Schroder Investment Solutions

Quarterly Bulletin

Q2 2023

Schroders

Marketing material

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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 your portfolio has 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 portfolio and the reasons why.

We hope that you find this information useful.

Alex Funk
Chief Investment Officer
Schroder Investment Solutions

Market performance

Q2 2023

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 2018. 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.

2018	2019	2020	2021	2022	YTD	Q2 2023
Global High Yield Bonds 1.9	US Equities 25.7	Asia Ex Japan Equities 21.2	Commodities 41.6	Commodities 41.9	US Equities 10.2	US Equities 5.4
Global Property 1.2	Europe ex UK Equities 20.0	US Equities 16.2	Global Property 28.4	UK Cash 1.4	Europe ex UK Equities 9.0	Japanese Equities 2.5
Global Treasury Bonds 1.1	UK Equities 19.2	EM Equities 14.7	US Equities 27.6	UK Equities 0.3	Japanese Equities 6.0	UK Cash 1.1
UK Gilts 0.6	Global Property 18.3	UK Index-linked Gilts 11.0	UK Equities 18.3	Global High Yield Bonds -1.7	UK Equities 2.6	Europe ex UK Equities 0.1
UK Cash 0.6	Japanese Equities 14.6	Japanese Equities 9.5	Europe ex UK Equities 16.7	Japanese Equities -4.1	Global Treasury Bonds 2.6	Global Treasury Bonds -0.2
US Equities 0.1	EM Equities 13.9	UK Corporate Bonds 9.1	UK Index-linked Gilts 4.2	Europe ex UK Equities -7.6	Global Corporate Bonds 2.5	Global Corporate Bonds -0.2
UK Index-linked Gilts -0.3	Asia Ex Japan Equities 13.6	UK Gilts 8.3	Japanese Equities 2.0	US Equities -9.4	UK Cash 2.1	UK Equities -0.5
UK Corporate Bonds -2.2	Commodities 13.1	Europe ex UK Equities 7.5	Global High Yield Bonds 1.9	Asia Ex Japan Equities -9.6	Global High Yield Bonds -0.4	Global High Yield Bonds -0.8
Global Corporate Bonds -2.7	UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	UK Cash 0.1	EM Equities -10.0	EM Equities -0.8	EM Equities -1.9
Japanese Equities -8.4	Global Corporate Bonds 10.6	Global Treasury Bonds 4.6	Global Corporate Bonds -1.0	Global Treasury Bonds -11.7	UK Corporate Bonds -1.0	Global Property -2.2
Commodities -8.5	Global High Yield Bonds 8.2	Global High Yield Bonds 3.7	EM Equities -1.6	Global Property -14.9	Asia Ex Japan Equities -2.5	UK Corporate Bonds -3.4
Asia Ex Japan Equities -9.0	UK Gilts 6.9	UK Cash 0.2	Global Treasury Bonds -2.0	Global Corporate Bonds -15.3	UK Index-linked Gilts -2.6	Asia Ex Japan Equities -4.0
EM Equities -9.3	UK Index-linked Gilts 6.4	UK Equities -9.8	UK Corporate Bonds -3.3	UK Corporate Bonds -19.3	UK Gilts -3.5	Commodities -5.4
UK Equities -9.5	Global Treasury Bonds 5.5	Global Property -11.0	Asia Ex Japan Equities -3.8	UK Gilts -23.8	Global Property -3.9	UK Gilts -5.4
Europe ex UK Equities -9.9	UK Cash 0.7	Commodities -26.1	UK Gilts -5.2	UK Index-linked Gilts -33.6	Commodities -12.5	UK Index-linked Gilts -6.6

Source: Morningstar as at June 2023. Notes: All Indices in base currency.

Market commentary

Q2 2023

Global shares gained in the quarter with the advance led by developed markets (countries that have advanced economies, for example the UK and France), notably the US, while emerging market (countries that are in the process of industrialising and developing their economies, for example China and India) stocks lagged behind. Enthusiasm over AI (Artificial Intelligence) boosted technology stocks. Major central banks raised interest rates in the period although the US Federal Reserve (Fed) elected to stay on hold in June. Government bond yields rose (meaning prices fell).

US equities ended the quarter higher, with the bulk of the gains made in June. The advance came amid moderating inflation and signs that the US economy remains resilient despite higher interest rates. A revision to Q1 Gross Domestic Product (GDP) growth indicated expansion of 2% (annualised), substantially more than the previous estimate of 1.3% growth.

Eurozone (EU member states that have adopted the euro as their official currency) shares posted gains in Q2 with the advance led by the financials and Information Technology (IT) sectors. Underperforming sectors included energy and communication services. The IT sector was boosted by semiconductor stocks. This came in the wake of higher-than-expected sales projections from some US chipmakers, which helped demonstrate the growth potential stemming from AI. Among financials, banks outperformed as their near-term earnings are expected to be strong. The European Central Bank (ECB) raised interest rates twice in the quarter, taking the main refinancing rate to 4.0%. Headline inflation declined during the period, with annual inflation estimated at 5.5% in June, down from 6.1% in May.

UK equities fell over the quarter. The large UK-quoted diversified energy and basic materials groups were the most significant detractors amid broad-based weakness in commodity prices and concerns over the outlook for the Chinese economy. Sterling strength also weighed on these resources sectors, as it did other significant US dollar earners such as consumer staples. A number of domestically focused areas of the market also underperformed as the Bank of England (BoE) raised rates twice – in May and June. The 0.5% increase in June represented a reacceleration in rate hikes after an initial decision to slow the pace in March to 0.25% increments.

The strong momentum for Japanese shares accelerated in June and the TOPIX Total Return index (an index that measures the performance of all the companies listed on the first section of the Tokyo Stock Exchange) official rose by 14.4% for Q2. The Japanese yen weakness also continued and it hit the levels of 188 yen and 144 yen against sterling and the US dollar respectively in June. This pulled down foreign currency denominated returns from the Japanese equity market. The market hit the highest level in 33 years with the Nikkei (a narrower index that measures the performance of 225 companies listed on the Tokyo Stock Exchange) reaching to 33,700 yen in June. That has partly been driven by continuous buying from foreign investors since April.

Market commentary

Q2 2023

Asia ex Japan equities recorded a negative performance in the second quarter. China, Malaysia, and Thailand were the worst-performing index markets, while share prices in India, South Korea and Taiwan gained. Chinese equities were sharply lower in the second quarter as the economic rebound, following the country's reopening after the Covid-19 crisis, started to cool. Shares in India achieved strong gains, driven by foreign inflows and steady earnings, and as encouraging economic data boosted sentiment towards the country. Equities in Taiwan advanced, driven by gains in technology stocks as investors rushed to buy AI-related stocks.

Emerging market (EM) equities delivered a small gain over the quarter, which was behind that generated by developed markets. Tension between the US and China was a contributing factor behind EM underperformance, as were concerns about China's anaemic economic recovery. US debt ceiling (the amount of money that the government can borrow to fund its operations and pay its bills) uncertainty added to the negative mood, although this was resolved in early June.

The second quarter of 2023 saw a significant drop in market volatility. Government bond yields were on the rise again, although there was some divergence, with the UK and Australia underperforming due to higher-than-expected inflation and a greater resolve by central banks to combat inflation. With the exception of the Bank of Japan, all major central banks kept raising interest rates over the quarter. However, the Fed was the first to pause in June, leaving rates at 5% to 5.25% after more than a year of consecutive rate increases.

The S&P GSCI Index (a composite index of commodity sector returns, representing an investable benchmark for the commodity markets), recorded a negative performance in the second quarter. Industrial metals and energy were the worst-performing sectors, while livestock prices rose in the quarter. Within industrial metals, zinc, nickel, and aluminium prices were all sharply lower in the quarter. Within energy, crude oil, Brent crude, heating oil and gas oil all declined, while prices for natural gas and unleaded gasoline were modestly higher.

