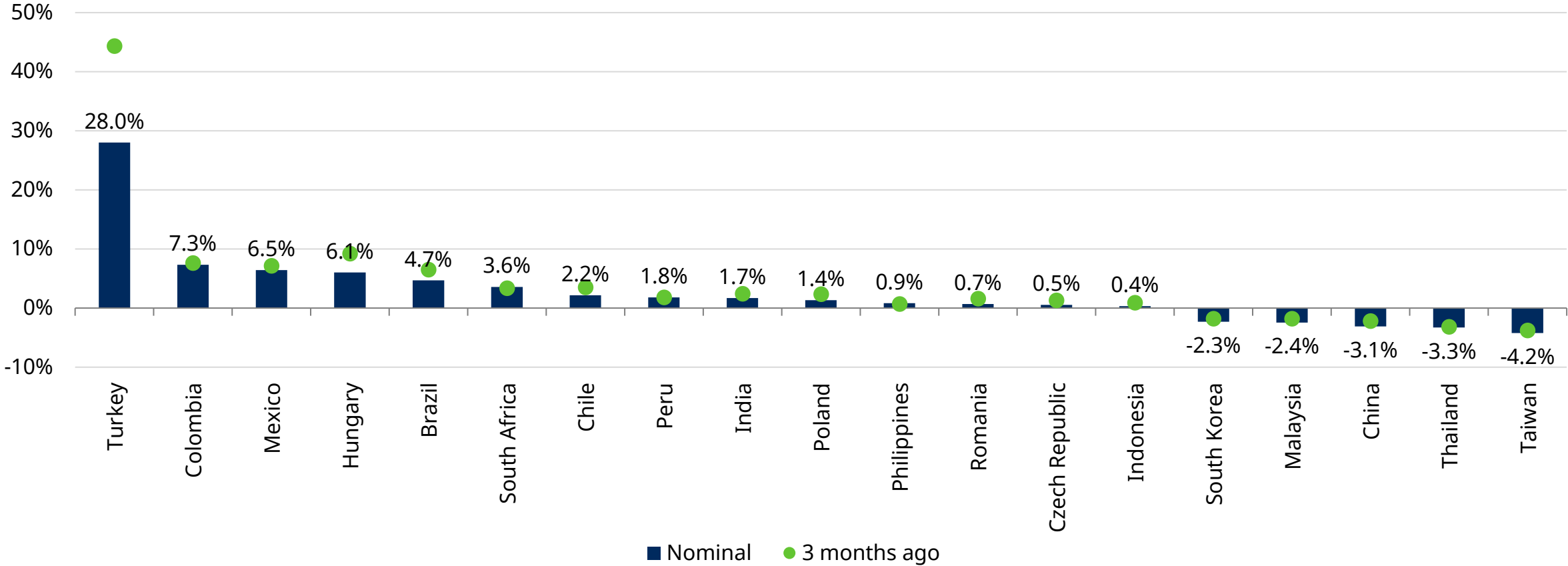


¹The return of holding 1-year FX forward vs. US dollar to maturity. Based on 19 major EM countries.
Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

FX Carry varies significantly between the countries

FX carry trade in Turkey has fallen significantly in the past three months

EM FX carry¹



¹The return of holding 1-year FX forward vs. US dollar to maturity.
 Source: Schroders, Refinitiv Datastream. Data as at 30 June 2023. Please see relevant disclaimers on page 41.

List of indices

- **Sovereign EMD** – The JPM EMBI Global Diversified Composite Index
- **Corporate EMD** – The JPM CEMBI Broad Diversified Index
- **Local EMD** – The JPM GBI-EM Global Diversified Index
- **US IG** - ICE BofA US High Yield Index
- **US HY** - ICE BofA US Corporate Index

Relevant Disclosures

All investments involve risk including the loss of principal. The information presented is current as of the date of this publication.

The views and opinions shared are those of the authors of this publication and are subject to change due to market and other conditions. The opinions stated may include some forward looking views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that they will be realized.

The value of any debt instrument may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Foreign debt instruments involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation, and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. These risks exist to a greater extent in emerging markets than in developed markets.

Any analysis or illustration of trends whether current or historical should not be solely relied upon to predict future events or results. Trends may not continue or lead to favorable investment conditions.

This publication is intended to be for information purposes only and it is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase or sale of any investment service or financial instrument. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Information herein is believed to be reliable but Schroder Investment Management North America Inc. does not warrant its completeness or accuracy. **See 'Important Information' slide for additional disclosures.**

Important information (1 of 3)

Marketing material for professional investors or advisers only. It is not to be provided to retail clients.

