



Schroders Economics Lens

Schroders Economics Group

June 2023

Marketing material for
professional clients only.

Index

[Summary](#) (slide 3)

[Forecast update](#) (slides 4-9)

[Approaching peak interest rates](#) (slides 10-14)

[Inflation expected to ease back](#) (slides 15-19)

[US focus: more resilient than expected](#) (slides 20-22)

[UK focus: Inflation to remain high for some time](#) (slides 23-27)

[Emerging markets focus: challenges remain, but near-term rebound expected](#) (slides 28-33)

[Appendix: scenario explanations](#) (slide 34-35)

Summary

Read more: [Economic and Strategy Viewpoint – Q2 2023](#)

- Impact of higher interest rates is starting to be felt. Manufacturing activity is trending down, especially in Europe and Asia. Services continue to rebound, as households rebalance spending patterns to pre-pandemic norms.
- New baseline forecast: global GDP growth slows to 2.4% this year and 1.9% in 2024, an upward revision for this year, mostly driven by upgrades to the US forecast, but a downgrade to next year.
- Headline inflation is falling as food and oil prices weaken and goods prices ease. But core inflation is high and sticky, and will remain so until labour markets loosen significantly.
- Interest rates are near the peak in the US, but further to go in the UK and Eurozone.
- Mild recession forecast for the US in Q4 2023 (a quarter later than previously), 0% growth in 2024. Rate cuts to start in Q4 and continue next year. End 2024 Fed funds rate forecast = 3.5%
- UK forecast to avoid recession but stagnate for most of 2023 and inflation stay high. Bank rate to get to 5% but be cut to 3.25% by end 2024. Europe performing better than expected but inflation coming in higher. European Central Bank to hike to 4.25% but cut to 2.5% by end 2024.
- China has started the year well but other emerging markets are weakening as higher rates bite.
- Banking failures and higher rates have contributed to sharply tighter lending standards and slowing lending growth in the US. But we do not see a systemic risk in the banking sector.



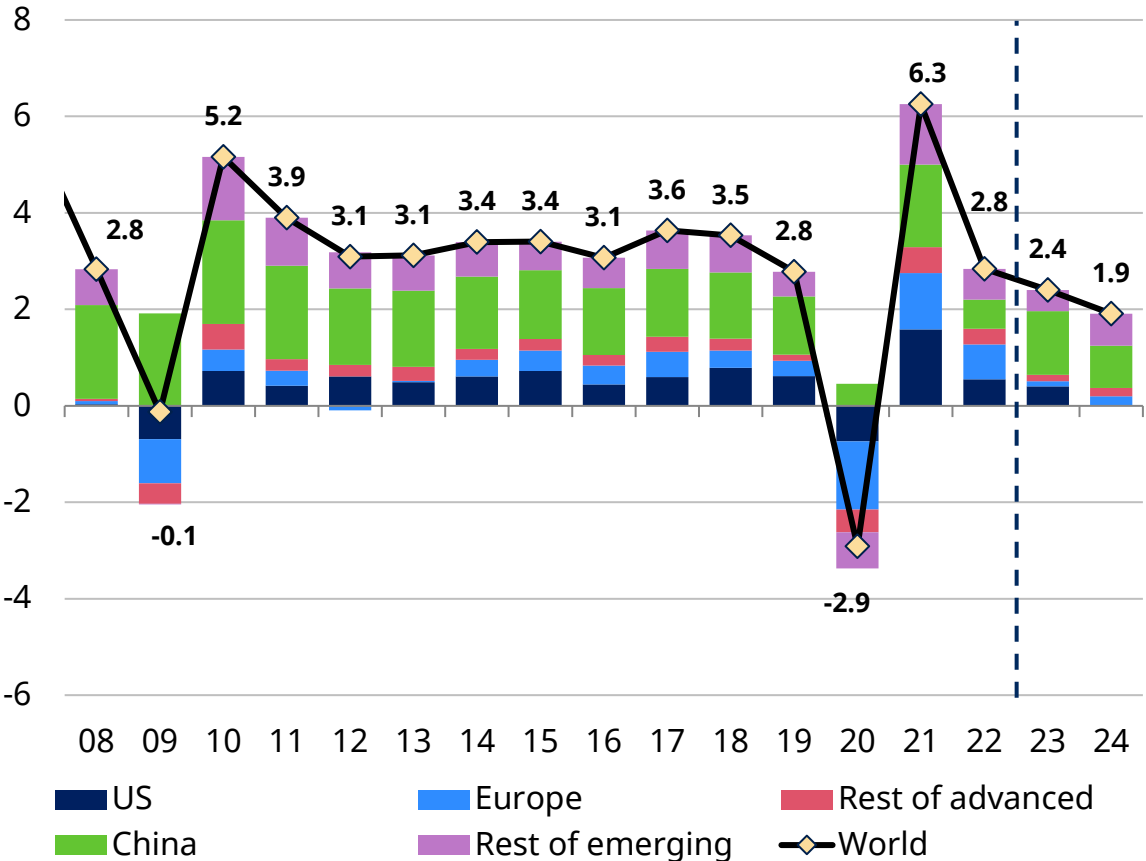
Forecast update

Regimes, rates and recessions

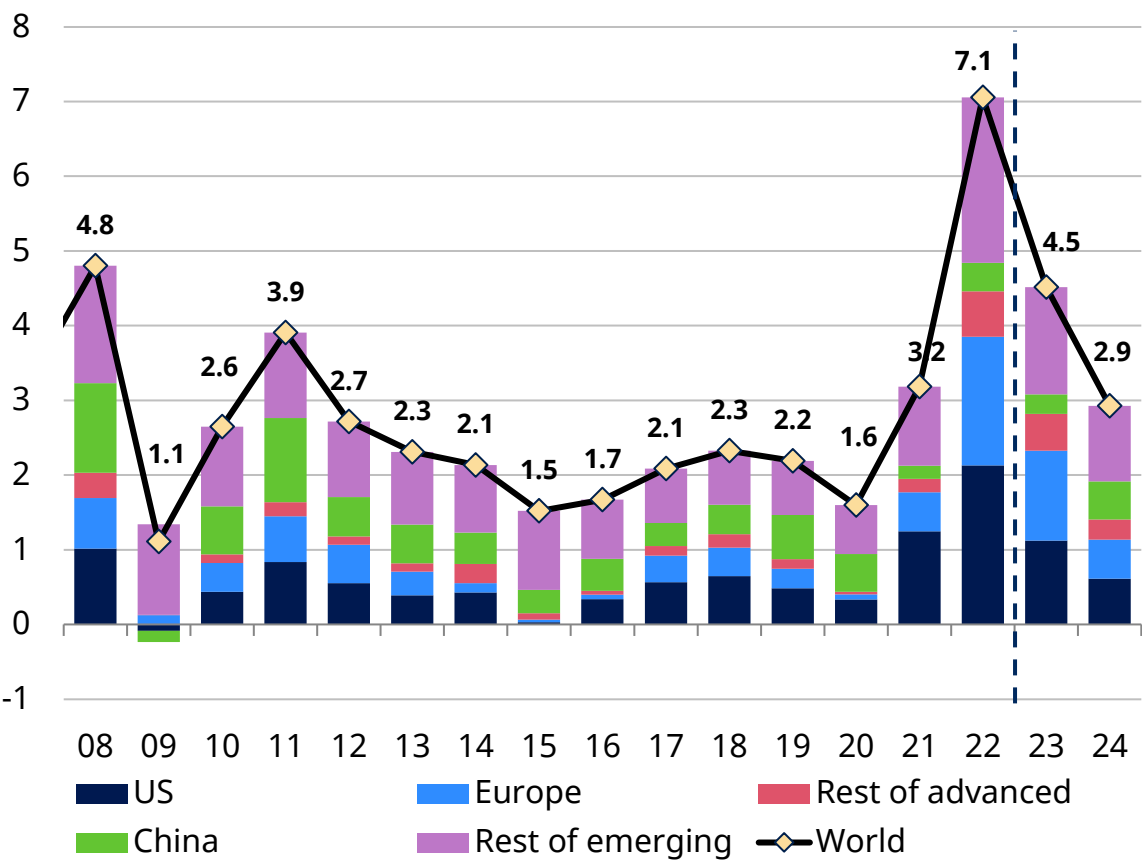
High inflation forces global growth lower

Global growth and inflation forecasts

Contributions to World GDP growth (y/y)



Contributions to World inflation (y/y)



Source: Schroders Economics Group, 25 May 2023. Please note the forecast warning at the back of the document. Please see relevant disclaimers on slide 36

Growth revised up as inflation risks abate

Schroders baseline forecast Q2 2023

Real GDP

y/y%	Wt (%)	2022	2023	Prev.	Consensus	2024	Prev.	Consensus
World	100	2.8	2.4	↑ (2.0)	2.2	1.9	↓ (2.2)	2.2
Advanced*	60.0	2.7	1.1	↑ (0.4)	0.9	0.6	↓ (0.9)	0.9
US	26.7	2.1	1.5	↑ (0.3)	1.1	0.0	↓ (0.7)	0.6
Eurozone	16.7	3.5	0.6	↑ (0.5)	0.7	0.9	↑ (0.8)	0.9
Germany	4.9	1.8	0.0	↓ (0.1)	0.1	0.7	↑ (0.6)	1.1
UK	3.6	4.0	0.0	↑ (-0.8)	-0.1	0.9	↑ (0.8)	0.8
Total Emerging**	40.0	3.1	4.4	↑ (4.2)	4.1	3.9	↓ (4.1)	4.1
BRICs	27.8	3.1	5.4	↑ (5.2)	5.0	4.2	↓ (4.6)	4.6
China	20.3	3.0	6.5	↑ (6.2)	5.8	4.3	↓ (4.5)	4.9

Inflation CPI

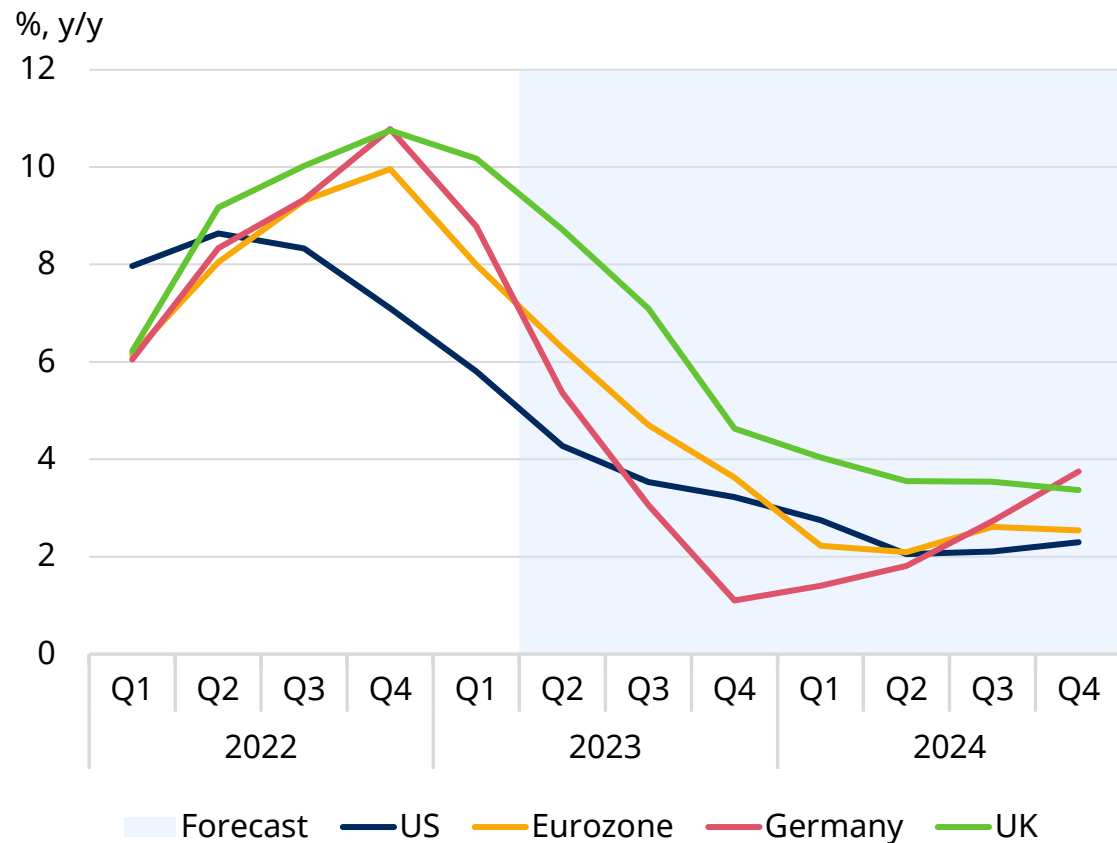
y/y%	Wt (%)	2022	2023	Prev.	Consensus	2024	Prev.	Consensus
World	100	7.1	4.5	↑ (4.2)	4.6	2.9	↑ (2.8)	3.0
Advanced*	60.0	7.4	4.7	↑ (3.9)	4.6	2.3	↑ (2.1)	2.5
US	26.7	8.0	4.2	↑ (3.6)	4.2	2.3	↑ (2.0)	2.6
Eurozone	16.7	8.4	5.6	↑ (4.2)	5.5	2.4	↑ (2.2)	2.4
Germany	4.9	8.7	4.5	↓ (4.8)	6.2	2.4	(2.4)	2.7
UK	3.6	9.1	7.6	↑ (6.5)	6.7	3.6	↓ (3.8)	2.8
Total Emerging**	40.0	6.5	4.2	↓ (4.6)	4.6	3.8	(3.8)	3.7
BRICs	27.8	3.9	2.3	↓ (3.0)	2.8	3.1	↓ (3.3)	3.0
China	20.3	1.9	1.3	↓ (2.3)	1.8	2.5	↓ (2.7)	2.4

Source: Schroders Economics Group, 24 May 2023. Please note the forecast warning at the back of the document. Please see relevant disclaimers on slide 36

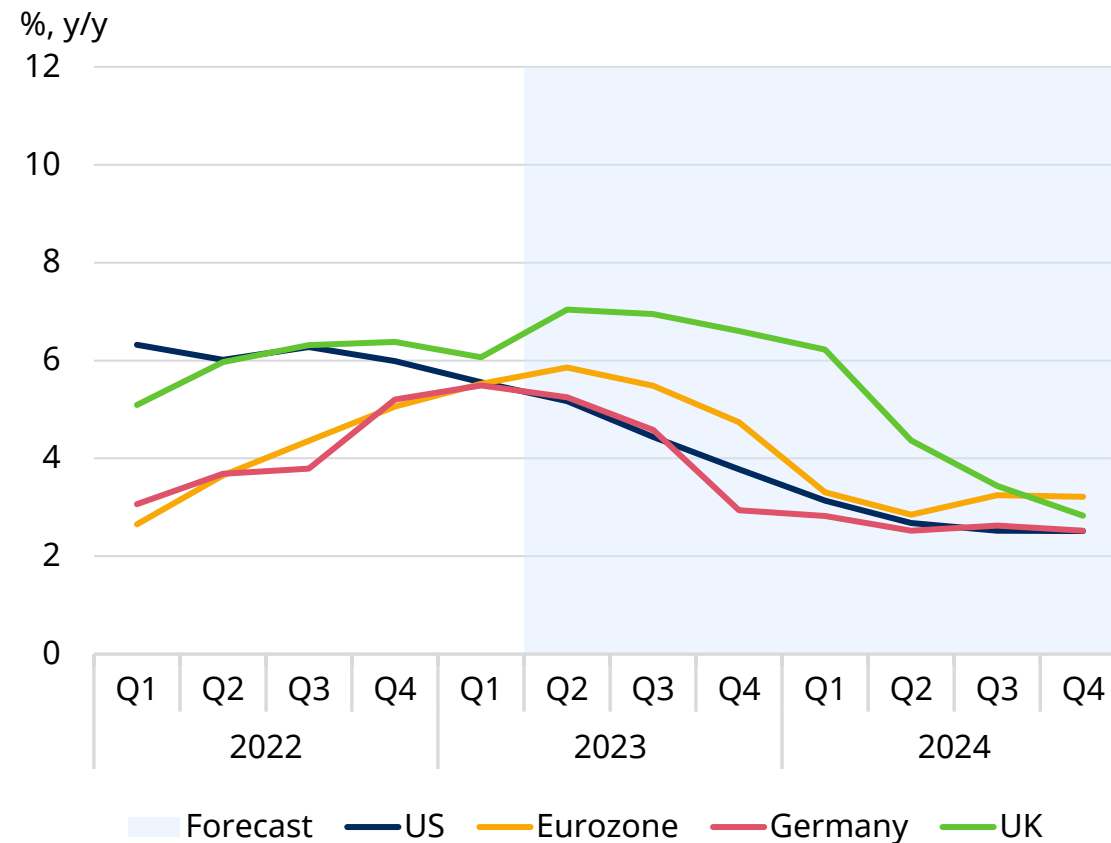
Central banks still have work to do

Energy and food prices turning disinflationary, but core inflation is firm

Headline CPI inflation



Core CPI inflation

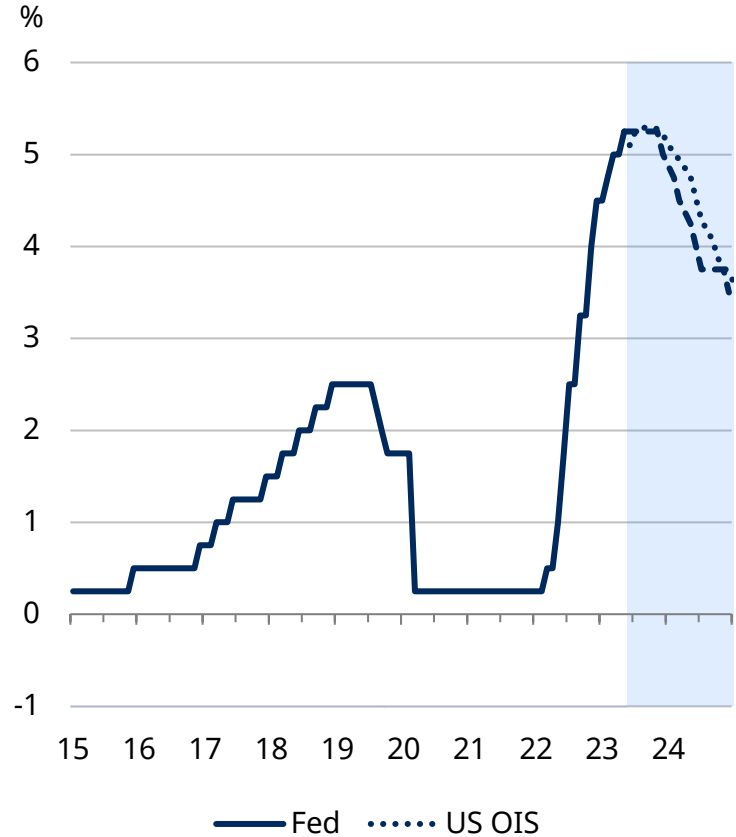


Source: Schroders Economics Group, 24 May 2023. Please note the forecast warning at the back of the document. Please see relevant disclaimers on slide 36