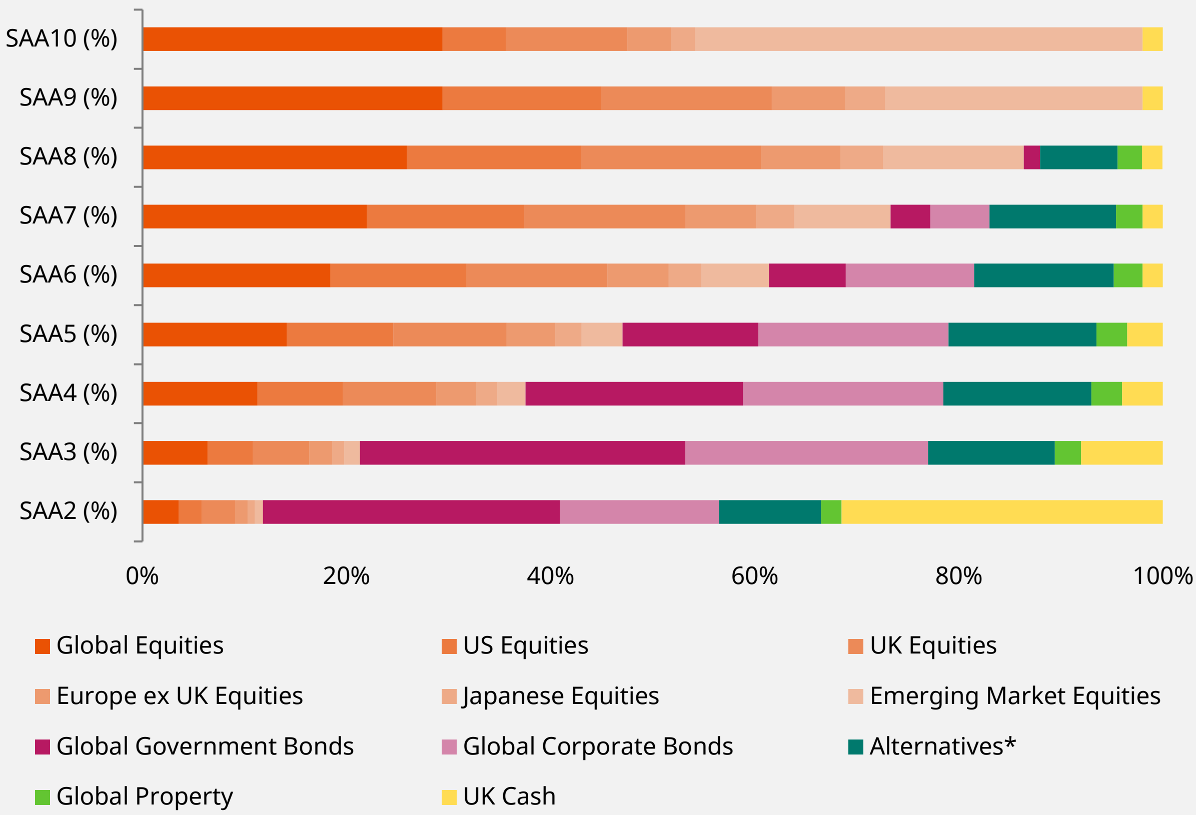
Source: Schroders. **Please note that any past performance mentioned in this document is not a guide to future performance and may not be repeated. Information is provided for illustrative purposes only and should not be considered as a recommendation to buy or sell.**

Asset allocation
Q2 2023

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 Schroders 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 the Schroder Active Model 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 2023. 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.
*Alternatives include non-traditional asset classes for example Commodities, Infrastructure and Real Assets.

Asset class views

Q2 2023

MAIN ASSET CLASSES

Equities △	Government bonds ▽	Commodities	Credit△
We have moved to neutral on equities as we push out our forecast on a global economic slowdown given resilient labour markets and the strong service sector.	We have moved to neutral as the inversion of the yield curve (where long-term interest rates fall below short-term interest rates), means that bonds have a negative carry.	We remain neutral as the goods sector remains weak, inventory levels remain stable, and China's reopening has been underwhelming.	We have upgraded credit as the removal of the debt ceiling has improved the outlook and allocating to credit gives us access to duration with a positive carry.

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

EQUITIES

Category		View		Comments
US		●	△	A delay to any recession means earnings may rise in the short term. This - coupled with an already strong service sector - leads us to upgrade to neutral.
UK		●		Upwards revisions to payroll data show growth in employment, despite the very high level of inflation. The market is expecting several more rate hikes and the delayed effects, such as higher mortgages, are yet to be fully felt.
Europe		●		We remain negative as the eurozone plunges into recession, driven largely by a slowdown in Germany's sizeable manufacturing sector.
Japan		●	△	We have upgraded to neutral. Despite the recent rally, valuations still appear cheap. However, escaping deflation and corporate governance reforms could create potential tailwinds in the longer term.
Global Emerging Markets[1]		●		We remain neutral as although EM central banks are ahead in their hiking cycles, the US Federal Reserve (Fed) maintaining a hawkish tone (advocating higher interest rates) creates headwinds for the asset class.
Asia ex Japan	China	●	▽	The rebound in the services sector has quickly lost momentum. We have downgraded to neutral and anticipate more impactful stimulus next month.
	EM Asia ex China	●		We remain negative due to the weak global manufacturing cycle and heavy reliance on the technology sector in countries such as Taiwan and South Korea.

Source: Schroders, June 2023. 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:

ALL: Model Portfolios invest in underlying funds that may have some or all of these risks present.

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

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

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

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

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

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

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

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

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.

Schroder Active Model Portfolios

Q2 2023

Schroder Active Model Portfolios performance

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	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/02/2008) - 30/06/2023
Schroder Active Portfolio 2	**0.22**	**1.78**	**1.51**	**-4.32**	**3.67**	**1.77**	**2.09**	**1.52**	**5.79**	**1.99**	**4.05**	**3.57**	**2.68**
UK CPI (lagged)*	2.67	3.26	8.68	9.08	2.11	0.48	2.02	2.42	2.87	0.31	0.11	1.49	3.08
Schroder Active Portfolio 3	**0.09**	**2.01**	**1.93**	**-6.43**	**8.10**	**2.28**	**4.23**	**3.49**	**8.64**	**5.23**	**6.61**	**6.79**	**4.72**
IA Mixed Investment 0-35% Shares	-0.97	0.66	-0.74	-7.89	6.58	1.27	3.21	1.44	7.83	3.96	3.81	5.38	5.98
Schroder Active Portfolio 4	**0.28**	**2.37**	**2.85**	**-7.21**	**11.99**	**2.27**	**3.36**	**4.81**	**13.08**	**4.26**	**8.75**	**8.63**	**5.74**
Schroder Active Portfolio 5	**0.44**	**2.64**	**3.56**	**-7.85**	**15.58**	**1.85**	**2.86**	**6.70**	**15.77**	**4.18**	**9.08**	**8.96**	**6.24**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	5.66
Schroder Active Portfolio 6	**0.65**	**3.12**	**4.65**	**-8.39**	**19.77**	**2.61**	**2.91**	**8.41**	**20.05**	**3.07**	**11.08**	**9.08**	**7.27**
Schroder Active Portfolio 7	**0.84**	**3.57**	**5.69**	**-8.89**	**23.03**	**4.47**	**3.29**	**9.82**	**23.08**	**3.22**	**10.60**	**9.92**	**8.08**
IA Mixed Investment 40-85% Shares	0.17	2.42	3.32	-7.17	17.39	0.10	3.71	4.99	16.29	2.35	6.84	8.27	6.34
Schroder Active Portfolio 8	**0.99**	**4.05**	**6.81**	**-9.80**	**26.04**	**5.12**	**3.54**	**8.93**	**24.20**	**4.13**	**9.48**	**7.42**	**7.93**
Schroder Active Portfolio 9	**0.91**	**4.53**	**7.90**	**-12.36**	**29.14**	**7.31**	**4.16**	**9.85**	**27.51**	**5.62**	**7.78**	**4.94**	**8.19**
Schroder Active Portfolio 10	**0.28**	**3.49**	**5.60**	**-13.53**	**29.51**	**1.99**	**5.42**	**7.11**	**27.25**	**5.97**	**3.41**	**2.53**	**6.73**
IA Flexible Investment	0.31	2.16	3.65	-7.19	19.75	0.38	2.93	5.16	17.79	1.68	6.80	8.00	6.46

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 30 June 2023. The common inception return figures are annualised. Portfolio returns may vary from individual investor returns due to timings and cash flows. CPI data is one month lagged (as at 31 May 2023).

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
Artemis US Select	10.43%	Our US Equity allocation was a top contributor over the quarter. April marked the start of the first quarter financial results for companies. Several key holdings in the Artemis US Select Fund benefitted from a positive market reaction to their results announcements. This provides the manager with a detailed insight into how companies are navigating today's unpredictable economic environment. The manager analyses companies based on their specific characteristics and qualities rather than broader economic or market trends. Top contributions came from companies such as Microsoft and Apple, in the technology sector, which had double digit returns over the period. Amazon, Alphabet and Meta also had strong performance after a challenging 2022.
Lazard Global Thematic Focus	2.57%	The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. The managers typically invest in companies which are expected to generate above average positive returns based on future potential growth. Over the quarter performance was driven by holdings in the US and particularly the technology sector.
AllianceBernstein Sustainable US Equity	5.43%	Another top contributor in our US Equity allocation was the AllianceBernstein Sustainable US Equity Fund. Overall, their holdings in the technology, industrials and healthcare sectors had positive returns. The managers are excited about the structural support for their investing themes. The companies they invest in contribute to solutions tackling persistent challenges in the world. They believe this offers durable growth potential and resilience against more challenging economic backdrops. An example is Owens Corning which was added to the fund in the beginning of the year. The company develops and produces insulation, roofing, and fiberglass composites with the goal of building a sustainable future through material innovation. Over the quarter, the company was in the top five contributors to performance with a return of over 30%.