The views and opinions contained herein are those of the authors as at the date of publication and are subject to change due to market and other conditions. Such views and opinions may not necessarily represent those expressed or reflected in other Schroders communications, strategies or funds.

This presentation is intended to be for information purposes only. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument or security or to adopt any investment strategy. The information provided is not intended to constitute investment advice, an investment recommendation or investment research and does not take into account specific circumstances of any recipient. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Any references to securities, sectors, regions and/or countries are for illustrative purposes only.

Information herein is believed to be reliable but Schroders does not represent or warrant its completeness or accuracy. No responsibility or liability is accepted by Schroders, its officers, employees or agents for errors of fact or opinion or for any loss arising from use of all or any part of the information in this document. No reliance should be placed on the views and information in the document when taking individual investment and/or strategic decisions. Schroders has no obligation to notify any recipient should any information contained herein change or subsequently become inaccurate. Unless otherwise authorised by Schroders, any reproduction of all or part of the information in this document is prohibited.

Any data contained in this document have been obtained from sources we consider to be reliable. Schroders has not independently verified or validated such data and they should be independently verified before further publication or use. Schroders does not represent or warrant the accuracy or completeness of any such data.

All investing involves risk including the possible loss of principal.

This material has not been reviewed by the regulators.

Exchange rate changes may cause the value of any overseas investments to rise or fall. Past Performance is not a guide to future performance and may not be repeated. This document may contain 'forward-looking' information, such as forecasts or projections. Please note that any such information is not a guarantee of any future performance and there is no assurance that any forecast or projection will be realised. For your security, communications may be taped or monitored.

Third party data is owned or licensed by the data provider and may not be reproduced or extracted and used for any other purpose without the data provider's consent. Third party data is provided without any warranties of any kind. The data provider and issuer of the document shall have no liability in connection with the third party data. The Prospectus and/or www.schroders.com contains additional disclaimers which apply to the third party data.

The forecasts stated in this presentation are the result of statistical modelling, based on a number of assumptions. Forecasts are subject to a high level of uncertainty regarding future economic and market factors that may affect actual future performance. The forecasts are provided to you for information purposes as at today's date. Our assumptions may change materially with changes in underlying assumptions that may occur, among other things, as economic and market conditions change. We assume no obligation to provide you with updates or changes to this data as assumptions, economic and market conditions, models or other matters change.

Important information (2 of 3)

For readers/viewers in Argentina: Schroder Investment Management S.A., Ing. Enrique Butty 220, Piso 12, C1001AFB - Buenos Aires, Argentina. Registered/Company Number 15. Registered as Distributor of Investment Funds with the CNV (Comisión Nacional de Valores). Nota para los lectores en Argentina: Schroder Investment Management S.A., Ing. Enrique Butty 220, Piso 12, C1001AFB - Buenos Aires, Argentina. Inscripto en el Registro de Agentes de Colocación y Distribución de PIC de FCI de la Comisión Nacional de Valores con el número 15.

Note to readers/viewers in Australia: Issued by Schroder Investment Management Australia Limited Level 20, Angel Place, 123 Pitt Street, Sydney NSW 2000 Australia ABN 22 000 443 274, AFSL 226473

For readers/viewers in Brazil: Schroder Investment Management Brasil Ltda., Rua Joaquim Floriano, 100 – cj. 142 Itaim Bibi, São Paulo, 04534-000 Brasil. Registered/Company Number 92.886.662/0001-29. Authorised as an asset manager by the Securities and Exchange Commission of Brazil/Comissão de Valores Mobiliários ('CVM') according to the Declaratory Act number 6816.

For readers/viewers in the European Union/European Economic Area: Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at www.schroders.com/en/privacy-policy or on request should you not have access to this webpage. Issued by Schroder Investment Management (Europe) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg. Registered No. B 37.799

Note to readers/viewers in Hong Kong S.A.R.: Issued by Schroder Investment Management (Hong Kong) Limited. Level 33, Two Pacific Place, 88 Queensway, Hong Kong. This material has not been reviewed by the Securities and Futures Commission.

Note to readers/viewers in Indonesia: Issued by PT Schroder Investment Management Indonesia Indonesia Stock Exchange Building Tower 1, 30th Floor, Jalan Jend. Sudirman Kav 52-53 Jakarta 12190 Indonesia PT Schroder Investment Management Indonesia is licensed as an Investment Manager and regulated by the Indonesian Financial Services Authority (OJK). This material has not been reviewed by the OJK.