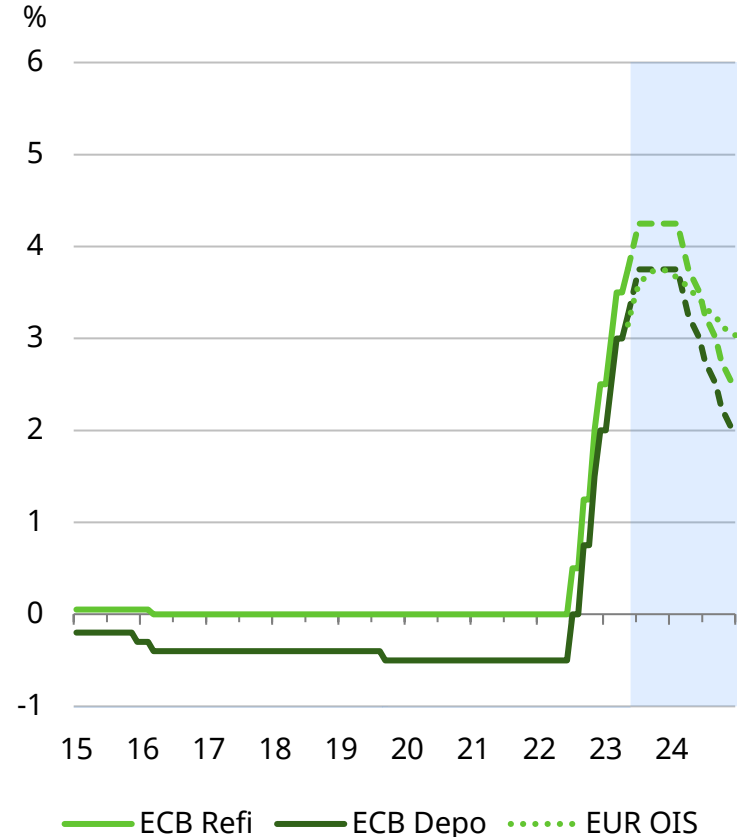
Monetary policy approaching peak restrictiveness

Rate cuts expected in Q4 and Q1

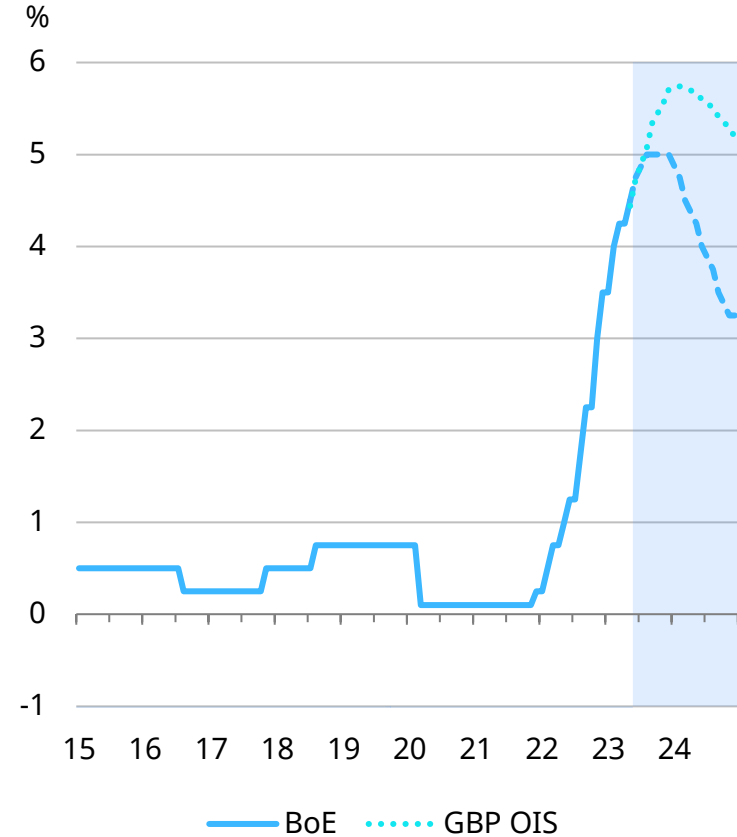
US interest rates forecast vs market



EZ interest rates forecast vs market



UK interest rates forecast vs market

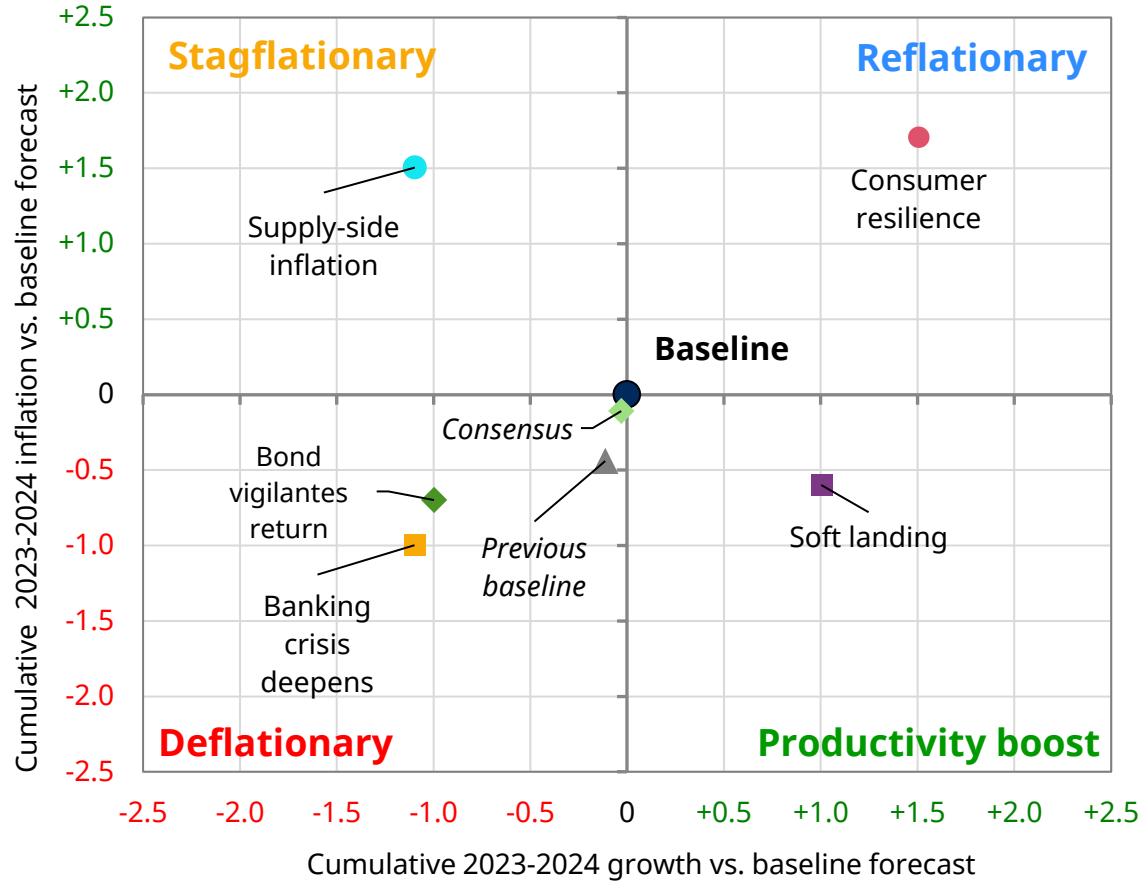


Source: Schrodgers Economics Group (24 May 2023). GS data for OIS (14 June 2023). These forecasts were made before the Federal Reserve meeting on 14 July. It now appears likely that the Federal Reserve will raise rates by a further 25 basis points in July, which we will take account of in our next forecast update. Please see the forecast risk warning on the important information slide. Please see relevant disclaimers on slide 36

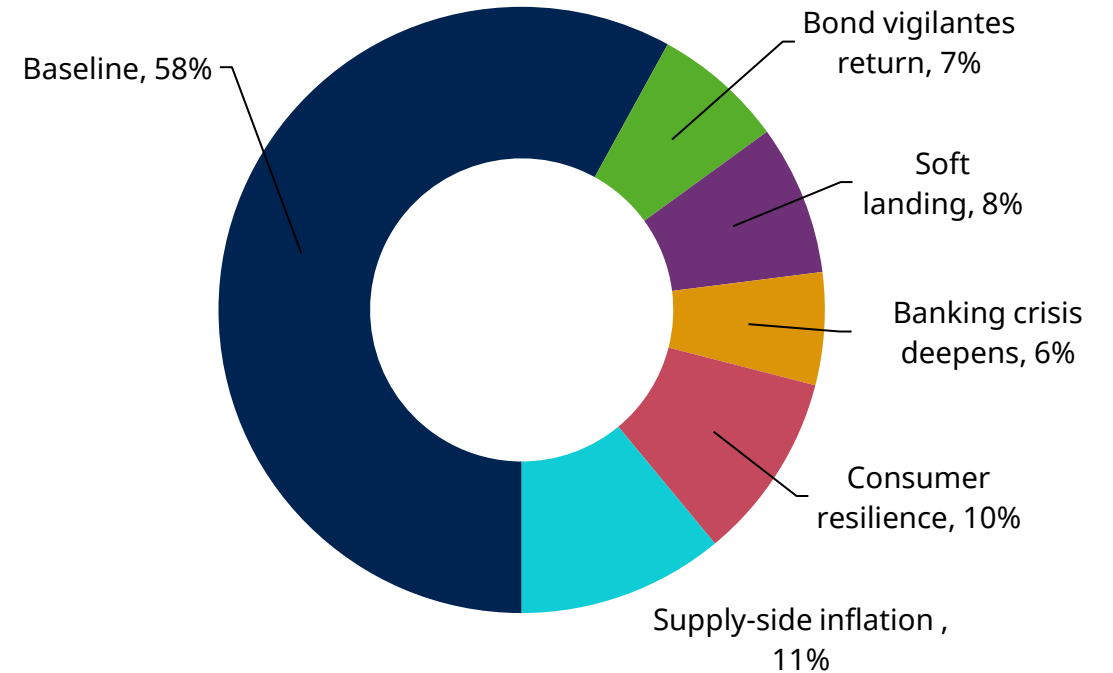
Risks are more balanced (read [more](#))

Scenario analysis (base case set out on slides 5-6)

Scenario impact on growth and inflation



Scenario probabilities*



Source: Schroders Economics Group. 24 May 2023. Previous refers to 21 February 2023. Please see the forecast risk warning on the important information slide. Please see relevant disclaimers on slide 36. *Scenario probabilities are based on mutually exclusive scenarios. Description of these alternative scenarios are provided in the Appendix



Approaching peak interest rates

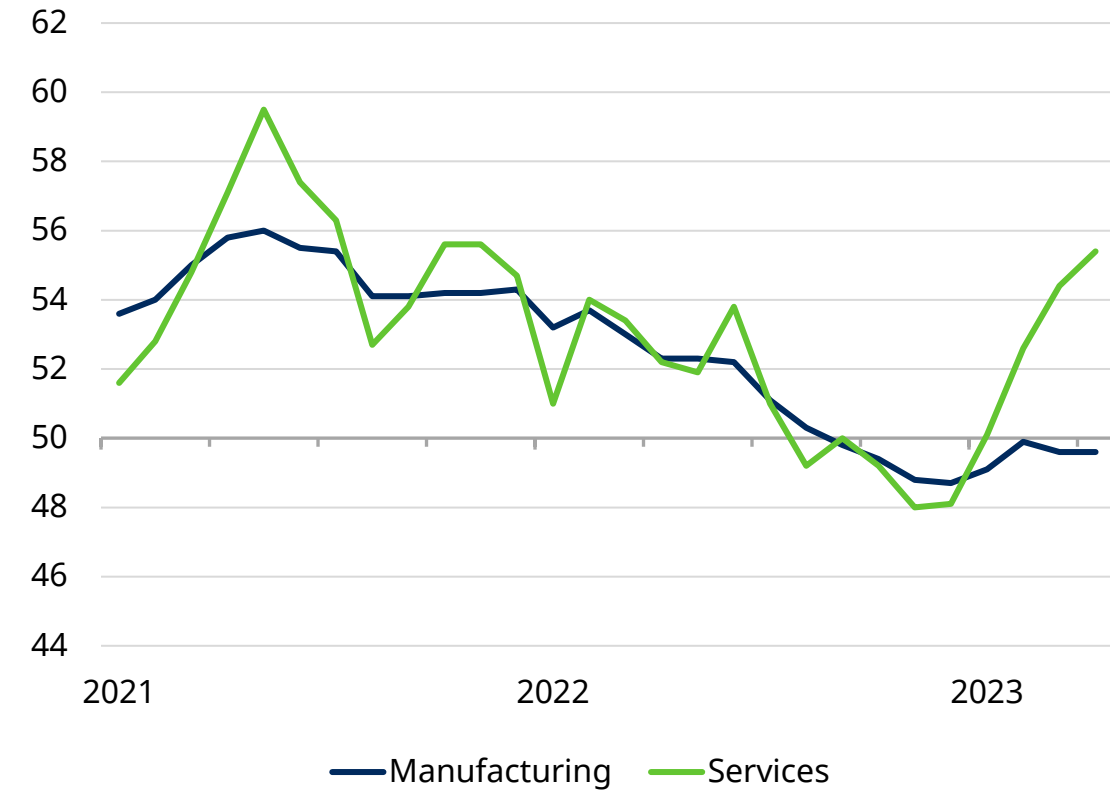
Tighter monetary policy is starting to bite

Post-Covid rebalancing favours services over manufacturing

But how long can services continue to diverge?