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Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
Neuberger Berman US Large Cap Value	-3.09%	Despite the US Equity asset class contributing overall to portfolio performance, the Neuberger Berman US Large Cap Value fund detracted. The philosophy of the fund is to invest in companies that appear to trade at a lower price relative to the value determined by the manager. Gains in the US were predominantly led by technology companies and for the fund, this is not typically a sector which offers these types of opportunities. The largest detractors of performance for the fund came from the basic materials and utilities sectors, particularly in chemical and machinery companies. Health care companies also detracted over the period. The manager continues to evaluate the implications of a weaker economy, especially as it relates to consumer demand, and to look for companies which are the most attractively priced against this backdrop.
EdenTree Responsible & Sustainable Short Dated Bond	-1.74%	Rising interest rates continue to drive negative performance in the bond market. As interest rates rise, the price of bonds fall, and vice-versa. The EdenTree Responsible & Sustainable Short Dated Bond Fund currently has a large allocation to UK based companies and these have been particularly hit over the second quarter. UK inflation remains stubborn and the impact of trying to control this can have long and variable effects on companies. The fund invests primarily in high quality bonds with an investment-grade credit rating of A or better. The credit quality is important in the face of recessionary risks as it influences the ability of a company to meet its debt obligations.
JOHCM UK Dynamic	-1.11%	After contributing to portfolio performance in the first quarter of 2023, the JO Hambro UK Dynamic Fund had negative returns in Q2. This was driven by holdings in the communication services, basic materials and healthcare sectors. Pearson, the multi-national publishing and education company, was among the detractors. The company was negatively affected by reports of students switching from digital education resources to ChatGPT. Pearson responded with a statement outlining enhancements to their services along with a strategy to embed the technology across their products. Positive returns for the fund came from holdings in the financial services and utilities sectors, although this wasn't sufficient to offset the detractors. The manager continues to invest in companies where they can profit from understanding positive corporate change which is often under-appreciated by the overall stock market.

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Schroder Active Model Portfolios

Q2 2023

Portfolio updates

The second quarter of 2023 had a shaky start with continued concerns about the health of the US regional banking system and the prospect of the US government being unable to repay its debts to its lenders. This was coupled with continued action by central banks to bring down inflation by raising interest rates. Towards the end of the quarter though we saw improved returns from more economically-sensitive stocks and smaller sized companies. Investors were optimistic that inflation will begin to fall while unemployment remains low and economies could continue to grow. However, it remains to be seen whether or not this opinion is justified.

Against this uncertain backdrop our government bond allocation is positioned to benefit from increased yields on offer. In our corporate bond allocation we have increased our exposure to Emerging Market Debt (EMD). These are bonds issued by a government or companies, in emerging market countries such as Brazil and India, to borrow money from investors. We believe debt issued by emerging market governments is currently well priced relative to the risks associated within these markets. We believe this will provide an opportunity for higher yields going forward. Overall, we are maintaining exposure to higher quality credit bonds. As a reminder, investment grade bonds are the highest quality non-government bonds as determined by a credit rating agency; high yield bonds are more risky, with a credit rating below investment grade.

Alongside the delayed effects of a rapid rise in interest rates, there are ongoing recessionary risks in the equity market. In this environment, we believe that higher-quality and defensive businesses will be resilient. Quality companies are typically those with strong balance sheets, low levels of debt, and a history of generating stable earnings and cash flows. With this view, we have also increased our exposure to larger companies in our global equity allocation.

Over the last 18 months we have leaned into value or growth orientated strategies in markets and regions we deemed appropriate and beneficial. Growth stocks tend to be companies with high earnings growth potential, often in emerging industries or with innovative products or services. Value stocks are those that are undervalued by the market, often due to temporary setbacks or challenges. Historically, growth and value stocks have tended to perform differently in different market environments. As we approach the transitionary period from interest rate increases, to pausing, and eventually cutting interest rates, we believe that a more equal weighting to these investing strategies is prudent.

We're using alternative assets to provide investors with additional diversification in the face of volatility. Alternatives are investments outside of the traditional asset classes of equities, bonds and cash. We're focusing on return-enhancing and risk-diversifying funds, and we're tilted towards assets like hedge funds. If we move to return-enhancing assets, we'll need to balance the level of risk we take on with the potential for generating returns.

Investing for the long-term requires patience, discipline, and a focus on the big picture. Our portfolios remain diversified as a key defence in managing the frequency and magnitude by which your investments rise and fall. We continue to carefully assess opportunities in the market to achieve the investment objectives of portfolios.

Schroder Active Model Portfolios

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Portfolio changes

We rebalance our portfolios by adjusting the weights of the assets in a portfolio in order to maintain a desired level of risk or return. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance.

The portfolios were rebalanced to the updated strategic asset allocation weights as per our review in April. There were no fund additions or sales over the quarter, but we did adjust our fund allocations in line with our current market views.

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Schroder Strategic Index Model Portfolios
Q2 2023

Schroder Strategic Index Model Portfolios performance

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	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/02/2011) - 30/06/2023
Schroder Strategic Index Portfolio 2	**0.38**	**2.61**	**1.26**	**-6.72**	**3.06**	**2.98**	**3.25**	**1.55**	**4.94**	**8.47**	**4.57**	**2.78**	**3.09**
UK CPI (lagged)*	2.67	3.26	8.68	9.08	2.11	0.48	2.02	2.42	2.87	0.31	0.11	1.49	2.99
Schroder Strategic Index Portfolio 3	**0.42**	**3.16**	**1.75**	**-8.64**	**6.49**	**3.81**	**3.93**	**3.16**	**8.81**	**12.08**	**7.40**	**4.54**	**4.88**
IA Mixed Investment 0-35% Shares	-0.97	0.66	-0.74	-7.89	6.58	1.27	3.21	1.44	7.83	3.96	3.81	5.38	5.98
Schroder Strategic Index Portfolio 4	**0.86**	**3.67**	**3.31**	**-8.25**	**9.77**	**3.08**	**3.90**	**4.39**	**12.12**	**9.90**	**8.09**	**7.21**	**5.79**
Schroder Strategic Index Portfolio 5	**1.14**	**3.95**	**4.30**	**-7.90**	**12.37**	**2.33**	**4.80**	**5.21**	**15.61**	**9.43**	**6.91**	**8.70**	**6.23**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	5.66
Schroder Strategic Index Portfolio 6	**1.55**	**4.42**	**5.77**	**-7.14**	**15.39**	**1.77**	**4.45**	**5.79**	**18.33**	**8.04**	**6.45**	**8.91**	**6.56**
Schroder Strategic Index Portfolio 7	**1.91**	**4.83**	**7.18**	**-6.33**	**18.99**	**0.50**	**4.05**	**6.45**	**21.15**	**7.39**	**5.36**	**10.78**	**7.03**
IA Mixed Investment 40-85% Shares	0.17	2.42	3.32	-7.17	17.39	0.10	3.71	4.99	16.29	2.35	6.84	8.27	6.34
Schroder Strategic Index Portfolio 8	**2.18**	**5.14**	**8.39**	**-5.64**	**21.56**	**-0.96**	**5.54**	**6.14**	**22.84**	**6.86**	**4.16**	**7.98**	**6.58**
Schroder Strategic Index Portfolio 9	**1.95**	**5.03**	**8.37**	**-7.05**	**22.41**	**-0.94**	**5.79**	**6.28**	**25.28**	**4.97**	**4.67**	**6.22**	**6.02**
Schroder Strategic Index Portfolio 10	**0.80**	**3.28**	**4.78**	**-8.48**	**22.54**	**-0.70**	**6.67**	**5.95**	**25.56**	**5.59**	**4.32**	**4.15**	**5.15**
IA Flexible Investment	0.31	2.16	3.65	-7.19	19.75	0.38	2.93	5.16	17.79	1.68	6.80	8.00	6.46

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 30 June 2023. The common inception return figures are annualised. Portfolio returns may vary from individual investor returns due to timings and cash flows. CPI data is one month lagged (as at 31 May 2023).

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
HSBC America Index	6.62%	Our US Equity allocation was a top contributor to portfolio performance over the quarter, with our passive funds (funds that aim to track the performance of a market index) doing particularly well. Holding an index provides exposure to companies at a weight determined by its market capitalisation (i.e. the total value of its outstanding shares). This means that as a company's share price rises, its weight in the index increases, and vice versa. As seen over the course of 2023, this has been beneficial for investors with strong performance led by the largest seven technology companies. These are Apple, Microsoft, Alphabet (Google), Amazon, Tesla, Meta (Facebook) and NVIDIA. These companies benefited from optimism around artificial intelligence and the potential for a boom in related technology chipmakers. However, please bear in mind that past performance is not a guide to future performance and may not be repeated. Within the index, the technology sector accounts for approximately 25% of the total holdings. The performance of this allocation significantly outweighed the negative performance from companies in the consumer defensive, energy and utilities sectors.
Fidelity Index World	4.94%	Our Global Equity allocation also benefited from its weighting to companies in the US and for the Fidelity Index World, this accounts for 65% of the holdings. Over the quarter this provided a return of nearly 6%. Japanese and European companies also had positive returns. At a sector level, performance was driven by companies in the technology, consumer cyclical and communication service sectors. Apple Inc, which is the largest holding in the index at approximately 5%, was the top contributor. NVIDIA Corp was the second largest contributor with growth of nearly 50%. NVIDIA Corp engages in the design and manufacture of computer graphics processors, chipsets, and related multimedia software.
Fidelity Index Japan	4.25%	Japan has led the performance of Asian equities over the year predominantly due to the positive effect of two key shifts. Firstly, their economy appears to have escaped the threat of deflation, the decrease in the general price level of goods and services in an economy over time, which has shaped its market for the best part of 40 years. The second is a newfound focus on corporate profitability. More Japanese companies are willing to restructure their businesses and are returning more money to shareholders than the have done in the past. Over the quarter specifically, strong performance came from companies in the industrials, consumer cyclical and financial service sectors. For example, Mitsubishi Corp, which has ten business segments, including finance, banking, energy, machinery, chemicals, and food provided investors with a return of over 30% for the period.