For readers/viewers in Israel: Note regarding the Marketing material for Qualified Clients and Sophisticated Investors only. This communication has been prepared by certain personnel of Schroder Investment Management (Europe) S.A (Registered No. B 37.799) or its subsidiaries or affiliates (collectively, 'SIM'). Such personnel are not licensed nor insured under the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995 (the 'Investment Advice Law'). This communication is directed at persons (i) who are Sophisticated Investors as listed in the First Schedule of the Israel Securities Law (ii) Qualified Clients ('Lakoach Kashir') as such term is defined in the Investment Advice Law; and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should act on the contents or access the products or transactions discussed in this communication. In particular, this communication is not intended for retail clients and SIM will not make such products or transactions available to retail clients

Note to readers/viewers in Japan: Issued by Schroder Investment Management (Japan) Limited 21st Floor, Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-Ku, Tokyo 100-0005, Japan Registered as a Financial Instruments Business Operator regulated by the Financial Services Agency of Japan ('FSA'). Kanto Local Finance Bureau (FIBO) No. 90 This material has not been reviewed by the FSA.

Note to readers/viewers in Singapore: For Accredited and or Institutional Clients only, where appropriate Issued by Schroder Investment Management (Singapore) Ltd (Co. Reg. No. 199201080H) 138 Market Street #23-01 CapitaGreen, Singapore 048946 This advertisement or publication has not been reviewed by the Monetary Authority of Singapore

Important information (3 of 3)

Note to readers/viewers in South Korea: Issued by Schroders Korea Limited 26th Floor, 136, Sejong-daero, (Taepyeongno 1-ga, Seoul Finance Center), Jung-gu, Seoul 100-768, South Korea. Registered and regulated by Financial Supervisory Service of Korea ('FSS') This material has not been reviewed by the FSS.

For readers/viewers in Switzerland: This document has been issued by Schroder Investment Management (Switzerland) AG, Central 2, CH-8001 Zurich, Switzerland a fund management company authorised and supervised by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Bern.

Note to readers/viewers in Taiwan: Issued by Schroder Investment Management (Taiwan) Limited 9F., No. 108, Sec. 5, Xinyi Road, Xinyi District, Taipei 11047, Taiwan. Tel +886 2 2722-1868 Schroder Investment Management (Taiwan) Limited is independently operated. This material has not been reviewed by the regulators.

Note to readers/viewers in Thailand: This presentation has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase any fund will be made in Thailand and this presentation is intended to be read for information only and must not be passed to, issued to, or shown to the public generally. Schroder Investment Management (Singapore) Ltd does not have any intention to solicit you for any investment or subscription in any fund and any such solicitation or marketing will be made by an entity permitted by applicable laws and regulations.

Note to readers/viewers in Malaysia: This presentation has not been approved by the Securities Commission Malaysia which takes no responsibility for its contents. No offer to the public to purchase any fund will be made in Malaysia and this presentation is intended to be read for information only and must not be passed to, issued to, or shown to the public generally. Schroder Investment Management (Singapore) Ltd does not have any intention to solicit you for any investment or subscription in any fund and any such solicitation or marketing will be made by an entity permitted by applicable laws and regulations.

For readers/viewers in the People's Republic of China: Issued by Schroder Investment Management (Shanghai) Co., Ltd. Unit 33T52A, 33F Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai, China, AMAC registration NO. P1066560. Regulated by Asset Management Association of China ('AMAC') This material has not been reviewed by the AMAC

For readers/viewers in the United Arab Emirates: Schroder Investment Management Limited, located on 1st Floor, Gate Village Six, Dubai International Financial Centre, PO Box 506612 Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. This document is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved any associated documents nor taken any steps to verify the information set out in the Prospectus for the fund, and has no responsibility for it. This document is intended to be for information purposes only and it is not intended as promotional material in any respect. This document is intended for professional investors only as defined by the DFSA rules which can be accessed from their website www.dfsa.ae

For readers/viewers in the United Kingdom: Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at www.schroders.com/en/privacy-policy or on request should you not have access to this webpage. Issued by Schroder Investment Management Limited, 1 London Wall Place, London EC2Y 5AU. Registered Number 1893220 England. Authorised and regulated by the Financial Conduct Authority.

For readers/viewers in the United States: For financial professionals and consultant only. Schroder Investment Management North America Inc., 7 Bryant Park, New York NY 10018-3706. CRD Number 105820. Registered as an investment adviser with the US Securities and Exchange Commission.

For readers/viewers in Canada: Schroder Investment Management North America Inc., 7 Bryant Park, New York, NY 10018-3706. NRD Number 12130. Registered as a Portfolio Manager with the Ontario Securities Commission, Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission, the Nova Scotia Securities Commission, the Saskatchewan Securities Commission and the (Quebec) Autorité des marchés financiers