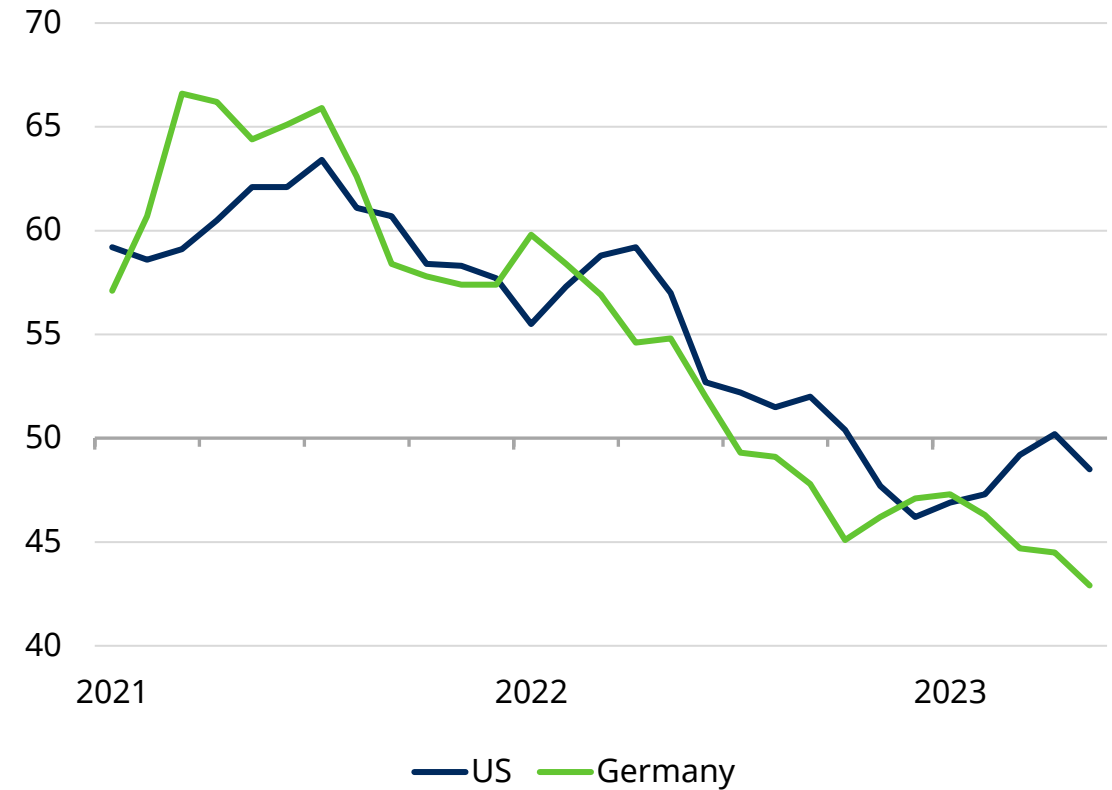
Manufacturing vs. services (April data)

Global PMIs, net balance



US vs. German manufacturing PMIs (May data)

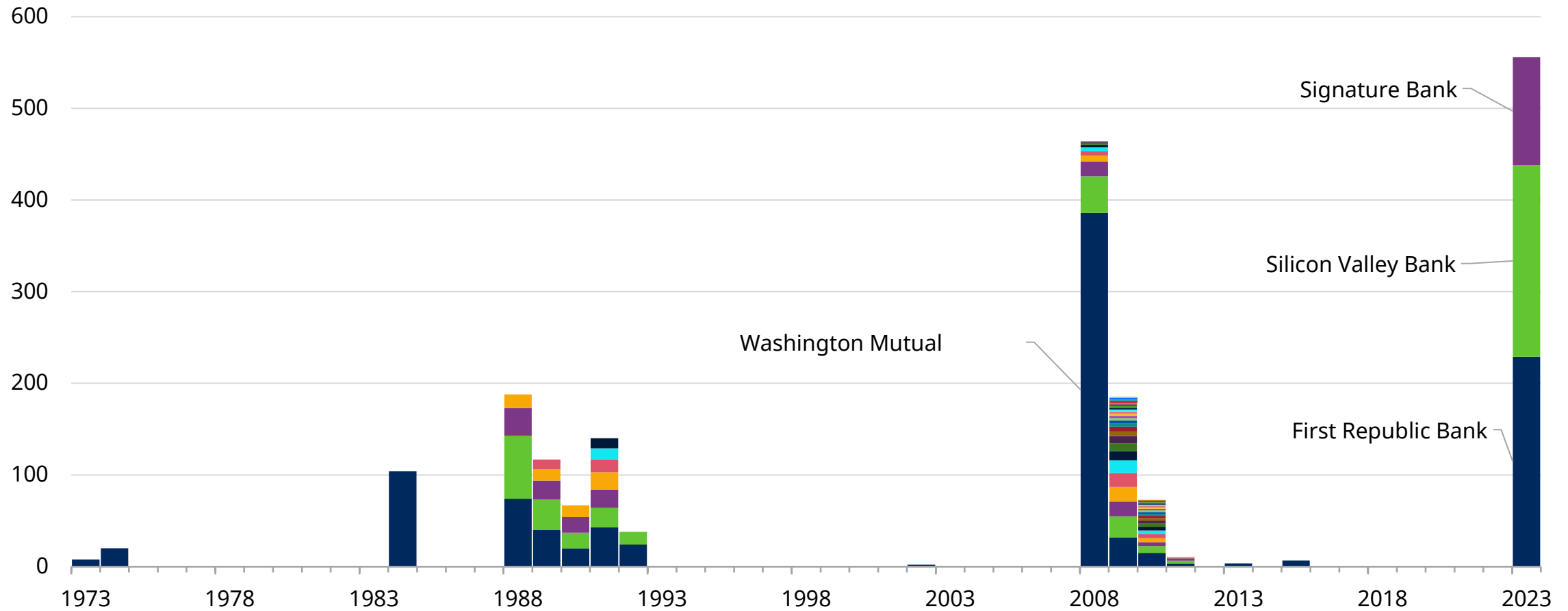
Manufacturing PMIs, net balance



Source: Refinitiv, Schroders Economics Group. 25 May 2023. Please see relevant disclaimers on slide 36

Tighter monetary policy has contributed to US banks failures

Inflation adjusted (2021) assets of failure, \$billions

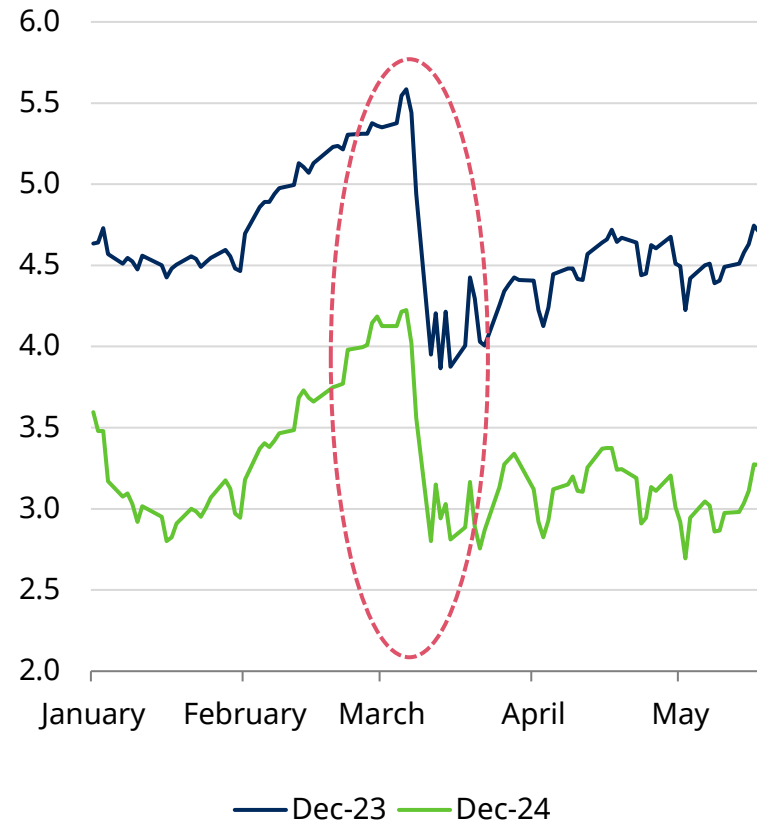


Source: US FDIC, Refinitiv, Schroders Economics Group. 19 May 2023. Please see relevant disclaimers on slide 36

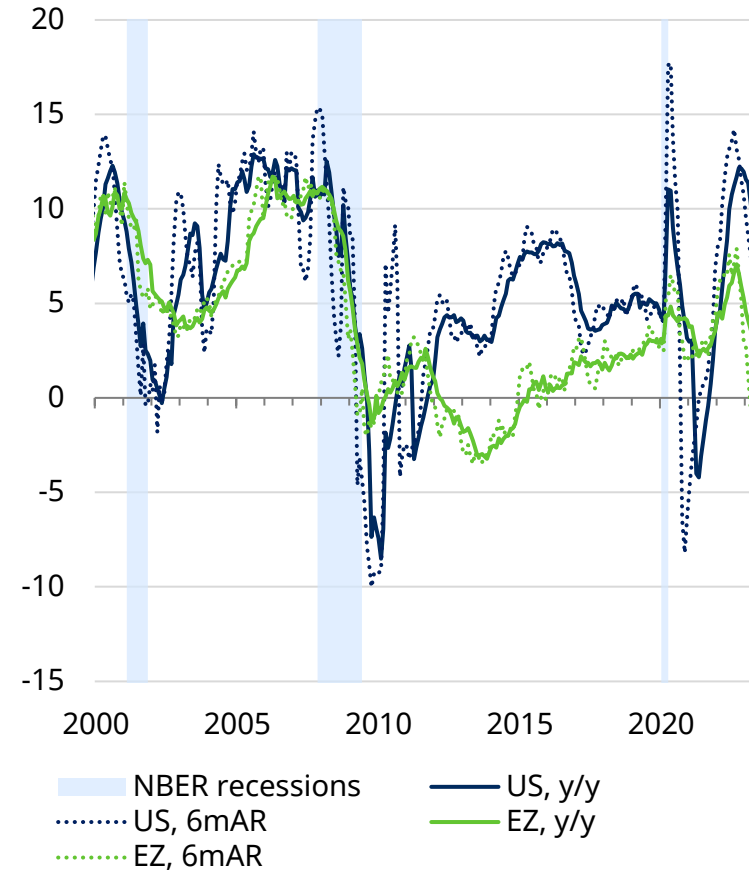
Could the US regional banks cause a crisis?

Too early to see the impact of bank failures, but credit conditions are tightening

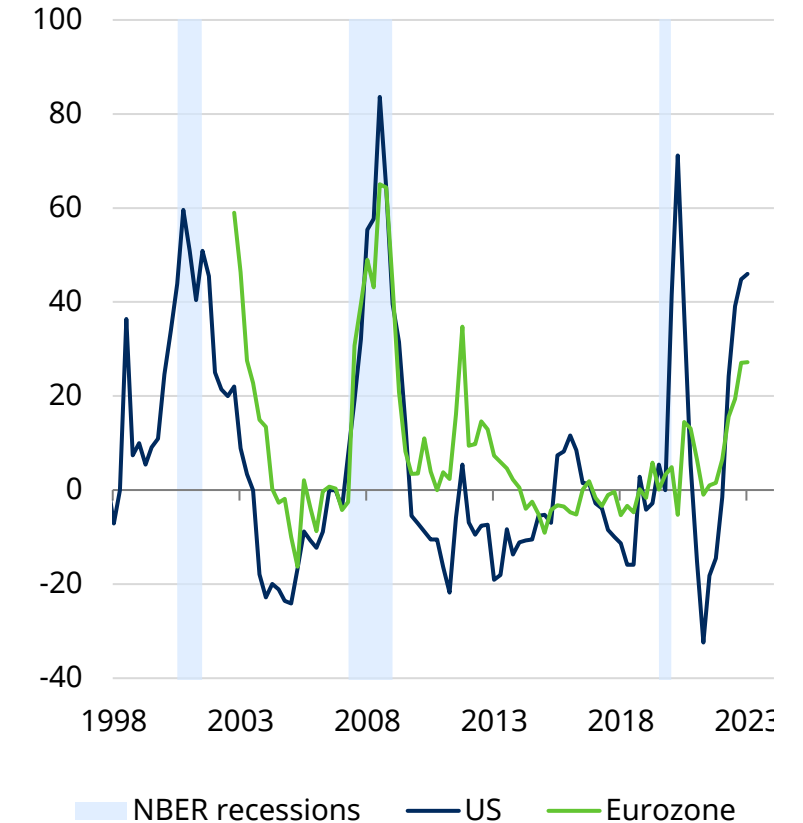
Fed Funds futures implied yield, %



Bank lending growth, %



Credit conditions, net tightening (%)

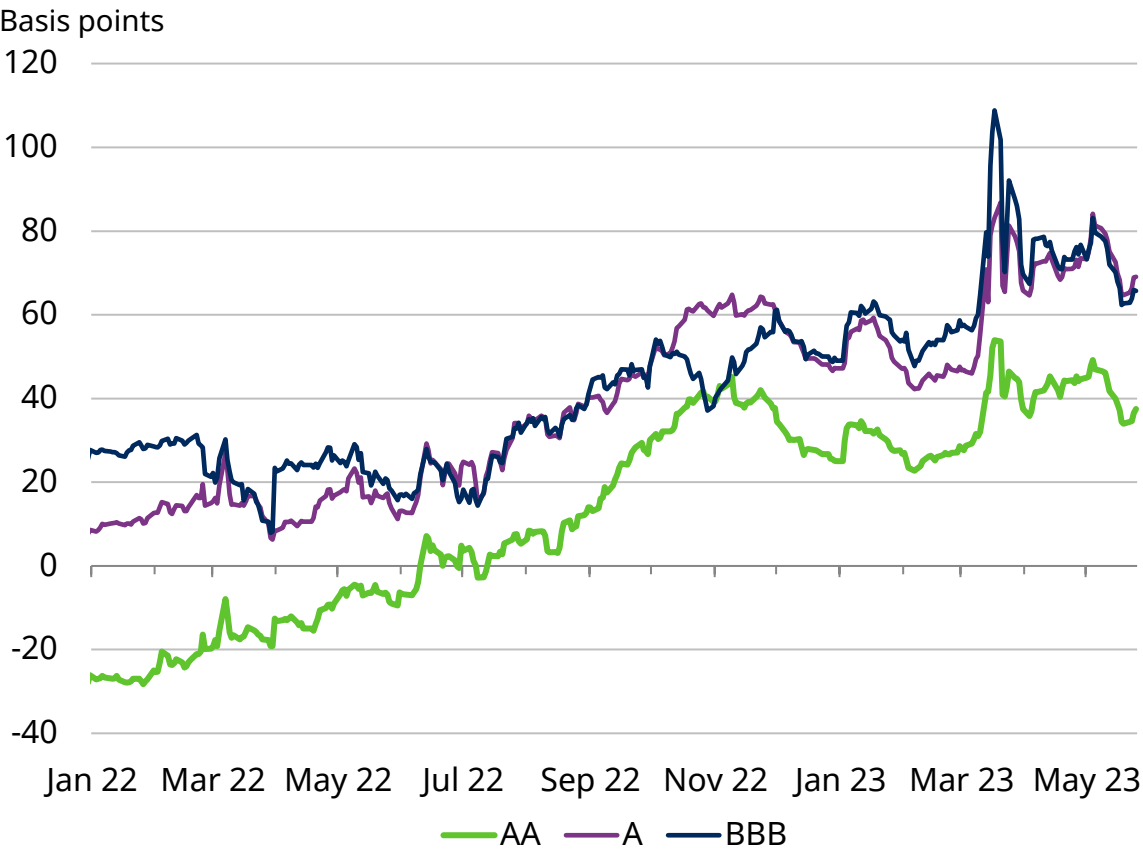


Source: Refinitiv, Schrodgers Economics Group. 19 May 2023. Please see relevant disclaimers on slide 36

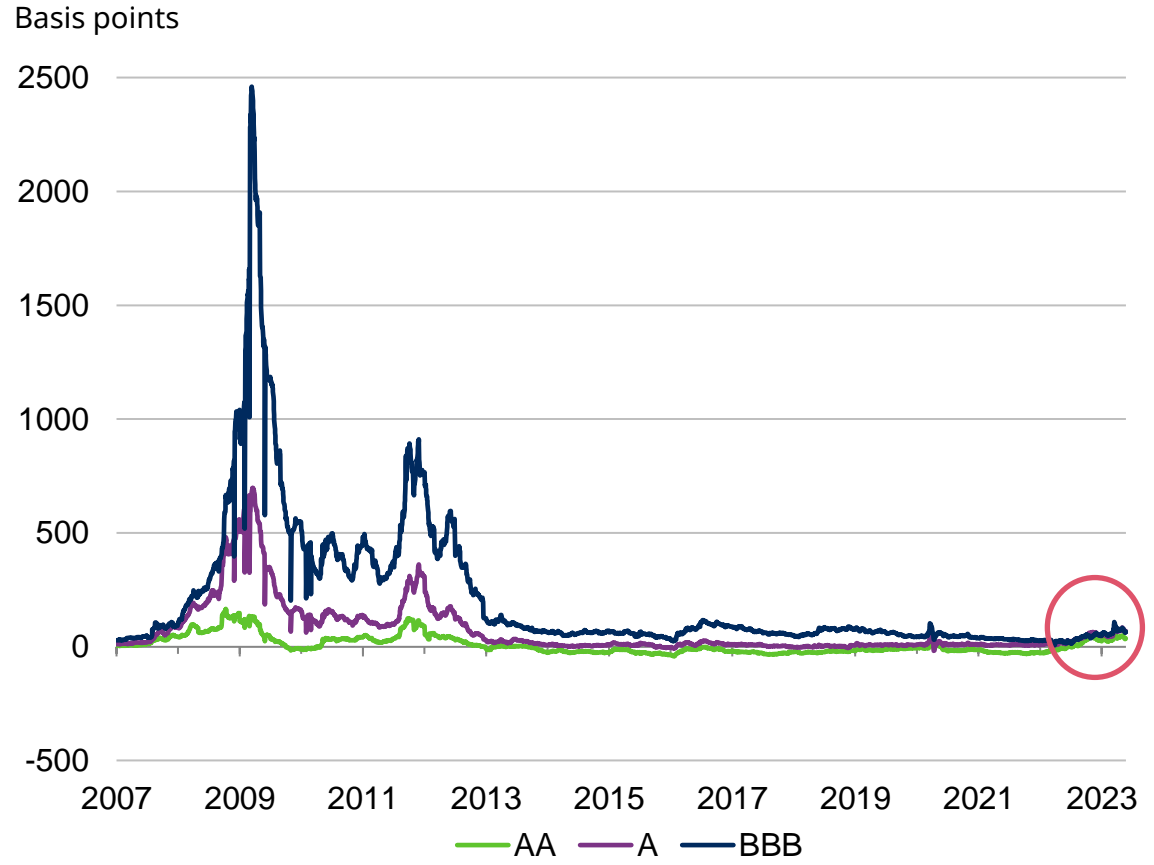
European credit spreads widened, but not by much

European financial vs. non-financial credit yields

Since January 2022



Since January 2007



Source: Refinitiv, Schroders Economics Group. 26 May 2023. Please see relevant disclaimers on slide 36