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Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
HSBC Global Government Bond	-0.66%	After contributing positively to portfolio performance in the first quarter of the year, the HSBC Global Government Bond Fund had negative returns over the second quarter. Several factors negatively influenced the performance of bond over the quarter. These included continued concerns around the US regional banking system and the prospect of the US government being unable to repay its debts to lenders (referred to as the debt ceiling negotiation). Inflation has also been persistent and central banks have continued to increase interest rates. As interest rates rise, the price of bonds fall, and vice-versa. There was however the first pause in interest rate hikes from the Federal Reserve in the US although they did not rule out the possibility of future increases.
Vanguard Global Corporate Bond Index	-0.26%	Despite the strength of company balance sheets, global corporate credit had negative returns over the quarter. Corporate credit is a type of fixed income investment that companies issue to raise capital by borrowing money from the market. When balance sheets are strong, companies tend to have manageable levels of debt relative to their assets and earnings. This is important in the face of recessionary risks as it influences the ability of a company to meet its debt obligations. The credit quality of the fund is investment grade and this signals that the underlying bonds have a relatively low risk of default. Over the quarter, US investment grade bonds were negative and this outweighed the positive returns generated by high yielding bonds. High yield bonds are more speculative, with a credit rating below investment grade, as determined by a credit rating agency.
Vanguard Emerging Markets Stock Index	-2.09%	Emerging market equities had areas of positive performance but these were outweighed by negative performance from sectors such as consumer cyclical, communication services and basic materials. Consumer cyclical companies produce goods and services that are considered non-essential or discretionary, meaning that consumers are more likely to purchase them when they have extra disposable income. Given the negative economic backdrop, these types of companies have a more challenging outlook. The index however, provides diversification by being exposed to areas of the market which are more resilient in the face of recessionary fears. Positive contributors to performance came from companies in the financial service, technology and energy sectors. At a country level, India was a top contributor as it showed signs of an improving macroeconomic environment.

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Schroder Strategic Index Model Portfolios

Q2 2023

Portfolio updates

The second quarter of 2023 had a shaky start with continued concerns about the health of the US regional banking system and the prospect of the US government being unable to repay its debts to its lenders. This was coupled with continued action by central banks to bring down inflation by raising interest rates. Towards the end of the quarter though we saw improved returns from more economically-sensitive stocks and smaller sized companies. Investors were optimistic that inflation will begin to fall while unemployment remains low and economies could continue to grow. However, it remains to be seen whether or not this opinion is justified.

When constructing the Strategic Index portfolios, we do not express short-term tactical views about the direction of markets. The portfolios maintain a robust asset allocation framework with an appropriate balance between asset classes, sectors and regions.

Investing for the long-term requires patience, discipline, and a focus on the big picture. Our portfolios remain diversified as a key defence in managing the frequency and magnitude by which your investments rise and fall. We continue to carefully assess opportunities in the market to achieve the investment objectives of portfolios.

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: Schroder Investment Solutions Quarterly Investment Committee Meeting – June 2023.

Schroder Strategic Index Model Portfolios

Q2 2023

Portfolio changes

We rebalance our portfolios by adjusting the weights of the assets in a portfolio in order to maintain a desired level of risk or return. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance.

The portfolios were rebalanced to the updated strategic asset allocation weights as per our review in April. There were no fund additions or sales over the quarter.

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: Schroder Investment Solutions Quarterly Investment Committee Meeting – June 2023.

Schroder Sustainable Model Portfolios

Q2 2023

Schroder Sustainable Model Portfolios performance

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	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/11/2020) - 30/06/2023
Schroder Sustainable Portfolio 3	**-0.06**	**1.51**	**0.81**	**-6.62**	**7.37**	**5.51**	**4.31**	**3.48**	**10.41**	**4.89**	**7.51**	**5.48**	**-0.12**
IA Mixed Investment 0-35% Shares	-0.97	0.66	-0.74	-7.89	6.58	1.27	3.21	1.44	7.83	3.96	3.81	5.38	5.98
Schroder Sustainable Portfolio 4	**0.35**	**2.00**	**2.08**	**-7.54**	—	—	—	—	—	—	—	—	**1.14**
Schroder Sustainable Portfolio 5	**0.61**	**2.31**	**2.94**	**-8.17**	**13.74**	**5.82**	**5.54**	**6.87**	**16.80**	**2.96**	**8.43**	**8.09**	**2.08**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	5.66
Schroder Sustainable Portfolio 6	**1.05**	**2.94**	**4.44**	**-8.78**	—	—	—	—	—	—	—	—	**3.07**
Schroder Sustainable Portfolio 7	**1.43**	**3.52**	**5.91**	**-9.36**	**19.65**	**6.40**	**6.45**	**9.21**	**21.44**	**4.09**	**9.13**	**8.91**	**4.30**
IA Mixed Investment 40-85% Shares	0.17	2.42	3.32	-7.17	17.39	0.10	3.71	4.99	16.29	2.35	6.84	8.27	6.34
Schroder Sustainable Portfolio 8	**1.77**	**4.15**	**7.46**	**-10.21**	—	—	—	—	—	—	—	—	**5.16**
IA Flexible Investment	0.31	2.16	3.65	-7.19	19.75	0.38	2.93	5.16	17.79	1.68	6.80	8.00	6.46

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 30 June 2023. The common inception return figures are annualised. Portfolio returns may vary from individual investor returns due to timings and cash flows. CPI data is one month lagged (as at 31 May 2023).

Schroder Sustainable Model Portfolios

Q2 2023

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
Lazard Global Thematic Focus	2.57%	The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. The managers typically invest in companies which are expected to generate above average positive returns based on future potential growth. Over the quarter performance was driven by holdings in the US and particularly the technology sector.
CT Responsible UK Equity	2.86%	At our rebalance in April we consolidated our regional equity allocations into the Global Equity asset class. A global approach aligns with the nature of many sustainability challenges, such as climate change and human rights, which require collective action across borders. Before the funds within the UK Equity asset class were sold, they contributed positively to performance. Holdings in the financial services and healthcare sectors performed well.
EdenTree Responsible & Sustainable UK Equity	2.74%	The EdenTree Responsible & Sustainable UK Equity Fund also contributed to the portfolios before it was sold during April. Similarly to the CT Responsible UK Equity Fund, performance contributions were driven holdings in the financial services and healthcare. We continue to have exposure to these sectors through our Global Equity allocation. Many sustainable-focused equity funds have a global remit and this provides us with a wider opportunity set to select best-in-class funds.

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Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
EdenTree Responsible & Sustainable Short Dated Bond	-1.74%	Rising interest rates continue to drive negative performance in the bond market. As interest rates rise, the price of bonds fall, and vice-versa. The EdenTree Responsible & Sustainable Short Dated Bond Fund currently has a large allocation to UK based companies and these have been particularly hit over the second quarter. UK inflation remains stubborn and the impact of trying to control this can have long and variable effects on companies. The fund invests primarily in high quality bonds with an investment-grade credit rating of A or better. The credit quality is important in the face of recessionary risks as it influences the ability of a company to meet its debt obligations.
Sparinvest Ethical Global Value	-2.34%	The philosophy of the Sparinvest Ethical Global Value Fund is to invest in both undervalued environmental, social and governance (ESG) leaders, and improvers while taking a conservative and risk-oriented approach to valuing a company. It was companies that meet this criteria in the basic materials, communication service and healthcare sectors that detracted over the quarter. Although there were positive returns from companies such as Terex Corporation, in the industrial sector, these weren't sufficient to outweigh the negatives. Terex is an American worldwide manufacturer of lifting and material-handling for a variety of industries including construction, infrastructure, recycling and energy. At a country level, Japan and the Eurozone had strong positive performance while US based companies detracted overall.
Federated Hermes Global Emerging Markets	-3.89%	Enthusiasm over artificial intelligence (AI) boosted technology stocks at a global level, although for emerging market countries this wasn't as significant as it was in the US. For the Federated Hermes Global Emerging Markets Fund, it's 26% allocation to companies in the technology sector was the only positive contributor to performance. Detractors came from holdings in the consumer cyclical, communication service and basic material sectors. At a country level, China was the largest detractor with tensions between the US and China a contributing factor. There were positive returns from companies in India, Brazil and Taiwan.

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Schroder Sustainable Model Portfolios

Q2 2023

Portfolio updates

The second quarter of 2023 had a shaky start with continued concerns about the health of the US regional banking system and the prospect of the US government being unable to repay its debts to its lenders. This was coupled with continued action by central banks to bring down inflation by raising interest rates. Towards the end of the quarter though we saw improved returns from more economically-sensitive stocks and smaller sized companies. Investors were optimistic that inflation will begin to fall while unemployment remains low and economies could continue to grow. However, it remains to be seen whether or not this opinion is justified.

