Schroder Active Model Portfolios

Investment solutions that work for you

Marketing material

Schroders

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1. Overview and investment objective

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

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

The portfolios invest in actively managed funds from Schroders and other investment managers across the whole market, selected impartially to take advantage of opportunities.

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

2. Designed with a focus on cost

Offering competitive fees and charges with an Ongoing Charge Fee (OCF) between 0.56% and 0.85% (as at 31.01.24) and a model portfolio fee of just 0.15% (no VAT). The OCF is a measure of the total costs of managing and operating an investment portfolio.[1]

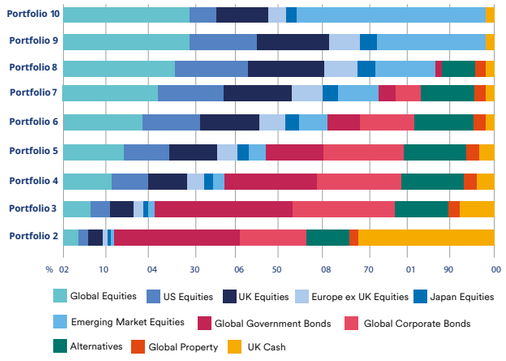
3. Why multi-asset?

Spreading your investments across a variety of markets and asset classes can help to reduce risk. Ideally, these assets should perform differently to each other over time.

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

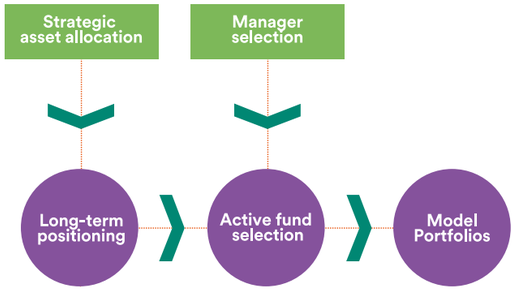
4. Diversified, risk mapped portfolios

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



Source: Schroders as at April 2023. Please note that the illustration may not show our current asset allocation. The lower risk profiles do not mean a risk-free investment.

5. A core belief that active management adds value



The model portfolios take account of our long-term views of asset classes (strategic asset allocation) and combine this with active fund manager selection. The portfolios use a broad range of active funds from across the market, which are selected for the value that they can add and how they complement other investments within the portfolio.

We look for managers that have a repeatable investment philosophy, a sound risk management process, a strong and incentivised investment team and a record of consistent outperformance that is differentiated from the index.

6. The best of Schroders

100+ Global team of 100+ multi-asset specialists, looking at markets from every angle.

We draw upon the expertise of over 700 investment professionals across equities, fixed income and alternatives located around the globe.

Long-term market views informed by an Economics Team with a combined experience of over 75 years.

7. A history of expertise

Long history in multi-asset investing dating back to the 1940s.

Decisions informed by over 200 years' experience of investment markets.

A long-term track record in managing portfolios with over £5 billion (as at 31.01.24) invested in our investment solutions range.

8. Supporting you and your adviser on your investment journey

Supporting the conversations you have with your financial adviser about your investments with monthly portfolio and market updates, quarterly videos and reports.

[1]The OCF is a measure of the total costs associated with managing and operating an investment portfolio. These costs include the management fees and additional expenses of the underlying funds but exclude any advice, platform charges, transaction fees or incidental costs. For further information on fees, please refer to our factsheets.

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. Please see overleaf for the risk considerations for the Schroder Active Model Portfolios.

Risk considerations

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.

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

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.

Money market & deposits 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

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 & Co. Limited
1 London Wall Place, London EC2Y 5AU

schroders.com

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