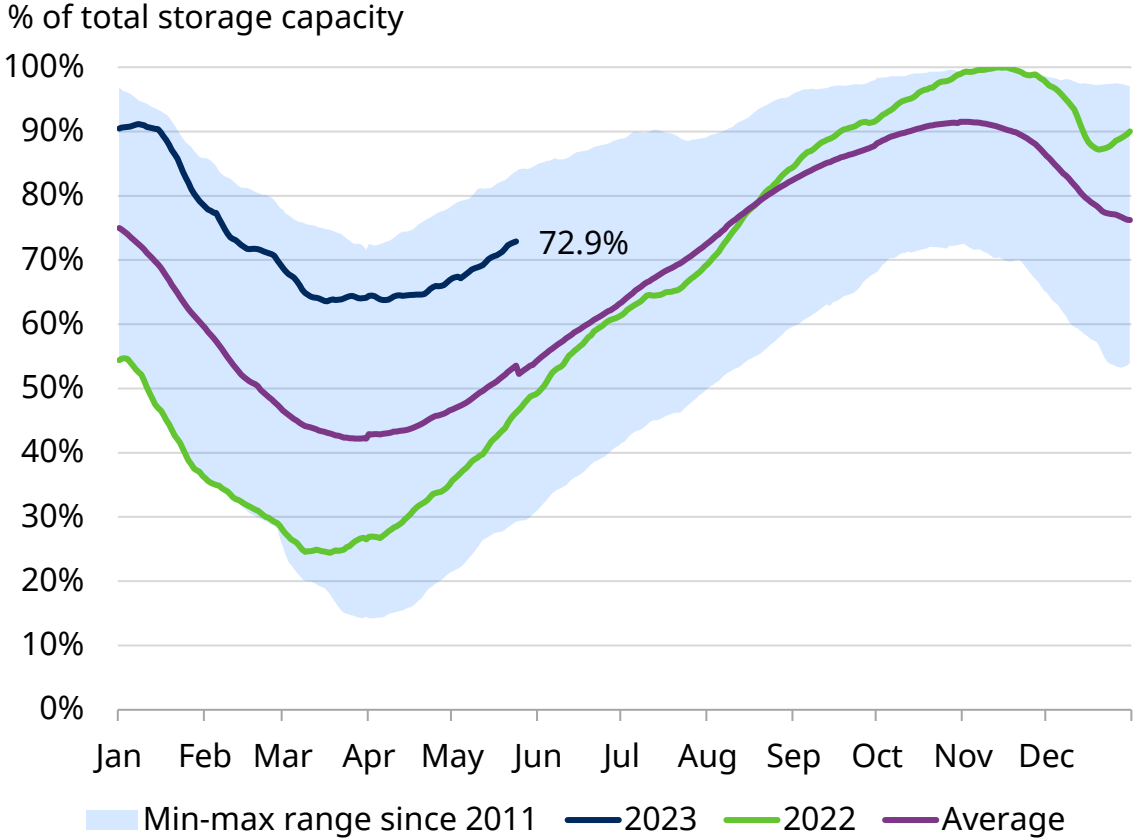
Inflation expected to ease back

Headline inflation starting to fall, but core and services inflation remains too high

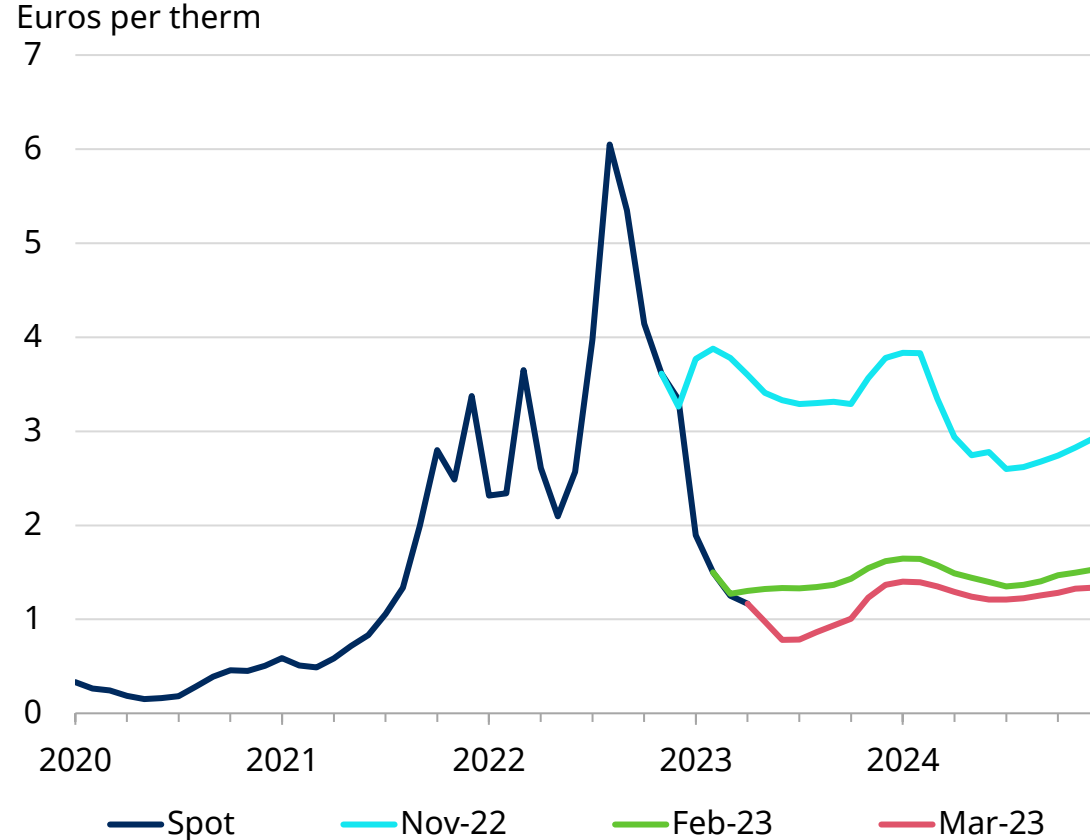
Upside risk could come from lower energy prices

Gas prices back down to normal levels – re-coupling with oil prices

German gas inventories



European gas prices

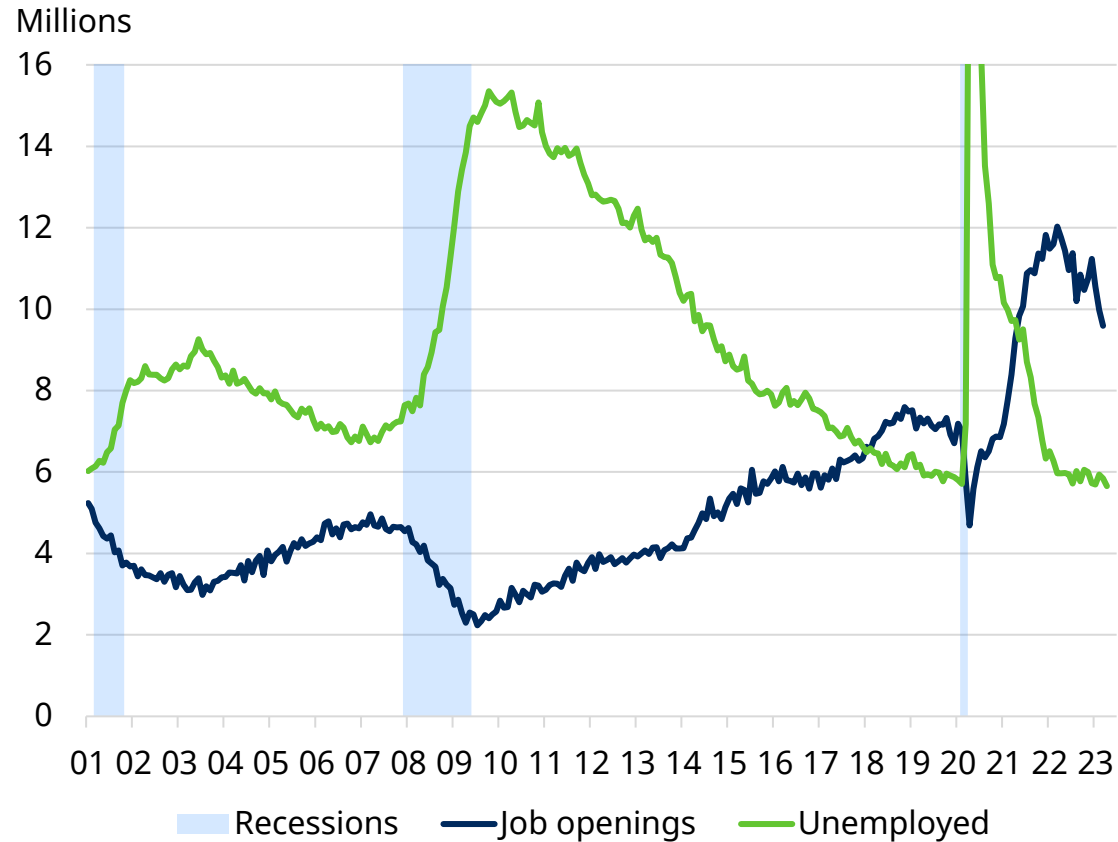


Source: Refinitiv, Atlanta Fed, Schroders Economics Group. 26 May 2023. Please see relevant disclaimers on slide 36

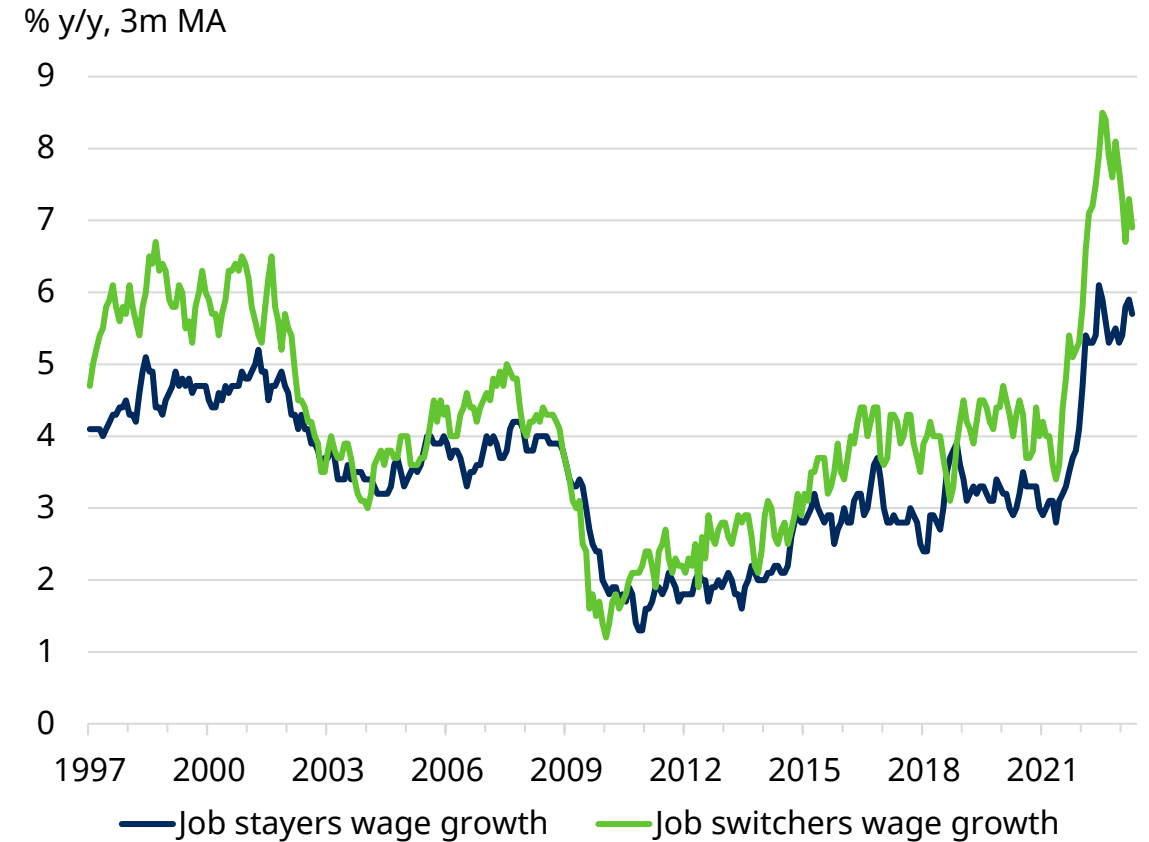
Companies can't get the staff that they need (US)

Excessive demand for workers, with more jobs available than number unemployed

For every unemployed person, there are 1.6 vacancies



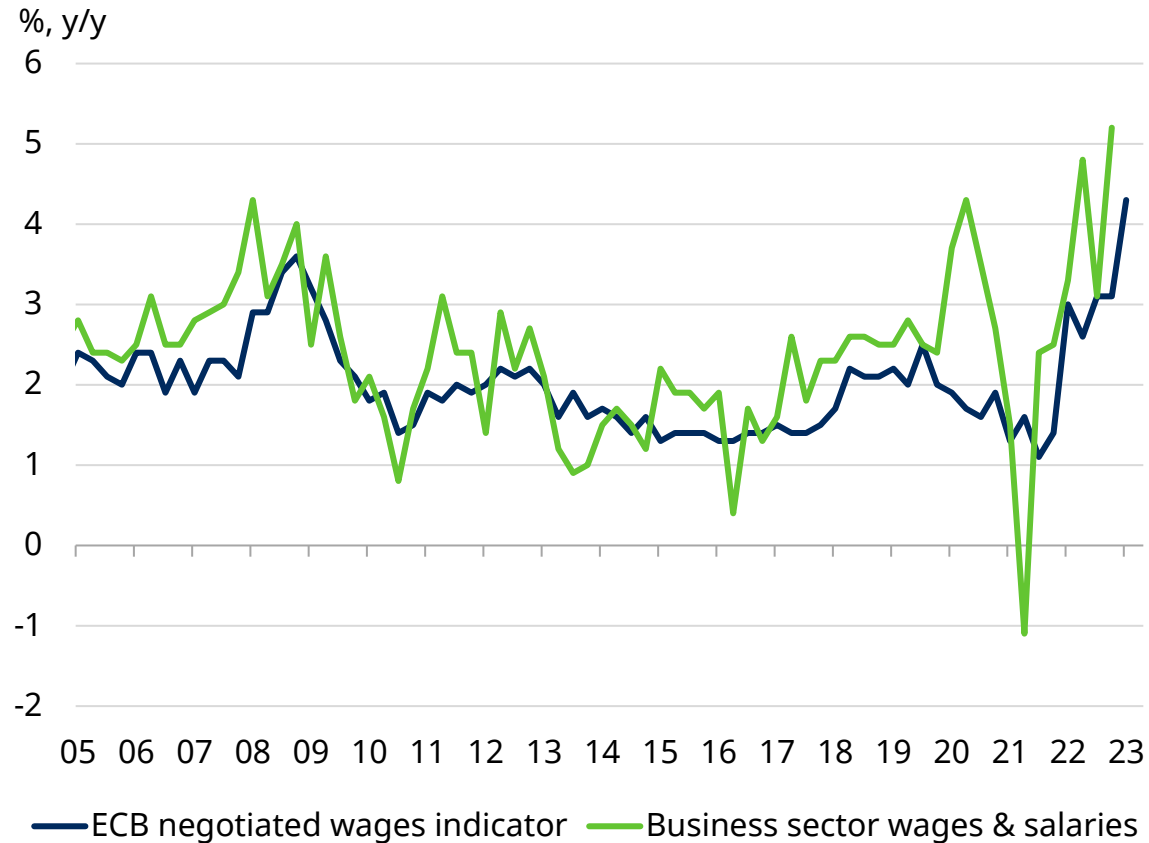
Workers moving to competitors with high pay offers



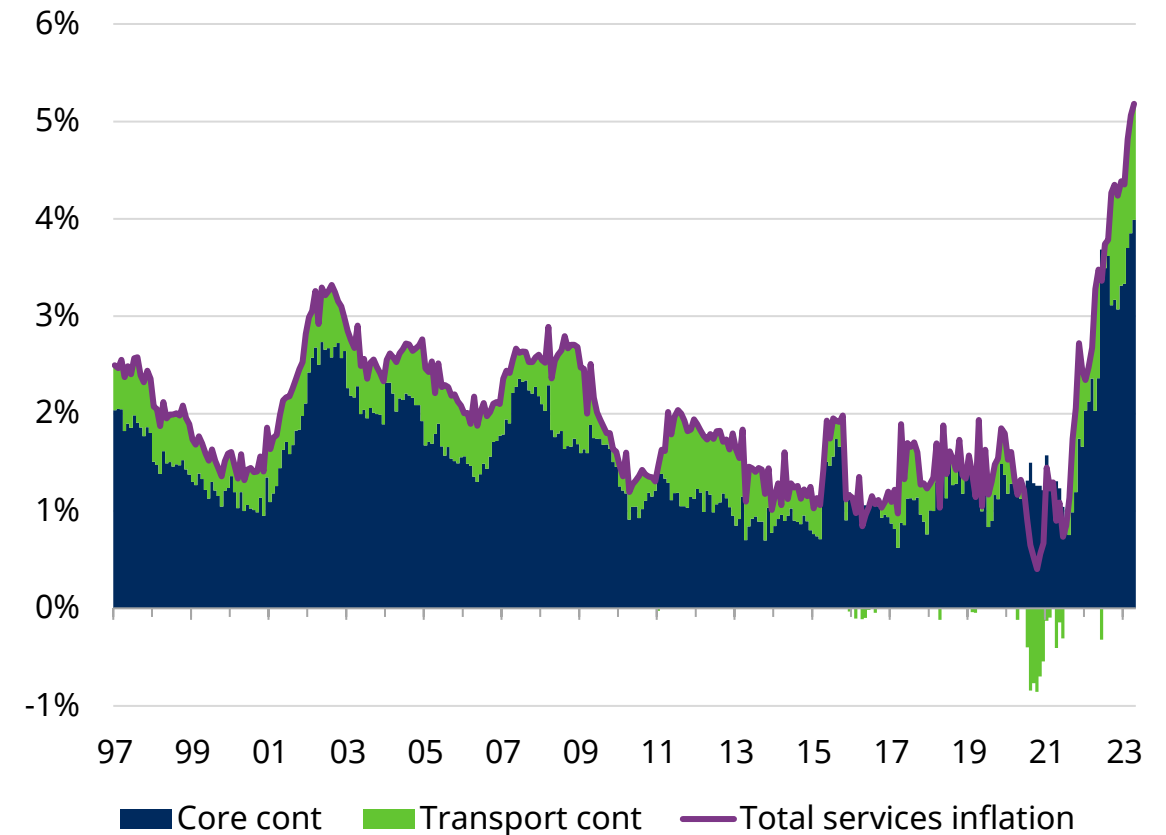
Source: Refinitiv, Atlanta Fed, Schroders Economics Group. 26 May 2023. Please see relevant disclaimers on slide 36