Against this uncertain backdrop our government bond allocation is positioned to benefit from increased yields on offer. In our corporate bond allocation we have increased our exposure to Emerging Market Debt (EMD). These are bonds issued by a government or companies, in emerging market countries such as Brazil and India, to borrow money from investors. We believe debt issued by emerging market governments is currently well priced relative to the risks associated within these markets. We believe this will provide an opportunity for higher yields going forward. Overall, we are maintaining exposure to higher quality credit bonds. As a reminder, investment grade bonds are the highest quality non-government bonds as determined by a credit rating agency; high yield bonds are more risky, with a credit rating below investment grade.

Alongside the delayed effects of a rapid rise in interest rates, there are ongoing recessionary risks in the equity market. In this environment, we believe that higher-quality and defensive businesses will be resilient. Quality companies are typically those with strong balance sheets, low levels of debt, and a history of generating stable earnings and cash flows. With this view, we have also increased our exposure to larger companies in our global equity allocation.

Over the last 18 months we have leaned into value or growth orientated strategies in markets and regions we deemed appropriate and beneficial. Growth stocks tend to be companies with high earnings growth potential, often in emerging industries or with innovative products or services. Value stocks are those that are undervalued by the market, often due to temporary setbacks or challenges. Historically, growth and value stocks have tended to perform differently in different market environments. As we approach the transitionary period from interest rate increases, to pausing, and eventually cutting interest rates, we believe that a more equal weighting to these investing strategies is prudent.

We're using alternative assets to provide investors with additional diversification in the face of volatility. Alternatives are investments outside of the traditional asset classes of equities, bonds and cash. We're focusing on return-enhancing and risk-diversifying funds, and we're tilted towards assets like hedge funds. If we move to return-enhancing assets, we'll need to balance the level of risk we take on with the potential for generating returns.

Investing for the long-term requires patience, discipline, and a focus on the big picture. Our portfolios remain diversified as a key defence in managing the frequency and magnitude by which your investments rise and fall. We continue to carefully assess opportunities in the market to achieve the investment objectives of portfolios.

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Schroder Sustainable Model Portfolios

Q2 2023

Portfolio changes

We rebalance our portfolios by adjusting the weights of the assets in a portfolio in order to maintain a desired level of risk or return. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance.

The portfolios were rebalanced to the updated strategic asset allocation weights as per our review in April. There were no fund additions or sales over the quarter, but we did adjust our fund allocations in line with our current market views.

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Schroder Blended Portfolios
Q2 2023

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

Source: Schroders 2022. [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 Blended Portfolios

Q2 2023

Schroder Blended Model Portfolios 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.

	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/04/2020) - 30/06/2023
Schroder Blended Portfolio 3 F Acc	**0.49**	**2.00**	**1.31**	**-5.69**	**7.56**	—	—	—	—	—	—	—	**3.38**
IA Mixed Investment 0-35% Shares	-0.97	0.66	-0.74	-7.89	6.58	1.27	3.21	1.44	7.83	3.96	3.81	5.38	1.47
Schroder Blended Portfolio 4 F Acc	**0.64**	**2.31**	**2.12**	**-5.47**	**11.64**	—	—	—	—	—	—	—	**5.59**
Schroder Blended Portfolio 5 F Acc	**0.76**	**2.58**	**2.70**	**-5.45**	**14.59**	—	—	—	—	—	—	—	**6.99**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	4.58
Schroder Blended Portfolio 6 F Acc	**0.93**	**3.09**	**3.84**	**-5.04**	**17.26**	—	—	—	—	—	—	—	**8.99**
Schroder Blended Portfolio 7 F Acc	**1.12**	**3.58**	**4.94**	**-4.16**	**21.99**	—	—	—	—	—	—	—	**11.69**
IA Mixed Investment 40-85% Shares	0.17	2.42	3.32	-7.17	17.39	0.10	3.71	4.99	16.29	2.35	6.84	8.27	7.72
Schroder Blended Portfolio 8 F Acc	**1.20**	**4.11**	**6.04**	**-5.62**	**24.77**	—	—	—	—	—	—	—	**12.73**
IA Flexible Investment	0.31	2.16	3.65	-7.19	19.75	0.38	2.93	5.16	17.79	1.68	6.80	8.00	8.63

Typically, the performance of the Blended Portfolios can be estimated using a combination of the return from the Active and Strategic Index 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.

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Schroder Blended Portfolios
Q2 2023

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
HSBC America Index	6.62%	Our US Equity allocation was a top contributor to portfolio performance over the quarter, with our passive funds (funds that aim to track the performance of a market index) doing particularly well. Holding an index provides exposure to companies at a weight determined by its market capitalisation (i.e. the total value of its outstanding shares). This means that as a company's share price rises, its weight in the index increases, and vice versa. As seen over the course of 2023, this has been beneficial for investors with strong performance led by the largest seven technology companies. These are Apple, Microsoft, Alphabet (Google), Amazon, Tesla, Meta (Facebook) and NVIDIA. These companies benefited from optimism around artificial intelligence and the potential for a boom in related technology chipmakers. However, please bear in mind that past performance is not a guide to future performance and may not be repeated. Within the index, the technology sector accounts for approximately 25% of the total holdings. The performance of this allocation significantly outweighed the negative performance from companies in the consumer defensive, energy and utilities sectors.
Fidelity Index World	4.94%	Our Global Equity allocation also benefited from its weighting to companies in the US and for the Fidelity Index World, this accounts for 65% of the holdings. Over the quarter this provided a return of nearly 6%. Japanese and European companies also had positive returns. At a sector level, performance was driven by companies in the technology, consumer cyclical and communication service sectors. Apple Inc, which is the largest holding in the index at approximately 5%, was the top contributor. NVIDIA Corp was the second largest contributor with growth of nearly 50%. NVIDIA Corp engages in the design and manufacture of computer graphics processors, chipsets, and related multimedia software.
Lazard Global Thematic Focus	2.57%	The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. The managers typically invest in companies which are expected to generate above average positive returns based on future potential growth. Over the quarter performance was driven by holdings in the US and particularly the technology sector.

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Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
Schroders Diversified Alternative Assets	-2.78%	The market remains challenging for alternative assets such as listed infrastructure as well as some private equity firms. Real estate is also negatively affected by increasing interest rates. Companies in this sector are affected by higher borrowing costs in both their capacity to service existing debt and to expand. Although the market remains challenging, it provides an opportunity for the managers to invest in companies with a lower valuation due to negative market opinion rather than a deterioration in the fundamentals that offer growth opportunities. Our portfolios hold the Schroders Diversified Alternative Assets Fund at a weighting of approximately 3% and we continue to believe this allocation will provide diversification benefits going forward.
Jupiter Strategic Bond	-2.06%	Several factors negatively influenced the performance of bond funds over the quarter. These included continued concerns around the US regional banking system and the prospect of the US government being unable to repay its debts to lenders. Despite this backdrop, central banks appear to be near the end of their cycle of raising interest rate and this has can provide a buying opportunity. The managers of the Jupiter Strategic Bond Fund are positive about their exposure to high-quality government bonds and they also have a preference for shorter dated, defensive type corporate credit.
Neuberger Berman Uncorrelated Strategies	-1.39%	After adjusting the risk levels of the portfolio based on an assessment of performance returns, the Neuberger Berman Uncorrelated Strategies Fund had returns which were less negative than last quarter. The fund aims to generate returns in difficult markets for traditional asset classes such as equities and bonds. Over the quarter, one of the strategies employed by the manager saw improved returns as it benefitted from the financial results announcements from companies across the US and Europe. These gains didn't compensate for the losses experienced by remaining strategies.

Schroder Blended Portfolios

Q2 2023

Portfolio updates

The second quarter of 2023 had a shaky start with continued concerns about the health of the US regional banking system and the prospect of the US government being unable to repay its debts to its lenders. This was coupled with continued action by central banks to bring down inflation by raising interest rates. Towards the end of the quarter though we saw improved returns from more economically-sensitive stocks and smaller sized companies. Investors were optimistic that inflation will begin to fall while unemployment remains low and economies could continue to grow. However, it remains to be seen whether or not this opinion is justified.

Against this uncertain backdrop our government bond allocation is positioned to benefit from increased yields on offer. In our corporate bond allocation we have increased our exposure to Emerging Market Debt (EMD). These are bonds issued by a government or companies, in emerging market countries such as Brazil and India, to borrow money from investors. We believe debt issued by emerging market governments is currently well priced relative to the risks associated within these markets. We believe this will provide an opportunity for higher yields going forward. Overall, we are maintaining exposure to higher quality credit bonds. As a reminder, investment grade bonds are the highest quality non-government bonds as determined by a credit rating agency; high yield bonds are more risky, with a credit rating below investment grade.

Alongside the delayed effects of a rapid rise in interest rates, there are ongoing recessionary risks in the equity market. In this environment, we believe that higher-quality and defensive businesses will be resilient. Quality companies are typically those with strong balance sheets, low levels of debt, and a history of generating stable earnings and cash flows. With this view, we have also increased our exposure to larger companies in our global equity allocation.

Over the last 18 months we have leaned into value or growth orientated strategies in markets and regions we deemed appropriate and beneficial. Growth stocks tend to be companies with high earnings growth potential, often in emerging industries or with innovative products or services. Value stocks are those that are undervalued by the market, often due to temporary setbacks or challenges. Historically, growth and value stocks have tended to perform differently in different market environments. As we approach the transitionary period from interest rate increases, to pausing, and eventually cutting interest rates, we believe that a more equal weighting to these investing strategies is prudent.

We're using alternative assets to provide investors with additional diversification in the face of volatility. Alternatives are investments outside of the traditional asset classes of equities, bonds and cash. We're focusing on return-enhancing and risk-diversifying funds, and we're tilted towards assets like hedge funds. If we move to return-enhancing assets, we'll need to balance the level of risk we take on with the potential for generating returns.

Investing for the long-term requires patience, discipline, and a focus on the big picture. Our portfolios remain diversified as a key defence in managing the frequency and magnitude by which your investments rise and fall. We continue to carefully assess opportunities in the market to achieve the investment objectives of portfolios.

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Portfolio changes

We rebalance our portfolios by adjusting the weights of the assets in a portfolio in order to maintain a desired level of risk or return. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance.

The portfolios were rebalanced to the updated strategic asset allocation weights as per our review in April. There were no fund additions or sales over the quarter, but we did adjust our fund allocations in line with our current market views.

Our analysis of the economic cycle (the natural pattern of growth and contraction that happens in the economy over time) indicates that the current split of 60% exposure to active funds and 40% exposure to passive funds remains appropriate.

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. 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 negative outlook and a slowdown in the economy, we typically allocate larger portions to active managers and vice versa. 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.

Schroder Global Multi-Asset Portfolios

Q2 2023

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	40-85% shares average
Schroder Global Multi-Asset Adventurous Portfolio	75% to 90% of MSCI ACWI	40-85% shares average

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

Schroder Global Multi-Asset Portfolios

Q2 2023

Schroder Global Multi-Asset Cautious Model Portfolios 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.

	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/02/2017) - 30/06/2023
Schroder Global Multi-Asset Cautious Portfolio F Acc	**0.22**	**2.66**	**1.00**	**-7.26**	**5.90**	**3.90**	**2.62**	**1.58**	—	—	—	—	**1.50**
IA Mixed Investment 0-35% Shares	-0.97	0.66	-0.74	-7.89	6.58	1.27	3.21	1.44	7.83	3.96	3.81	5.38	0.95
Schroder Global Multi-Asset Moderately Cautious Portfolio F Acc	**0.89**	**3.39**	**2.70**	**-6.91**	**9.41**	**1.75**	**2.11**	**2.66**	—	—	—	—	**2.17**
Schroder Global Multi-Asset Balanced Portfolio F Acc	**1.27**	**3.97**	**3.94**	**-6.67**	**12.36**	**0.41**	**1.76**	**3.46**	—	—	—	—	**2.77**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	2.11
Schroder Global Multi-Asset Growth Portfolio F Acc	**1.68**	**4.63**	**5.50**	**-5.88**	**14.84**	**-1.09**	**1.37**	**4.16**	—	—	—	—	**3.34**
Schroder Global Multi-Asset Adventurous Portfolio F Acc	**2.03**	**5.29**	**6.83**	**-4.78**	**17.71**	**-2.60**	**0.90**	**4.02**	—	—	—	—	**3.81**
IA Mixed Investment 40-85% Shares	0.17	2.42	3.32	-7.17	17.39	0.10	3.71	4.99	16.29	2.35	6.84	8.27	4.00

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 30 June 2023. The common inception return figures are annualised. Portfolio returns may vary from individual investor returns due to timings and cash flows.

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

Schroder Global Multi-Asset Portfolios

Q2 2023

Positive contributors to portfolio performance

Asset class	Total return	Commentary
Japanese Equities	14.28%	A delayed post-Covid reopening (relative to the US & Europe) has been supportive for Japanese shares. Also, a return to a mild inflationary environment has been a positive environment for companies and consumers to invest and purchase.
Global Equities	3.91%	Moderating inflation and signs that the US economy remains resilient were supportive in spite of higher interest rates. The majority of gains came in June.
Europe ex-UK Equities	3.30%	Gains were led by the financials and the information technology (IT) sectors. The latter was boosted by semiconductor stocks. This came in the wake of higher-than-expected sales projections from some US chipmakers, which helped underpin the growth potential stemming from artificial intelligence (AI).

Note: Japanese Equities = TOPIX Index Future. Global Equities = Schroder Global Equity Fund, Schroder Sustainable Multi-Factor Equity Fund, Schroder Global Equity Component Fund. Europe ex UK Equities= Euro Stoxx 50 Index Future.

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: Schroders, B-One. Performance calculated from month end close of business price, gross of fees, as at 30 June 2023. Portfolio returns may vary from individual investor returns due to timings and cash flows.

Schroder Global Multi-Asset Portfolios

Q2 2023

Negative contributors to portfolio performance

Asset class	Total return	Commentary
Government Bonds	-2.05%	Government bond yields were on the rise again, although there was some divergence, with the UK and Australia underperforming due to higher-than-expected inflation and a greater resolve by central banks to combat inflation. With the exception of the Bank of Japan, all major central banks raised interest rates over the quarter.
Corporate Bonds	-1.60%	Companies' financial statements remained relatively strong, despite an increase in bond default rates. Global high yield bonds outperformed global investment grade bonds as immediate recessionary concerns were reduced.
UK Equities	-0.40%	The large UK-quoted energy and basic materials sectors were the most significant detractors to performance amid generalised weakness in commodity prices and concerns over the outlook for the Chinese economy. These sectors were negatively impacted by the strength of the British Pound.

Note: Government Bonds = Schroder Global Sovereign Bonds Tracker Component Fund, UK Gilt Treasuries, German Bunds, US Treasuries, Australia Government Bonds, Corporate Bonds = Schroder ISF Global Corporate Bond, Schroder Global Corporate Bond Managed Credit Component Fund, iShares Euro Corporate Bond ETF. UK Equity = Schroder Prime UK Equity Fund, FTSE 100 Index Future. Returns are in base currency.

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Schroder Global Multi-Asset Portfolios

Q2 2023

Portfolio updates

The Schroder Global Multi-Asset Portfolios recorded positive returns in the second quarter of 2023. The quarter was characterised by persistent inflation, forecasts of a recession being pushed back again and an AI (Artificial Intelligence) revolution driving equity markets. Against this backdrop, losses in fixed income were outweighed by gains in equities which performed well, particularly in June as the Federal Reserve (Fed) paused interest rate hikes. As a result, the higher risk portfolios outperformed the lower risk portfolios.

Earlier this year we had positioned for a slowdown in global economic activity through an overweight position in bonds and an underweight position in equities. An overweight position means a higher percentage of an asset class in a portfolio relative to its weighting in the benchmark index, while underweight is a lower percentage relative to its weighting in the benchmark index. Portfolio activity at the start of the quarter continued in this vein as inflation remained persistent whilst economic conditions showed signs of decline, driven by higher interest rates. However, as the quarter progressed this view was challenged as employment levels remained healthy, and despite signs of weakness in the manufacturing and goods sector in the US, these were outweighed by continued strength in the services sector. Equity prices continued to move higher so we brought the portfolio's US equity exposure back to neutral, whilst maintaining a small underweight to Eurozone equities. There was positive investment from both of the portfolio's active global equity strategies (Schroder Global Equity Fund and Schroder Sustainable Multi-Factor Equity Fund) which outperformed passive equities (investments that aim to replicate the performance of a market or index) over the quarter.

Government bonds detracted from positive returns over the quarter. Bond yields rose as the US debt ceiling crisis (the limit on the amount of money that the US government can borrow to finance its operations) escalated. The Fed then signalled future interest rate rises were likely. Furthermore, with central banks continuing to increase interest rates, yield curves have inverted (meaning long-term interest rates have fallen below short-term interest rates). This makes government bonds, particularly in the US, expensive to hold. In June, therefore, we ended our overweight position in government bonds.

Instead, our preferred approach within fixed income is to allocate to assets with higher starting yields that provide cash flows. This has led us to favour European investment grade credit, a position held for most of this year. In May, we also added a position in Emerging Market (EM) debt (local currency), where many of these markets offer improving inflation dynamics and relatively attractive yields. In a similar theme, in currencies we also held an overweight EM currency basket (Brazilian Real, Mexican Peso & South African Rand) versus an underweight developed market (DM) equity basket (Australian Dollar, Canadian Dollar & Pound Sterling) which we took profits on in April.

Finally, within alternative assets, the portfolios held a small position in gold as a safeguard against persistent inflation (the value of gold tends to rise in periods of high inflation and is often seen as a safe haven asset in times of uncertainty). This position was ended towards the end of the quarter following the resolution of the US debt ceiling crisis.