Also in Europe, wage inflation has started to accelerate... ...pushing up services price inflation

Private wage growth vs. ECB negotiated wages



Services inflation

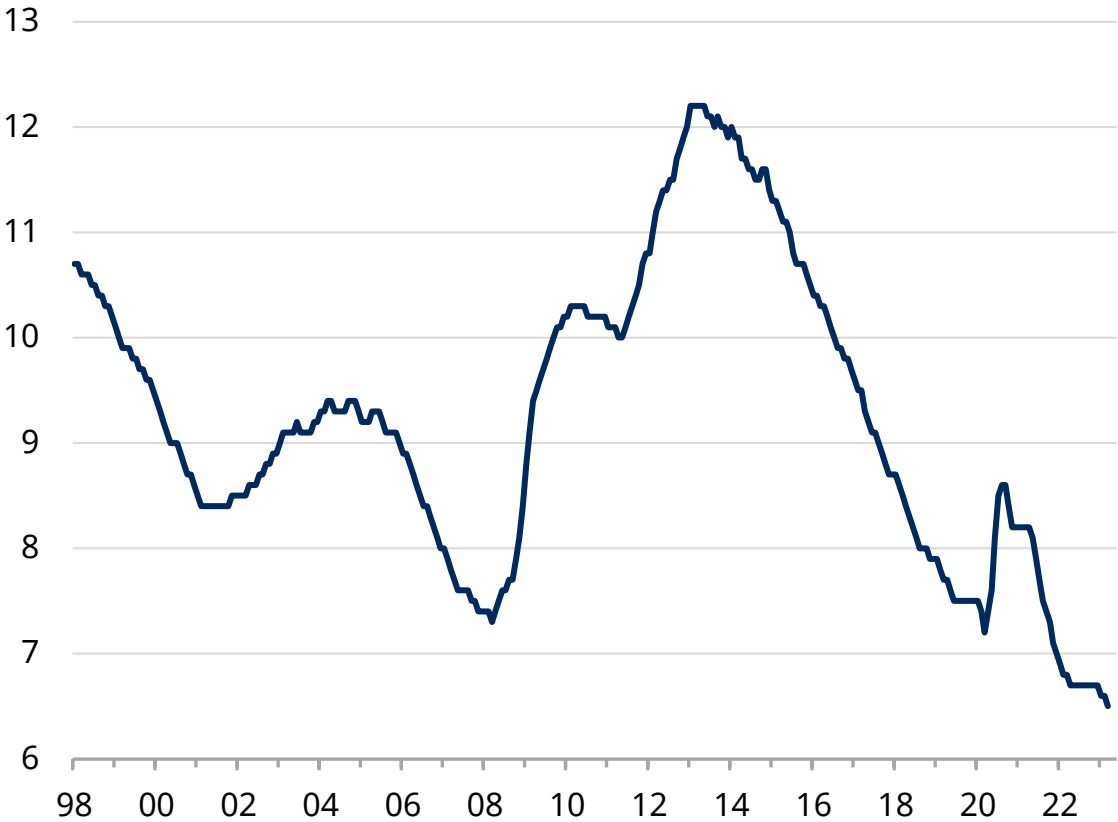


Source: Refinitiv, Schroders Economics Group. 26 May 2023. Please see relevant disclaimers on slide 36

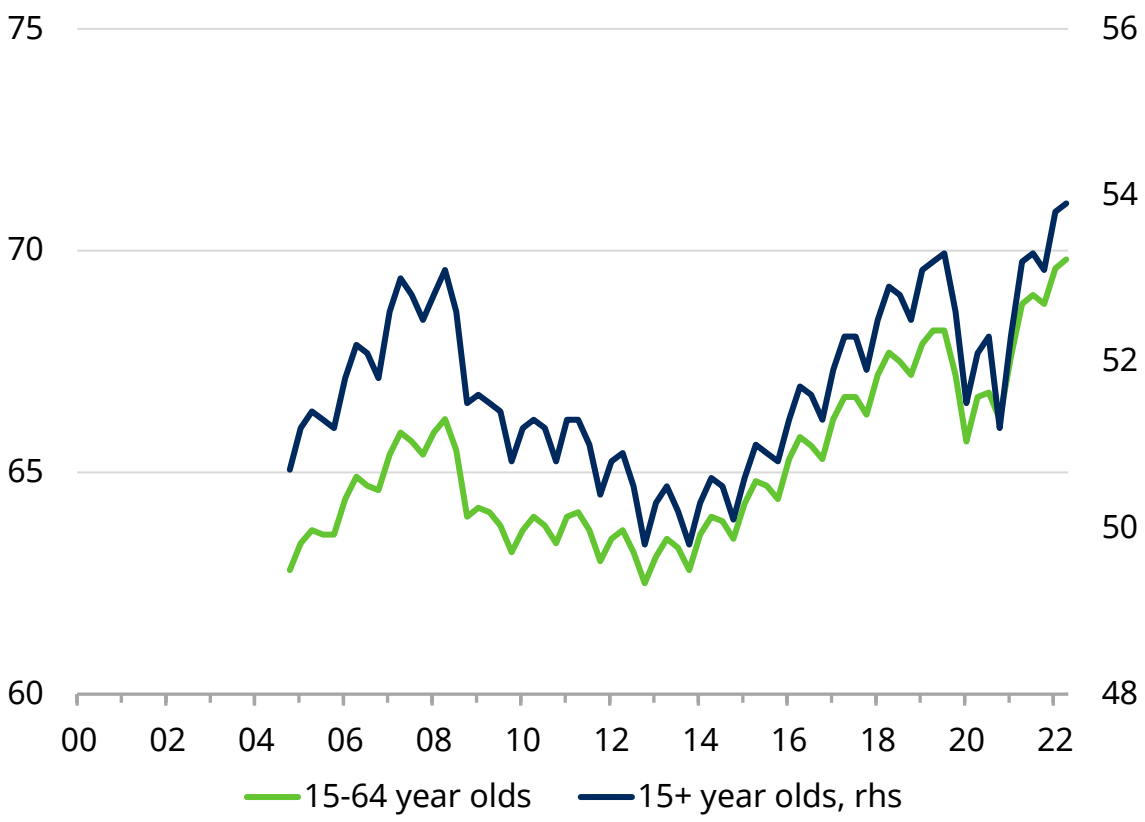
Eurozone labour market is very tight

Unlike the US and UK, eurozone does not have a “missing workers” problem

Unemployment rate (% of active workforce 15-64)



Employment rates (% of population)



Source: Refinitiv, Eurostat, Schroders Economics Group. 26 May 2023. Please see relevant disclaimers on slide 36



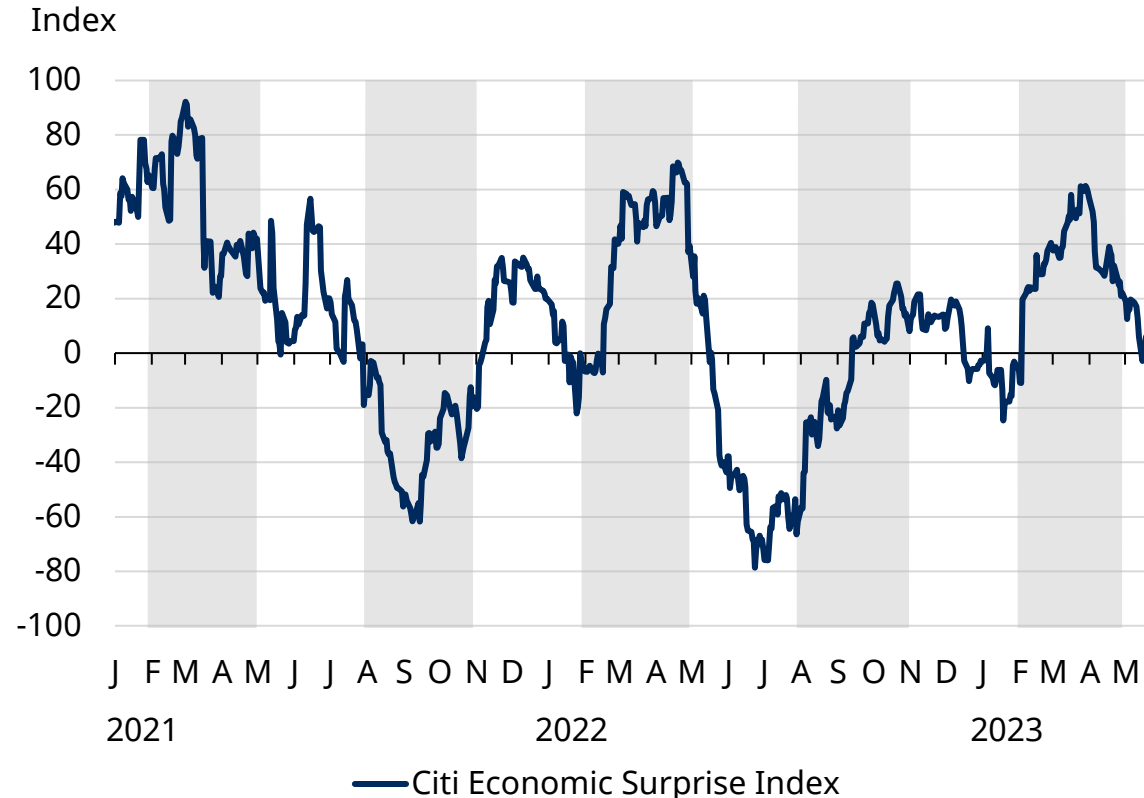
US focus

More resilient than expected

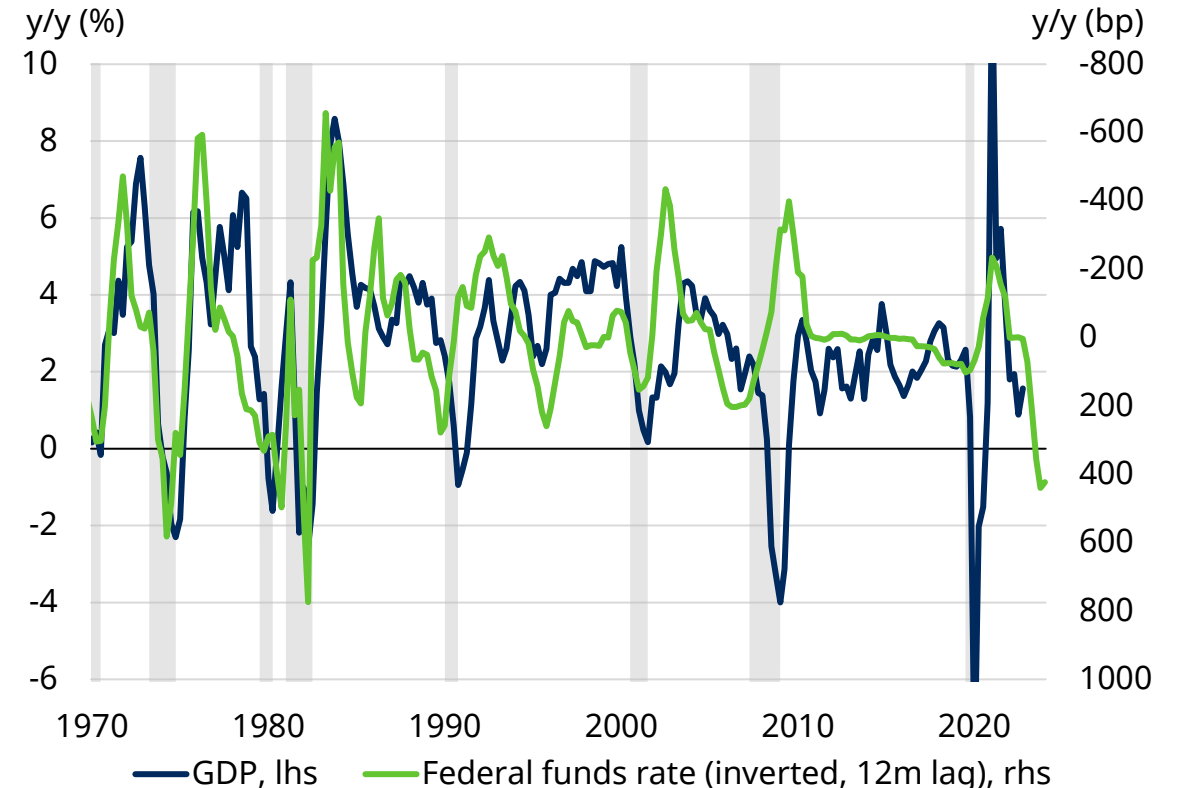
US economy has proven more resilient than anticipated

However, restrictive rates are still working their way through

Data has surprised to the upside since our last forecast*...



...but aggressive tightening should tip the US into recession

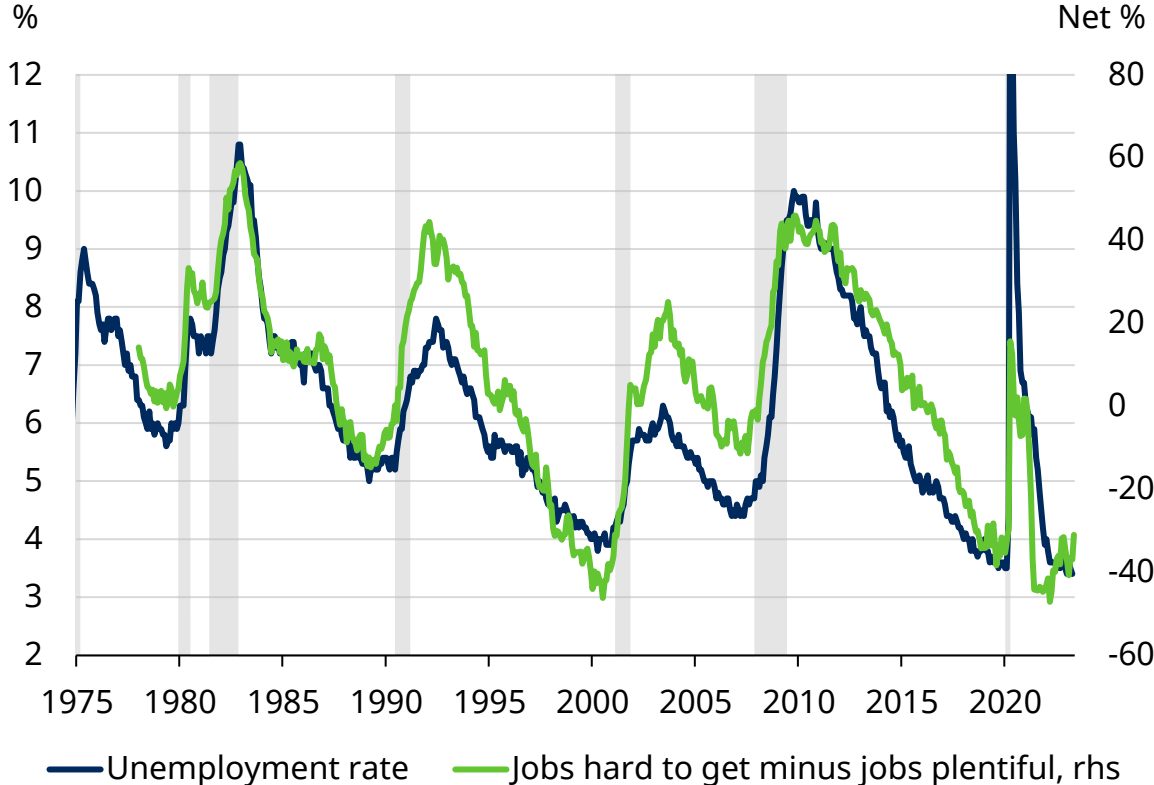


*Grey and white shaded columns signify Schroders Economics Group forecast rounds.
Source: Schroders Economics Group, Refinitiv, Citigroup. 31 May 2023. Please see relevant disclaimers on slide 36