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

Schroder Global Multi-Asset Portfolios

Q2 2023

Outlook

The first half of the year has been full of surprises. Firstly, the much anticipated recession has not materialised and could be described as missing in action. Inflation has been persistent and we have not had the shift in central bank policy, which many in the market expected. Against this backdrop, equities have performed well but the gap has been narrow, with only certain themes out-performing. Most notably, it has been a fantastic period for mega cap technology stocks (companies with a market capitalization of more than $200 billion), which have benefited from the AI revolution. Overall, there have been very few winners and lots of losers.

With economic indicators pointing towards a slowdown or recession and the macro indicators (such as inflation, interest rates, and labour market statistics) still supportive, we believe it is important to keep the portfolio finely balanced. Earlier in the year, we were positioned for a slowdown in economic activity, through a positive view on government bonds and a negative view on equities. Although we still expect the economy to slow as we move into 2024, we need to recognise that the timing of our call has moved significantly. Without an imminent move into slowdown, there is less short-term danger to corporate earnings. As a consequence, we have moved to neutral on equities to manage our risk.

In the US, there are ongoing signs of weakness in the manufacturing and the goods sectors, however households have proven to be more resilient, which in turn has allowed companies to pass on more of their costs through price increases. This has also enabled them to keep hiring, re-enforcing strong employment levels. As a result we have upgraded our US view from negative to neutral. We have also upgraded Japanese equities to neutral, since valuations appear cheap.

Turning to the UK, the question is how high will interest rates get to? The market is anticipating several more interest rate hikes and the delayed effects, such as higher mortgages, are yet to be felt in full. We believe the expected pain in the UK from extremely high interest rates and elevated inflation justifies our negative view. With manufacturing activity trending downwards in Europe and Asia, we are also negative on these regions.

Having taken a positive stance on government bonds since the beginning of the year, this view has become expensive with the yield curve inverted (meaning long-term interest rates have fallen below short-term interest rates). We have, therefore, moved to neutral on nominal government bonds.

All in all, we are reducing some of our defensive positions reflecting the reality that the expected slowdown has failed to materialise and markets can continue to grind upwards in the short term. Nonetheless, we think the autumn could transpire into a volatile period, as the delayed effects of high interest rates are felt. These can include the negative impacts of higher borrowing coats on reducing consumer expenditure and business investment, resulting in slower economic growth. For now we maintain largely neutral positioning, with a focus on generating carry (i.e. a positive return obtained from holding an asset) as we do not expect to be rewarded for a strong directional view. This strategy should leave us well placed to take advantage of fresh trends and a pick up in volatility later this year.

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

Schroder Managed Defensive Fund

Q2 2023

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 2022.

Schroder Managed Defensive Fund

Q2 2023

Schroder Managed Defensive Model Portfolios 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.

	Q2 2023	YTD	01/07/2022 - 30/06/2023	01/07/2021 - 30/06/2022	01/07/2020 - 30/06/2021	01/07/2019 - 30/06/2020	01/07/2018 - 30/06/2019	01/07/2017 - 30/06/2018	01/07/2016 - 30/06/2017	01/07/2015 - 30/06/2016	01/07/2014 - 30/06/2015	01/07/2013 - 30/06/2014	Since Common Inception (01/06/2018) - 30/06/2023
Schroder Managed Defensive F Acc	**0.19**	**1.34**	**1.14**	**-6.27**	**6.95**	**-0.10**	**3.55**	**—**	**—**	**—**	**—**	**—**	**0.91**
UK Cash + 2%	1.30	2.24	3.40	1.93	2.10	3.01	3.04	2.56	2.58	2.73	2.66	2.58	2.69

Source: All performance data, unless otherwise stated Morningstar, bid to bid, net income reinvested, net of fees as at 30 June 2023. The common inception return figures are annualised. Portfolio returns may vary from individual investor returns due to timings and cash flows.

Schroder Managed Defensive Fund

Q2 2023

Positive contributors to portfolio performance

Asset class	Total return	Commentary
Japanese Equities	14.53%	A delayed post-Covid reopening (relative to the US & Europe) has been supportive for Japanese shares. Also, a return to a mild inflationary environment has been a positive environment for companies and consumers to invest and purchase.
North American Equities	6.94%	Moderating inflation and signs that the US economy remains resilient were supportive in spite of higher interest rates. The majority of gains came in June.
Europe ex-UK Equities	3.23%	Gains were led by the financials and the information technology (IT) sectors. The latter was boosted by semiconductor stocks. This came in the wake of higher-than-expected sales projections from some US chipmakers, which helped underpin the growth potential stemming from artificial intelligence (AI).

Note: Japanese Equities = TOPIX Index Future. North American Equities = S&P 500 Index Future. Europe ex UK Equities= Euro Stoxx 50 Index Future.

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Schroder Managed Defensive Fund

Q2 2023

Negative contributors to portfolio performance

Asset class	Total return	Commentary
Government Bonds	-3.84%	Government bond yields were on the rise again, although there was some divergence, with the UK and Australia underperforming due to higher-than-expected inflation and a greater resolve by central banks to combat inflation. With the exception of the Bank of Japan, all major central banks kept raising interest rates over the quarter.
UK Equities	-1.38%	The large UK-quoted energy and basic materials sectors were the most significant detractors to performance amid generalised weakness in commodity prices and concerns over the outlook for the Chinese economy. These sectors were negatively impacted by the strength of the British Pound.

Note: Government Bonds = UK Gilt Treasuries, German Bunds, US Treasuries, Australia Government Bonds, Canadian Government Bonds. FTSE 100 Index Future. Returns are in base currency.

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Schroder Managed Defensive Fund

Q2 2023

Portfolio updates

The Schroder Managed Defensive Fund recorded positive returns in the second quarter of 2023. The quarter was characterised by persistent inflation, forecasts of a recession pushed back again and an AI (Artificial Intelligence) revolution driving equity markets. Against this backdrop, losses in fixed income were outweighed by gains in equities which performed well, particularly in June as the Federal Reserve (Fed) paused interest rate hikes.

The Fund's volatility cap mechanism remained in place throughout the quarter. The volatility cap acts as de-risking mechanism which systematically reduces the Fund's invested exposure and raises cash exposure during periods of heightened volatility. However, as the quarter progressed the Fund was able to continue to reinvest some exposure away from cash and back into equity and fixed income markets.

Earlier this year we had positioned for a slowdown in global economic activity through an overweight position in bonds and an underweight position in equities. Portfolio activity at the start of the quarter continued in this vein as inflation remained persistent whilst economic conditions showed signs of decline, driven by higher interest rates.

However, as the quarter progressed this view was challenged as employment levels remained healthy, and despite signs of weakness in the manufacturing and goods sector in the US, these were outweighed by continued strength in the services sector. As equities grinded higher we added some exposure back to broad equities, with an emphasis on the US.

Government bonds detracted from returns over the quarter. Yields rose (as bond yields rise, prices fall) as the US debt ceiling (the limit on the amount of money that the US government can borrow to finance its operations) crisis escalated and then as the Fed signalled future interest rate rises were likely. Also, with central banks continuing to push up short-term interest rates, yield curves have inverted (meaning long-term interest rates have fallen below short-term interest rates). This makes government bonds, particularly in the US, expensive to hold.

Finally, within alternative assets, the portfolios maintained a small position in broad market commodities. This helps to act as a hedge against persistent inflation (the value of gold tends to rise in periods of high inflation and is often seen as a safe-haven asset in times of uncertainty).

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Schroder Managed Defensive Fund

Q2 2023

Portfolio changes

The first half of the year has been full of surprises. Firstly, the much anticipated recession has not materialised and could be described as missing in action. Inflation has been persistent and we have not had the shift in central bank policy, which many in the market expected. Against this backdrop, equities have performed well but the gap has been narrow, with only certain themes out-performing. Most notably, it has been a fantastic period for mega cap technology stocks stocks (companies with a market capitalization of more than $200 billion), which have benefited from the AI revolution. Overall, there have been very few winners and lots of losers.

With economic indicators pointing towards a slowdown or recession and the macro indicators (such as inflation, interest rates, and labour market statistics) still supportive, we believe it is important to keep the portfolio balanced. Although we still expect the economy to slow as we move into 2024, we need to recognise that the timing of our call has moved significantly. Without an imminent move into slowdown, there is less short-term danger to corporate earnings. As a consequence, we have moved to neutral on equities to manage our risk.

In the US, there are ongoing signs of weakness in the manufacturing and the goods sectors, however households have proven to be more resilient, which in turn has allowed companies to pass on more of their costs through price increases. This has also enabled them to keep hiring, re-enforcing strong employment levels. As a result we have upgraded our US view from negative to neutral. We have also upgraded Japanese equities to neutral, since valuations appear cheap.

Turning to the UK, the question is how high will interest rates get to? The market is anticipating several more interest rate hikes and the delayed effects, such as higher mortgages, are yet to be felt in full. We believe the expected pain in the UK from extremely high interest rates and elevated inflation justifies our negative view. With manufacturing activity trending downwards in Europe and Asia, we are also negative on these regions.

Having taken a positive stance on government bonds since the beginning of the year, this view has become expensive with the yield curve inverted (meaning long-term interest rates have fallen below short-term interest rates). We have, therefore, moved to neutral on nominal government bonds.