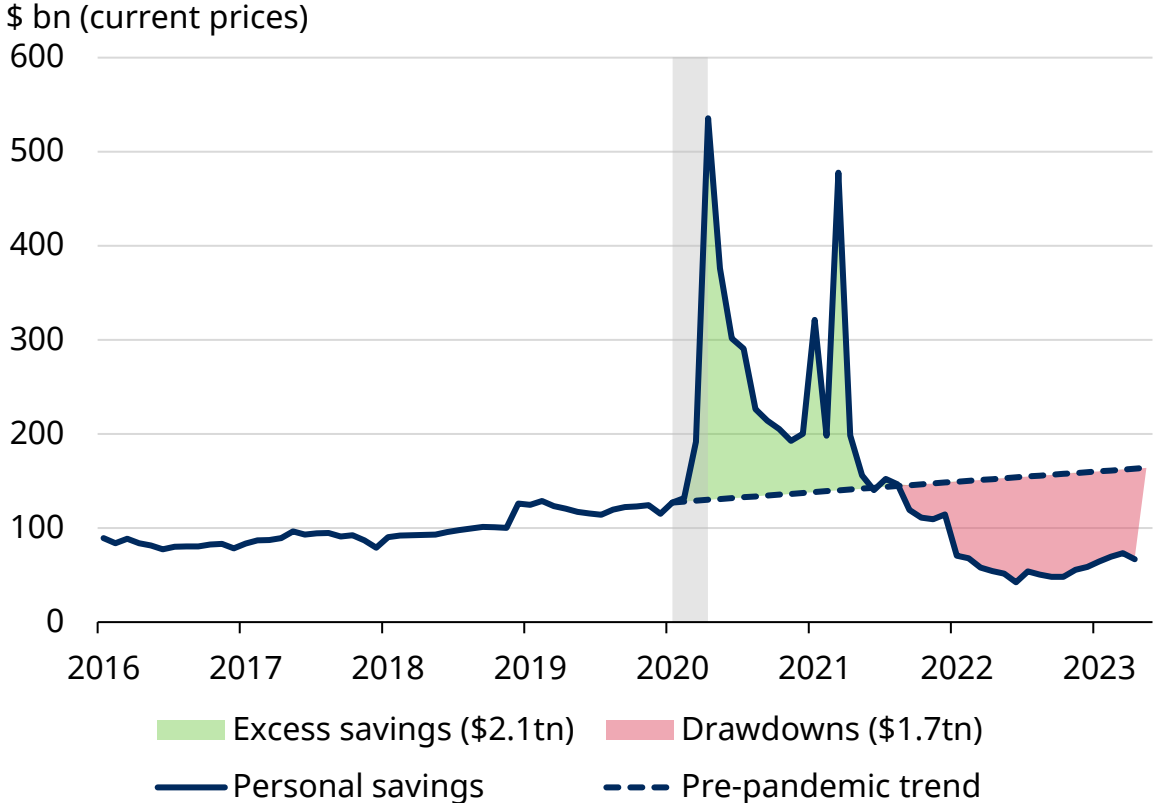
Household spending has proven particularly robust

Combination of tight labour market and savings drawdown has supported consumers

Is Conference Board data signalling a rise in unemployment?



Households may still have some \$400bn of excess savings left*



*Personal savings have been de-annualised. Pre-pandemic trend is calculated using the 48 months of data prior to the 2020 recession. Source: Schroders Economics Group, Refinitiv, Conference Board. 31 May 2023. Please see relevant disclaimers on slide 36

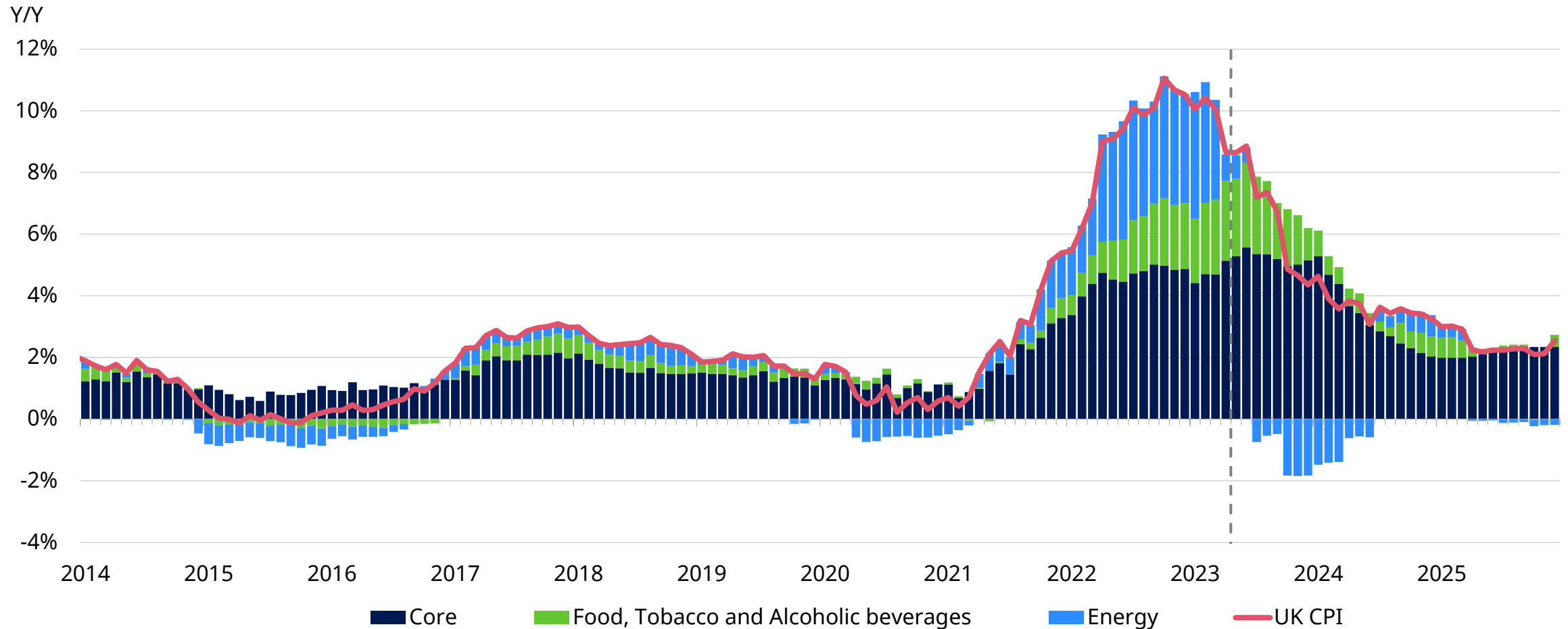


UK focus

Inflation to remain high for some time

UK CPI inflation to fall back slowly, challenging the BoE

Schroders UK CPI inflation forecast



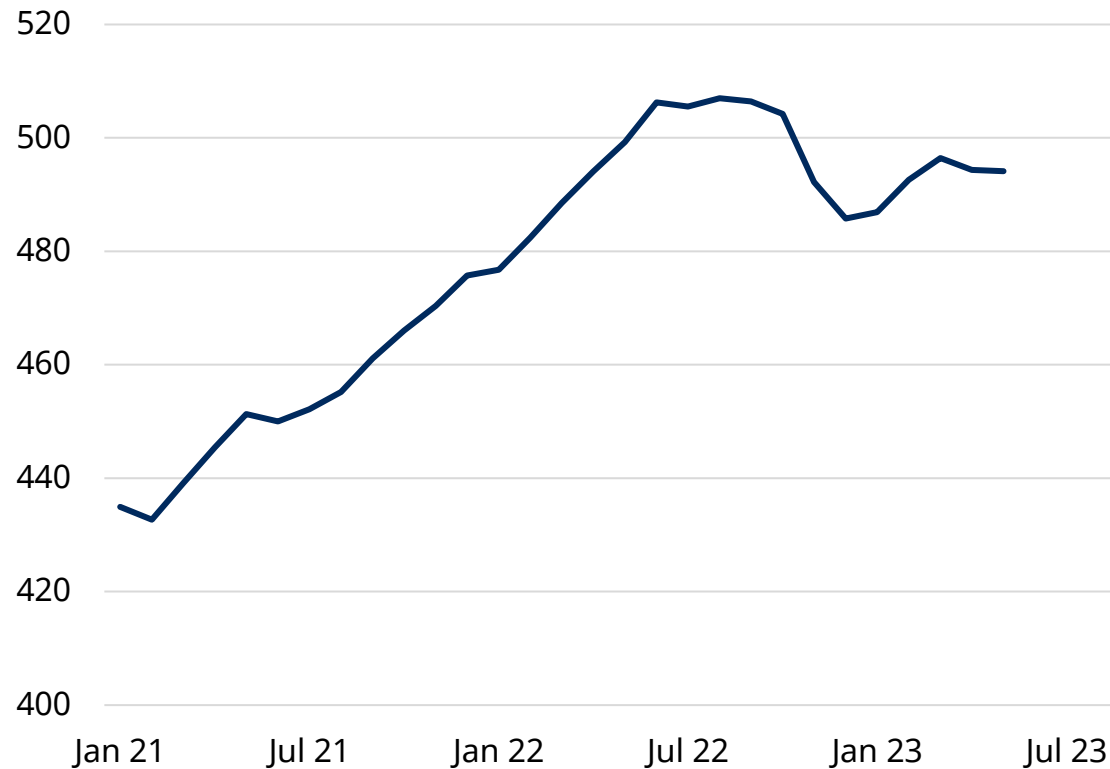
Source: Refinitiv, ONS, Schroders Economics Group 26 May 2023. Please see relevant disclaimers on slide 36

House prices starting to fall

Very high interest rates could cause a crash in housing, and wider systemic risk

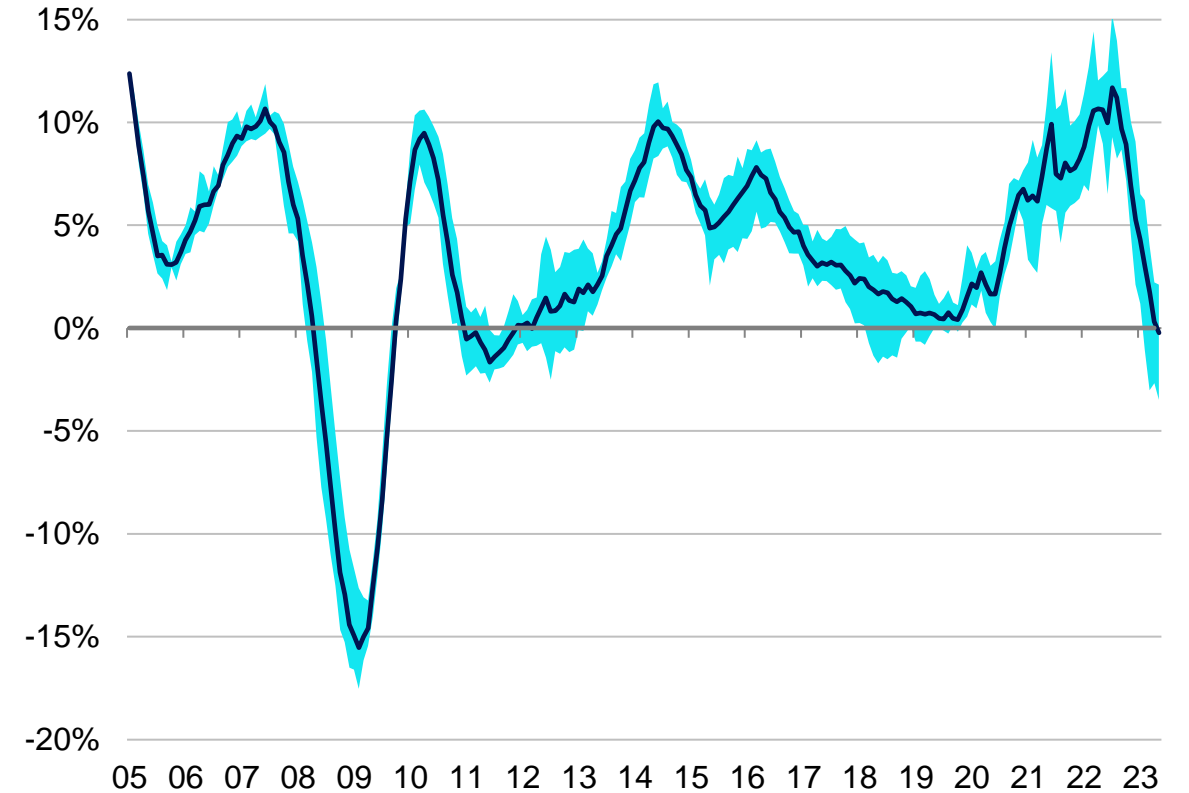
Halifax house price index

Index (1992 = 100)



House price surveys

House prices (Y/Y)



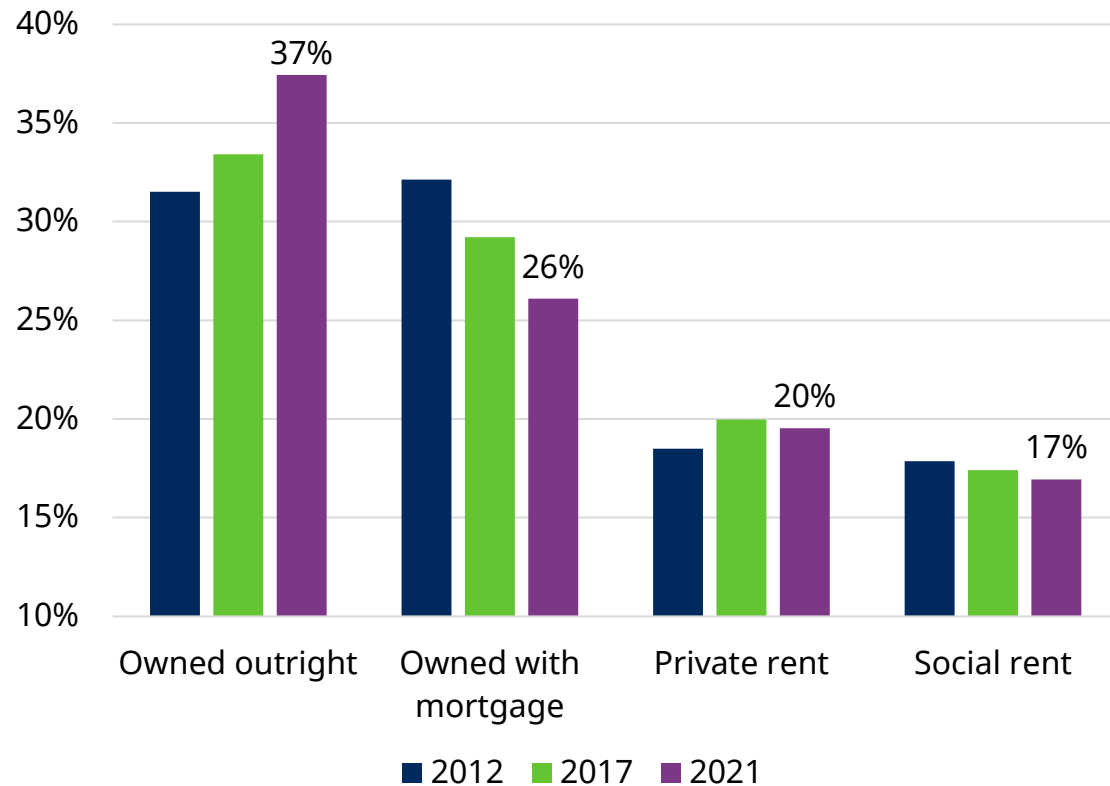
Source: Refinitiv, S&P Global, Schrodgers Economics Group. 15 June 2023. Please see relevant disclaimers on slide 36

Power of monetary policy diminishing

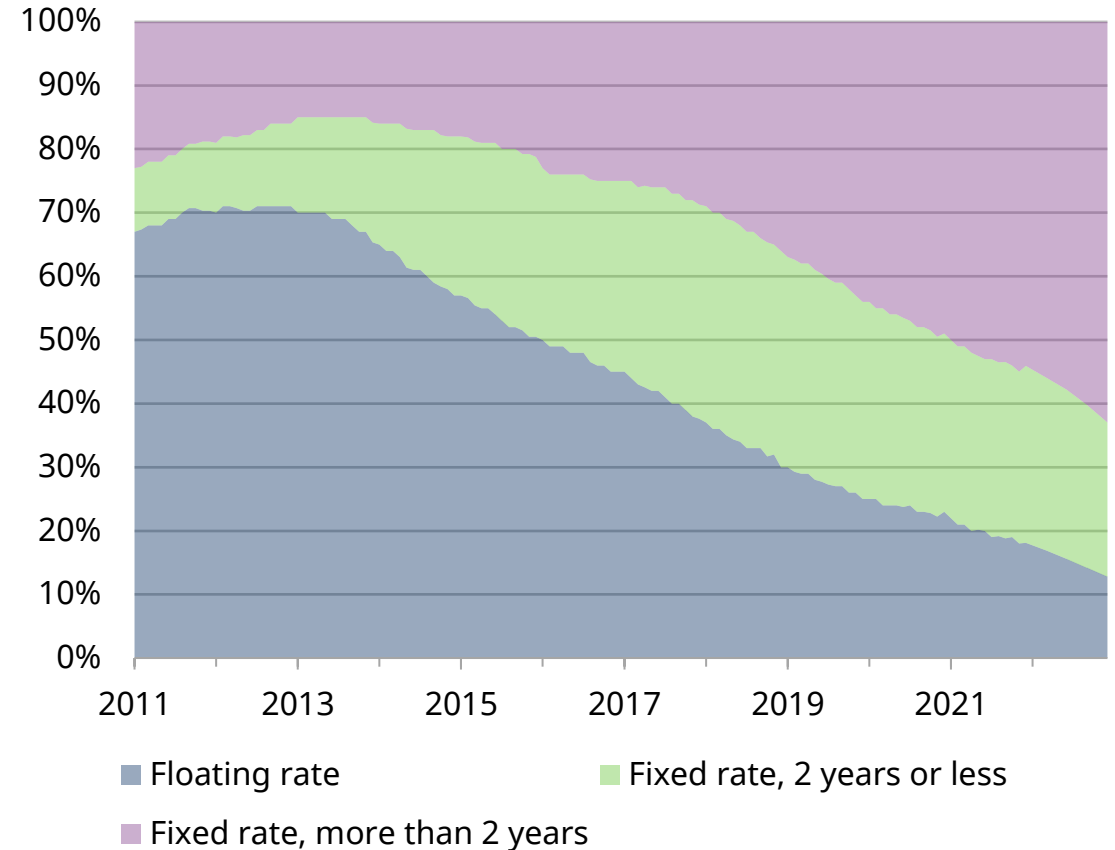
9.7% of UK households will see mortgage rates rise in the next 2 years

Distribution of dwelling situation

Households in England



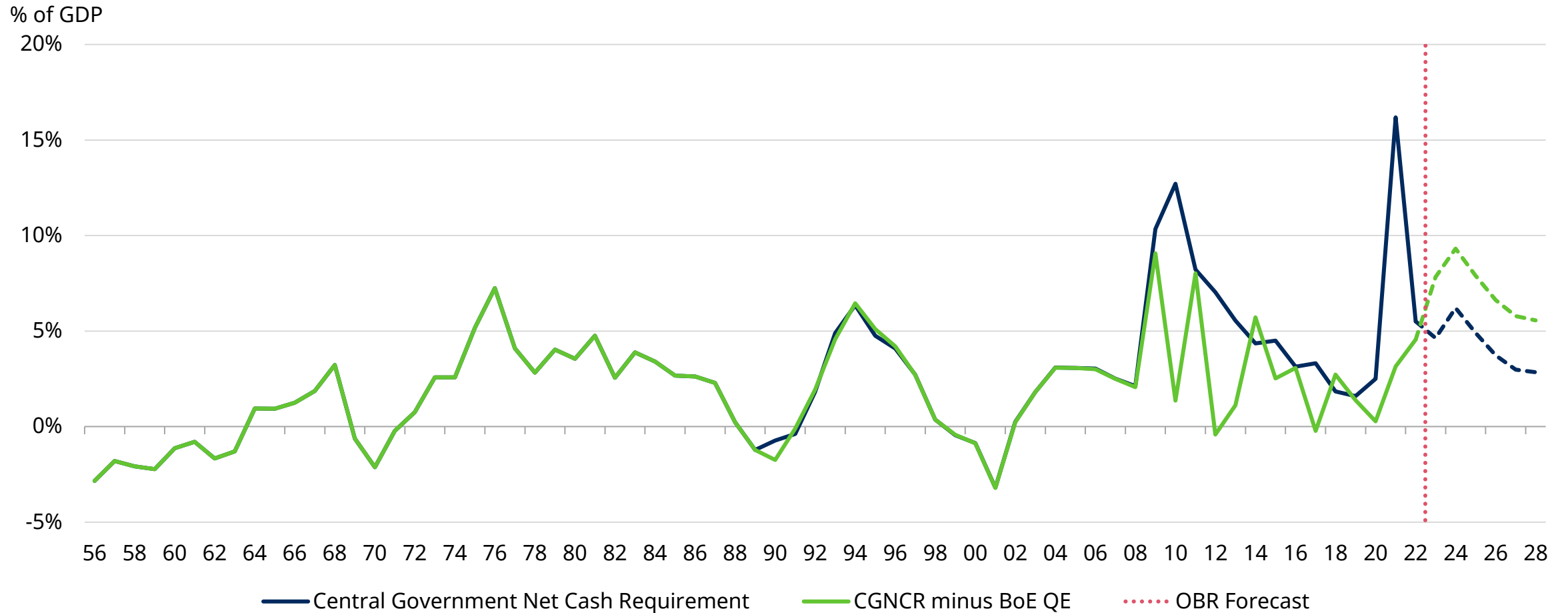
Distribution of mortgage by type of interest rate



Source: Refinitiv, ONS, Bank of England, Schroders Economics Group. 15 June 2023. Please see relevant disclaimers on slide 36

The UK Gilts market remains vulnerable

OBR forecasts record new issuance excluding BoE net purchases



Source: HMT, OBR, BoE, Schroders Economics Group. 17 March 2023. Please see relevant disclaimers on slide 36

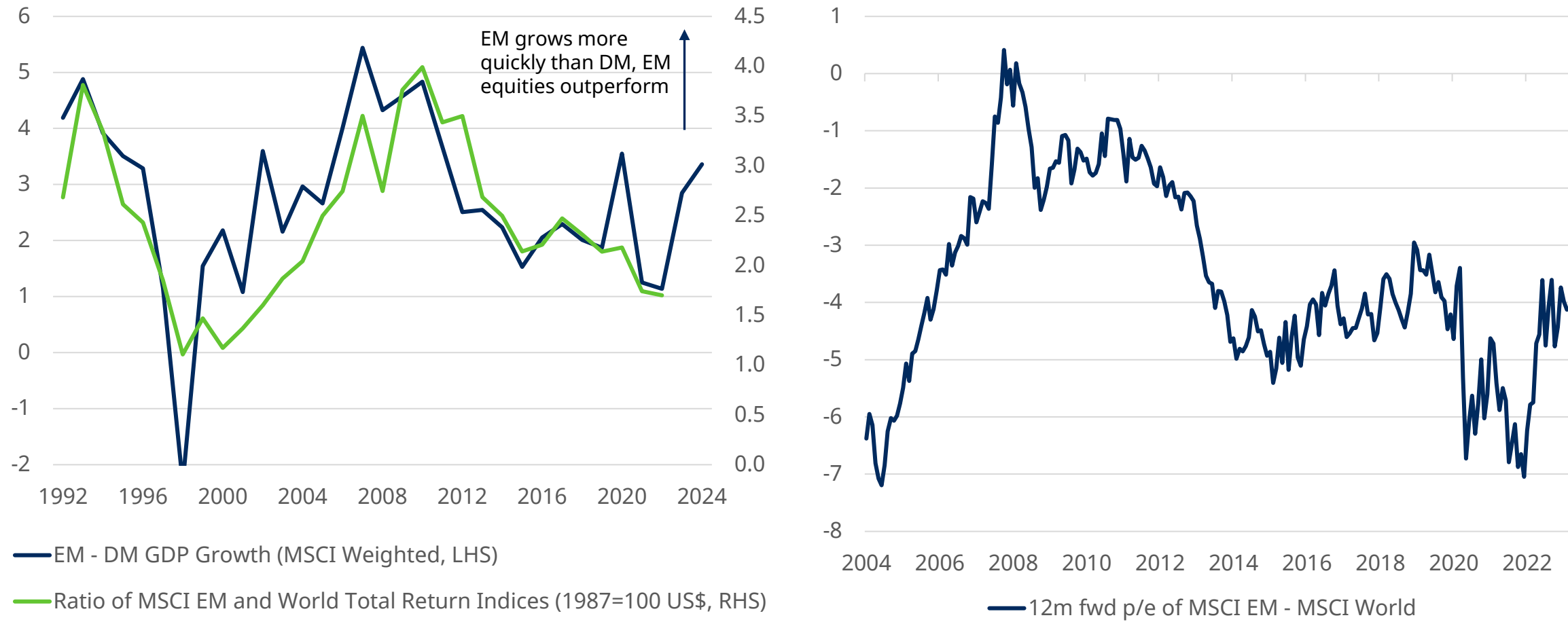


Emerging markets focus

Challenges remain, but near-term rebound expected

EM growth to outperform in 2023/24

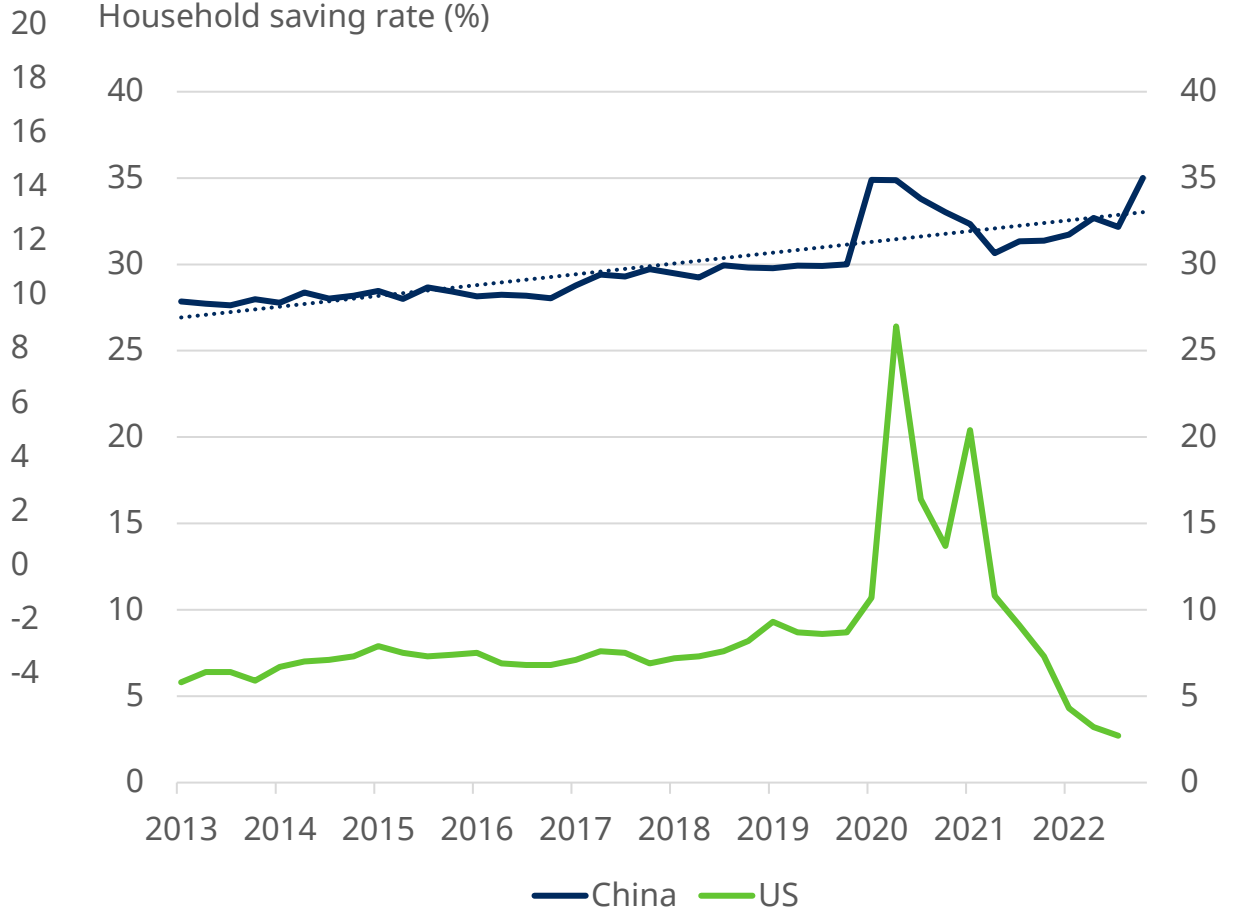
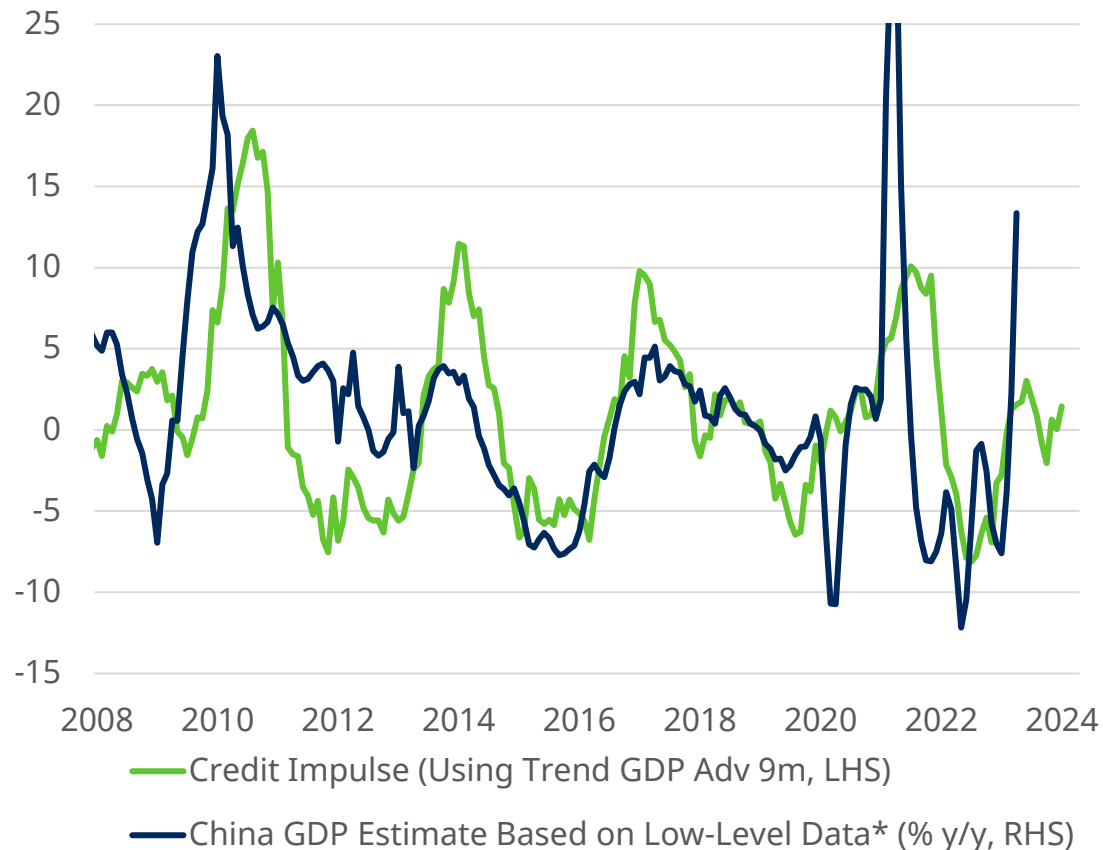
Faster growth and valuations should be supportive of EM equities



Source: Refinitiv, Schroders Economics Group. 23 May 2023. Please see relevant disclaimers on slide 36

China: “sugar high” fades into 2024

Consumers won't be able to sustain pent-up demand for as long as in eg US

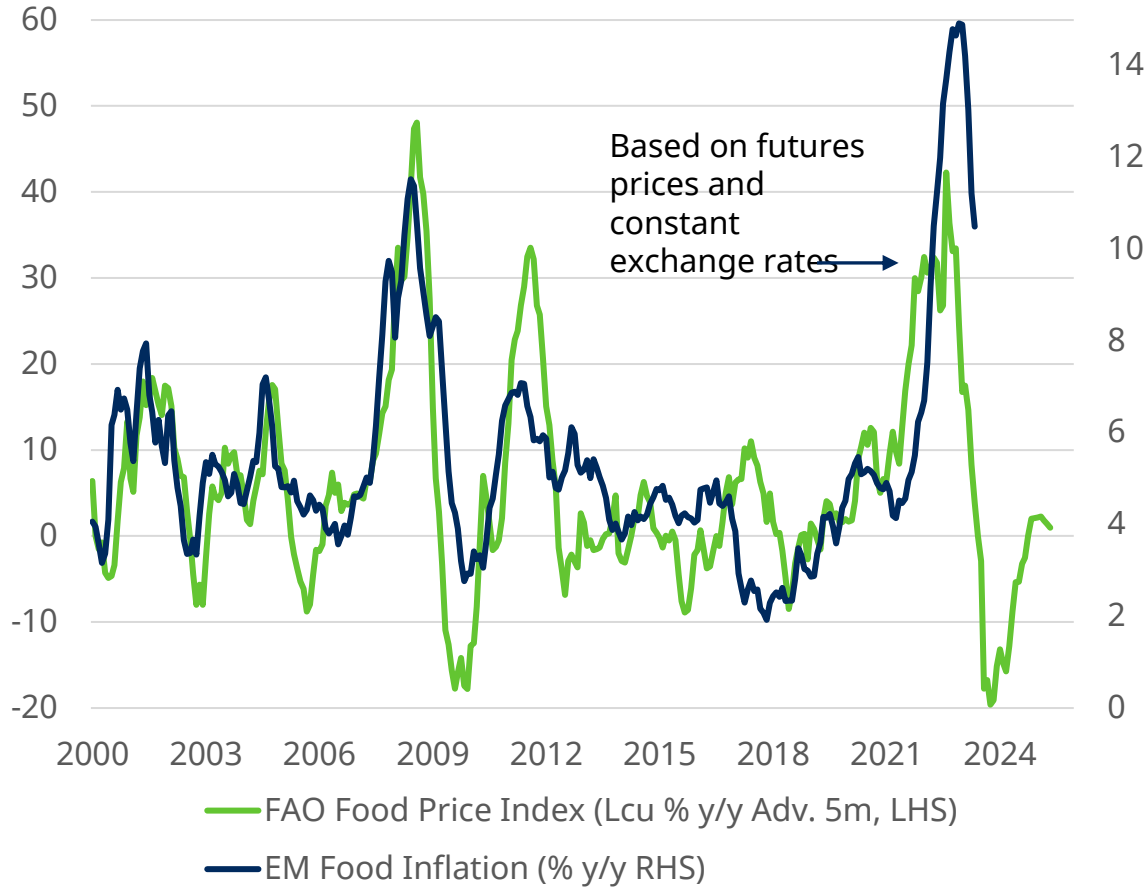


Source: Refinitiv, CEIC, Schroders Economics Group. 17 May 2023. Please see relevant disclaimers on slide 36

*Railway freight, seaport cargo, parcel volumes, vehicle production & sales, electricity production, railways & airline passengers, new housing starts, cement production, excavator & truck sales, industrial metals import volumes - 7/13 indicators updated for April

EM inflation set to fall sharply into year-end

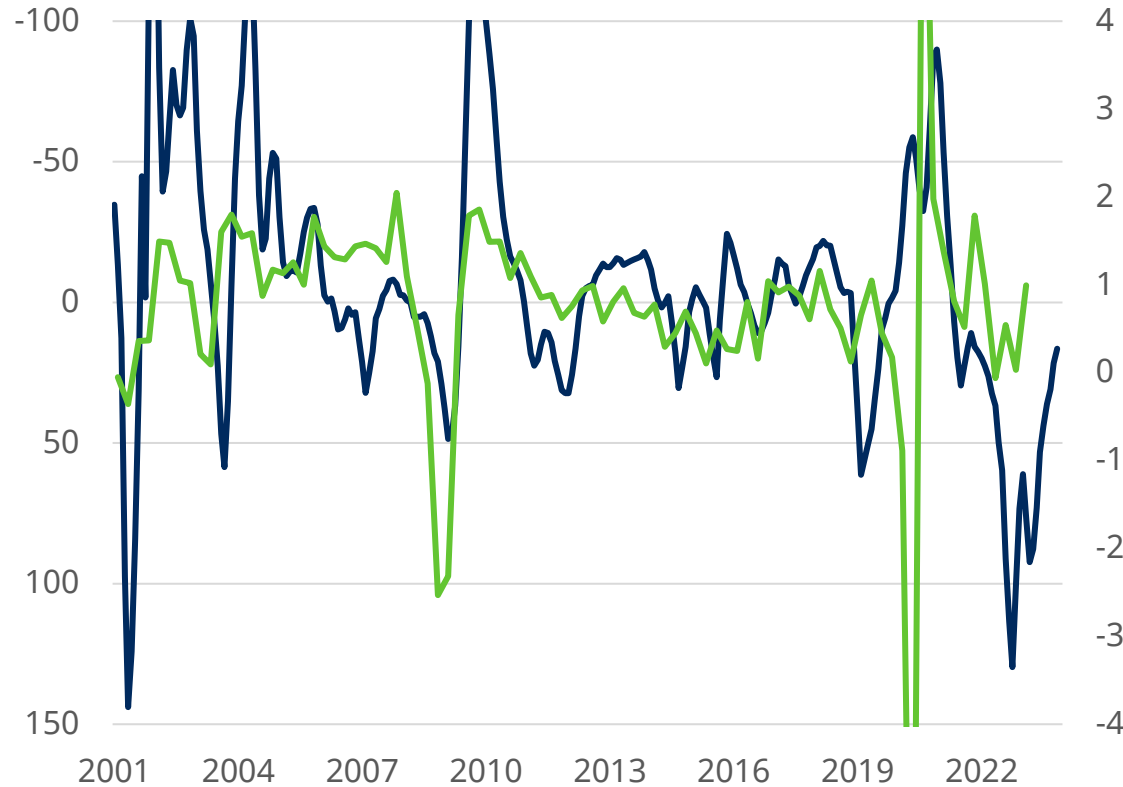
Headline CPI rate has rolled over at high level



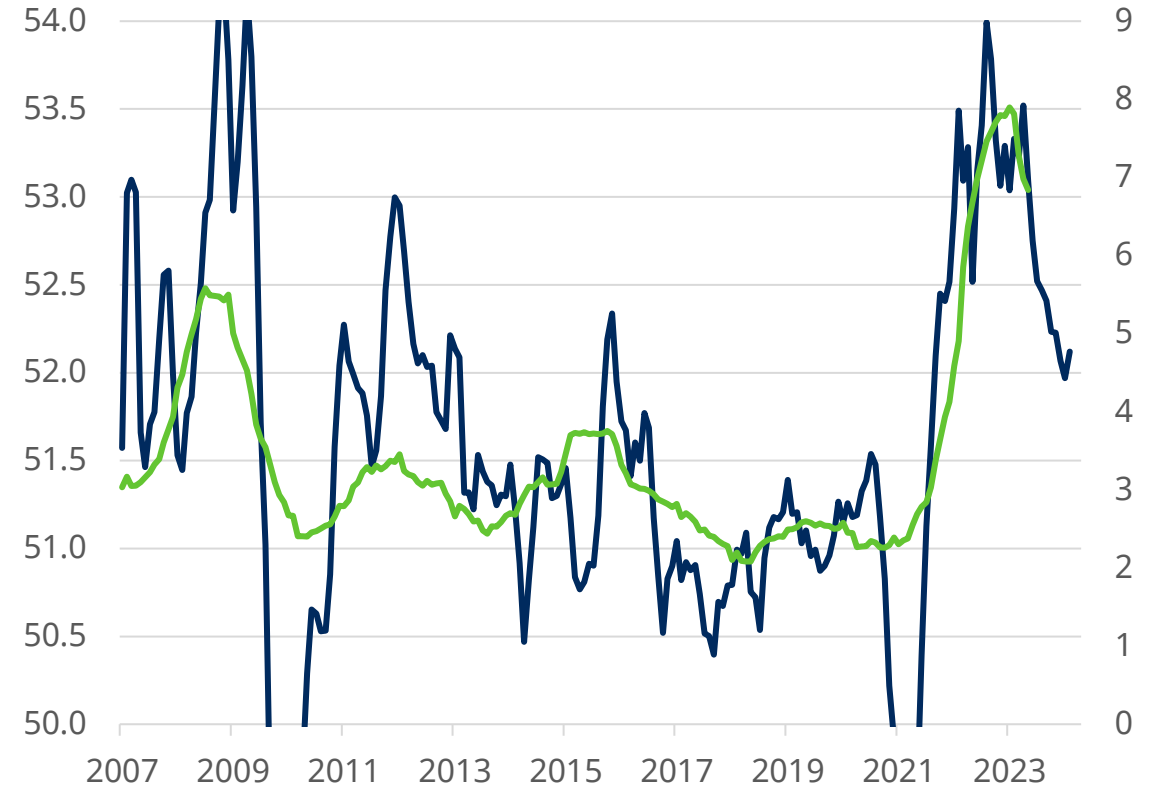
Source: Refinitiv, Schroders Economics Group. 15 June 2023 *17 Major EMs, equal-weighted . Please see relevant disclaimers on slide 36

Higher interest rates are yet to fully hit EM economies

Slower growth should at least help to bring down core inflation



— q/q Change in Avg EM policy rate (bp Inv Adv 2Q LHS)
— EM GDP (Ex China & India, % q/q, RHS)



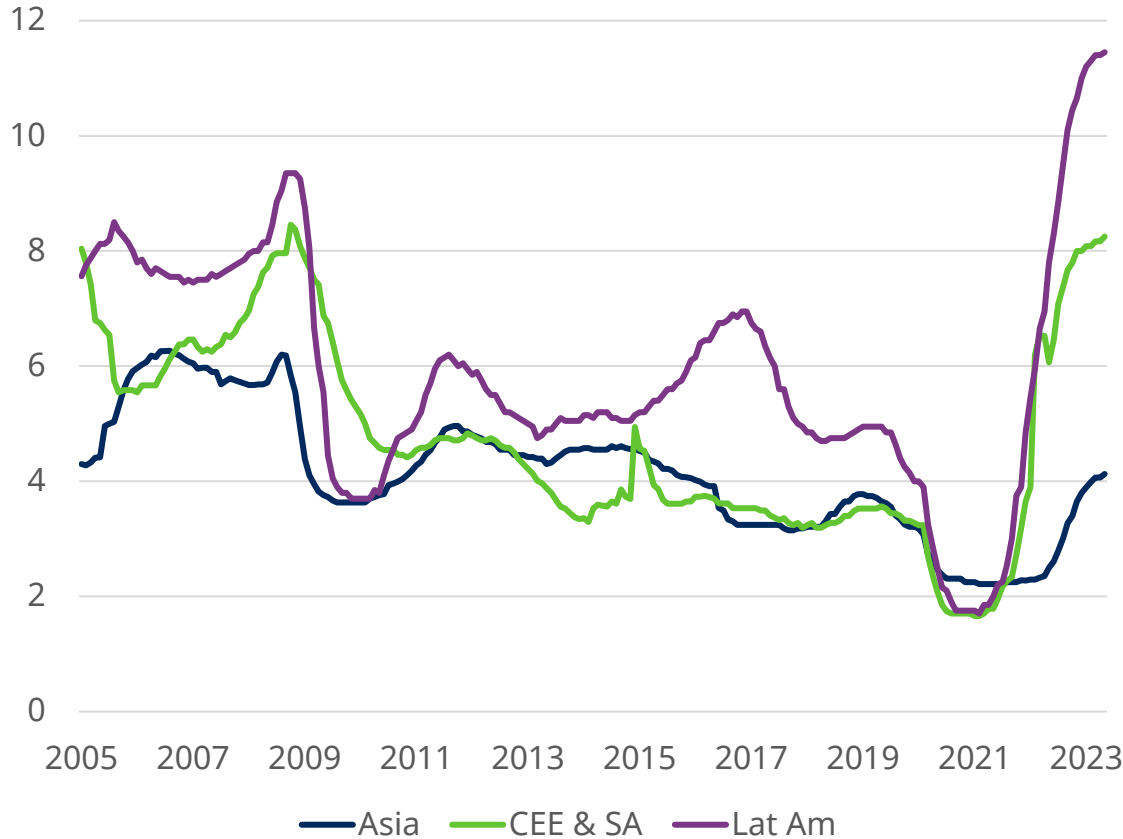
— EM Services PMI - Prices Charged (3m Avg Adv 9m, LHS)
— EM Core Inflation (% y/y, RHS)

Source: Refinitiv, Schroders Economics Group. 15 June 2023. Please see relevant disclaimers on slide 36

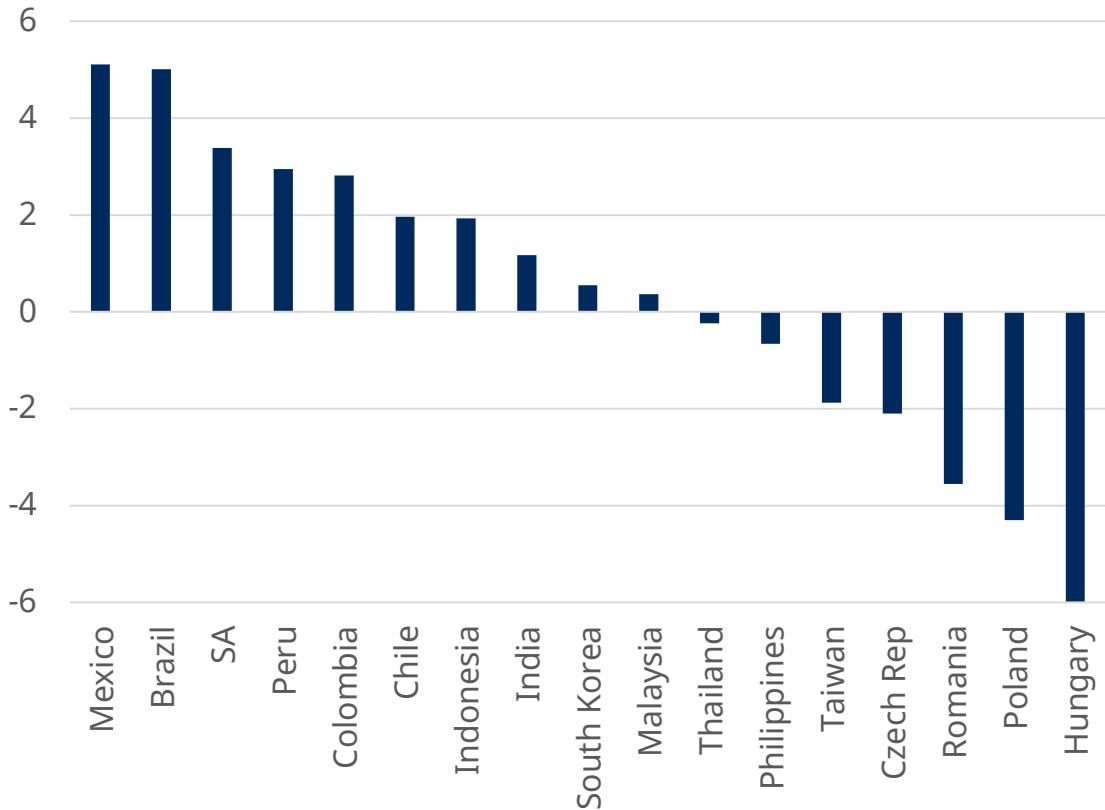
EM central banks likely to pivot to rate cuts later this year

Rate cuts would start to brighten the outlook for 2024

Simple Average Policy Rate (%)



1 Year Ahead Market-Implied Policy Rate - 1 Year Ahead Rolling Consensus Inflation Forecast



Source: Refinitiv, Schroders Economics Group. 15 June 2023. Please see relevant disclaimers on slide 36



Appendix: scenario descriptions

Scenario descriptions

- **Supply-Side Inflation:** labour market remains buoyant, causing wage inflation to remain high, pushing up costs for companies that in turn continue to raise their prices.
- **Consumer Resilience:** households spend more of their pandemic savings, leading to a reflationary scenario
- **Soft-Landing:** there is a positive response from the labour market, with missing workers returning to boost output and slow wage inflation.
- **Banking Crisis Deepens:** more regional banks face runs and fail. As they do, the rest of the banking system tightens credit conditions further, leading to reduced lending and demand in the economy.
- **Bond Vigilantes Return:** bond buyers effectively 'strike' in various bond markets around the world and don't buy any government bonds. Governments may be forced to retrench workers, and emerging markets that rely on capital flows would be negatively affected. Global growth would slow, although weaker demand would at least bring inflation down.

Source: Schroders Economics Group. 25 May 2023. Please note the forecast warning at the back of the document. Please see relevant disclaimers on slide 36

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 market value of an equity portfolio may decline as a result of a number of factors, including adverse economic and market conditions, performance of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. These risk are increased when investing directly in equity securities of individual companies. Investing in international equities 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 4)

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 4)

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.

For 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. It is intended for professional investors and financial advisers only and is not suitable for retail clients.

For readers/viewers in Bahrain: The material has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase funds will be made in the Kingdom of Bahrain and this invite is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

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. This document is intended for professional investors only as defined by the CVM rules which can be accessed from their website www.cvm.gov.br.

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.”

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 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.

For readers/viewers in Hong Kong S.A.R.: 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 Securities and Futures Ordinance (“SFO”) (and any rules made thereunder) or as otherwise permitted under the Hong Kong laws. 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 of Hong Kong.

For readers/viewers in Indonesia: 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 Indonesian Financial Services Authority (“OJK”). 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 OJK. This material has not been reviewed by the OJK.

For 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.

Important information (3 of 4)

For readers/viewers in Kuwait: This invite is not for general circulation to the public in Kuwait. No Schroders' products have been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. Any offering of Schroders products in Kuwait could be only on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of Schroders' products is being made in Kuwait, and no agreement relating to the sale of Schroders' products will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market products in Kuwait.

For 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 Oman: The information contained in this material neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this private placement memorandum is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

For readers/viewers in Qatar: The invite does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in your jurisdiction and any inquiries regarding the presentations should be made to SIM Ltd, UK.

For readers/viewers in Saudi Arabia: Schroder's products may only be offered and sold in the Kingdom of Saudi Arabia in accordance with Article 4 of the Investment Funds Regulations issued on December 24, 2006 (the "Regulations"). Article 4(b)[(1)/(4)]* of the Regulations states that, if investment fund units are offered to [certain persons specified in the Regulations/no more than 200 offerees in the Kingdom of Saudi Arabia]* and the minimum amount payable per offeree is not less than Saudi Riyals 1 million or an equivalent amount in another currency, such offer of investment fund units shall be deemed a private placement for purposes of the Regulations. Investors are informed that Article 4(g) of the Regulations places restrictions on secondary market activity with respect to such investment fund units.

For readers/viewers in Singapore: This presentation 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 Securities and Futures Act to mean 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 document has not been reviewed by the Monetary Authority of Singapore.

For readers/viewers in South Korea: Issued by Schroders Korea Limitedn26th 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: For readers/viewers in Switzerland: Marketing material for professional clients and qualified investors only. 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

Important information (4 of 4)

For 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.

For 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 for professional investors as defined by regulations and it is not intended as promotion material in any respect. It 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 United Arab Emirates: Schroder Investment Management Limited, located in Office 506, Level 5, Precinct Building 5, 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 approval by the DFSA. Accordingly, the DFSA has not approved any associated documents nor taken any steps to verify the information 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.