All in all, we are reducing some of our defensive positions reflecting the reality that the expected slowdown has failed to materialise and markets can continue to grind upwards in the short term. Nonetheless, we think the autumn could transpire into a volatile period, as more delayed effects of high interest rates are felt. For now we maintain largely neutral positioning, with a focus on generating carry (i.e. a positive return obtained from holding an asset) as we do not expect to be rewarded for a strong directional view. This strategy should leave us well placed to take advantage of fresh trends and a pick up in volatility later this year.

Schroder Income Portfolio

Q2 2023

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

Q2 2023

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.

	QTD	YTD	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	01/04/2013 - 31/03/2014	Since Inception (01/01/2011) - 31/03/2023
Schroder Income Portfolio	**0.60**	**2.71**	**3.35**	**-4.73**	**19.23**	**-5.14**	**0.40**	**2.90**	**6.08**	**3.85**	**2.10**	**7.12**	**4.24**
IA Mixed Investment 20-60% Shares	-0.38	1.22	1.15	-7.15	11.82	-0.71	3.02	2.49	11.91	2.26	4.90	7.25	3.72

Yield

The approximate current yield is 3.5%. 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 are constantly changing 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 2023. Portfolio returns may vary from individual investor returns due to timings and cash flows.

Schroder Income Portfolio

Q2 2023

Portfolio update

The second quarter of 2023 had a shaky start with continued concerns about the health of the US regional banking system and the prospect of the US government being unable to repay its debts to its lenders. This was coupled with continued action by central banks to bring down inflation by raising interest rates. Towards the end of the quarter though we saw improved returns from more economically-sensitive stocks and smaller sized companies. Investors were optimistic that inflation will begin to fall while unemployment remains low and economies could continue to grow. However, it remains to be seen whether or not this opinion is justified.

Against this uncertain backdrop our government bond allocation is positioned to benefit from increased yields on offer. In our corporate bond allocation we have increased our exposure to Emerging Market Debt (EMD). These are bonds issued by a government or companies, in emerging market countries such as Brazil and India, to borrow money from investors. We believe debt issued by emerging market governments is currently well priced relative to the risks associated within these markets. We believe this will provide an opportunity for higher yields going forward. Overall, we are maintaining exposure to higher quality credit bonds. As a reminder, investment grade bonds are the highest quality non-government bonds as determined by a credit rating agency; high yield bonds are more risky, with a credit rating below investment grade.

Alongside the delayed effects of a rapid rise in interest rates, there are ongoing recessionary risks in the equity market. In this environment, we believe that higher-quality and defensive businesses will be resilient. Quality companies are typically those with strong balance sheets, low levels of debt, and a history of generating stable earnings and cash flows. With this view, we have also increased our exposure to larger companies in our global equity allocation.

Over the last 18 months we have leaned into value or growth orientated strategies in markets and regions we deemed appropriate and beneficial. Growth stocks tend to be companies with high earnings growth potential, often in emerging industries or with innovative products or services. Value stocks are those that are undervalued by the market, often due to temporary setbacks or challenges. Historically, growth and value stocks have tended to perform differently in different market environments. As we approach the transitionary period from interest rate increases, to pausing, and eventually cutting interest rates, we believe that a more equal weighting to these investing strategies is prudent.

We're using alternative assets to provide investors with additional diversification in the face of volatility. Alternatives are investments outside of the traditional asset classes of equities, bonds and cash. We're focusing on return-enhancing and risk-diversifying funds, and we're tilted towards assets like hedge funds, infrastructure and specialised property. If we move to return-enhancing assets, we'll need to balance the level of risk we take on with the potential for generating returns.

Investing for the long-term requires patience, discipline, and a focus on the big picture. Our portfolios remain diversified as a key defence in managing the frequency and magnitude by which your investments rise and fall. We continue to carefully assess opportunities in the market to achieve the investment objectives of portfolios.

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Schroder Income Portfolio

Q2 2023

Portfolio changes

We rebalance our portfolios by adjusting the weights of the assets in a portfolio in order to maintain a desired level of risk or return. Strategic asset allocation involves setting target allocations for different asset classes based on an investor's long-term goals and risk tolerance. The portfolios were rebalanced to the updated strategic asset allocation weights as per our review in April. We also adjusted our fund allocations in line with our current market views.

The following fund additions and sales were made at our July 2023 rebalance:

Our allocation to the Baillie Gifford Japanese Income Growth Fund has been switched in favour of the Fidelity Index Japan Fund. This move seeks to reduce our exposure to medium sized companies in favour of larger companies. The difference in income yield (the income return on an investment, usually expressed as a percentage of the amount invested) between the Fidelity Index and the Baillie Gifford Fund has varied over time, but with stock markets yields almost doubling since 2017 the difference has become less important. This means that the portfolio can benefit from having a lower cost passive allocation (funds that aim to track the performance of a market index).

The Fidelity Index Japan Fund aims to track the performance of the MSCI Japan by investing in over 200 companies in the region. The largest holdings in the index are in the industrials (e.g. Japan Airlines, Fujifilm holdings) technology (e.g. Sony Group, Canon) and consumer cyclical (e.g. Toyota Motor Corp, McDonalds) sectors.

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Schroder Income Portfolio

Q2 2023

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
Schroder US Equity Income Maximiser Fund	5.89%	Our US Equity allocation was a top contributor to portfolio performance over the quarter and returns have been highly concentrated in the largest seven technology stocks. These are Apple, Microsoft, Alphabet (Google), Amazon, Tesla, Meta (Facebook) and NVIDIA. For the Schroder US Equity Income Maximiser Fund, companies in the technology sector account for approximately 25% of the total holdings and produced a return of 14.5% for the period. Holdings in the consumer cyclical and communication services also had positive performance. 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.
Lazard Global Thematic Focus	2.57%	The Lazard Global Thematic Focus Fund contributed to portfolio performance for the second consecutive quarter. The managers typically invest in companies which are expected to generate above average positive returns based on future potential growth. Over the quarter performance was driven by holdings in the US and particularly the technology sector.
Fidelity US Quality Income	3.06%	Another top contributor in our US Equity allocation was the Fidelity US Quality Income Fund. Overall, their holdings in the technology, real estate and consumer cyclical sectors had positive returns. Companies such as NVIDIA Corp, Apple Inc and Microsoft had double digit returns and this significantly outweighed negative performance from companies in the utilities and healthcare sectors. 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.

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Schroder Income Portfolio

Q2 2023

Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
Schroders Diversified Alternative Assets	-2.78%	The market remains challenging for alternative assets such as listed infrastructure as well as some private equity firms. Real estate is also negatively affected by increasing interest rates. Companies in this sector are affected by higher borrowing costs in both their capacity to service existing debt and to expand. Although the market remains challenging, it provides an opportunity for the managers to invest in companies with a lower valuation due to negative market opinion rather than a deterioration in the fundamentals that offer growth opportunities. Our portfolios hold the Schroders Diversified Alternative Assets Fund at a weighting of approximately 3% and we continue to believe this allocation will provide diversification benefits going forward.
BlackRock Continental European Income	-2.23%	After contributing positively to portfolio performance in the first quarter of the year, the BlackRock Continental European Income Fund had negative returns over the second quarter. Gains made in April and May were lost in June. The largest detractors were from companies in the communication service sector while energy and technology companies also struggled. At a country level, companies based in Sweden, Finland and Denmark had negative returns while France, Italy and Netherlands were positive. The Netherlands is home to some leading chip equipment makers which are expected to benefit from the growth potential of artificial intelligence (AI). Overall, the fund continues to provide an income to investors and as at 30 June 2023 has a 12 month trailing yield of 4.01%. This is the yield an investor would have received if they had held the fund over the last twelve months.
EdenTree Responsible & Sustainable Short Dated Bond	-1.74%	Rising interest rates continue to drive negative performance in the bond market. As interest rates rise, the price of bonds fall, and vice-versa. The EdenTree Responsible & Sustainable Short Dated Bond Fund currently has a large allocation to UK based companies and these have been particularly hit over the second quarter. UK inflation remains stubborn and the impact of trying to control this can have long and variable effects on companies. The fund invests primarily in high quality bonds with an investment-grade credit rating of A or better. The credit quality is important in the face of recessionary risks as it influences the ability of a company to meet its debt obligations.

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Glossary

Absolute return
A type of investment strategy that aims to make a positive return on investment regardless of how well the overall market is performing. This means that even if the market is going down, an absolute return strategy will still try and make money.

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

Alpha
A measure of investment performance above the market. For example, an equity fund delivers returns of 9%. If the broader equity market has delivered 4%, the fund has delivered 5% of alpha.

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

Annualised return
The amount of money an investment makes on average each year (expressed as a percentage). For example, over three years a fund delivers returns of 4%, 6% and 3% - its annualised return is 4.3%.

Assets
Any financial instrument that has value and can be used to generate income or grow in value. This can include equities, bonds, property and commodities. The goal of investing in assets is to generate a return on investment, either through capital growth, income, or both.

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

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

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

Bottom up
An investment approach that focuses on analysing individual companies or securities, rather than making investment decisions based on broader economic or market trends.

Commodities
A type of asset class which are typically raw materials or primary agricultural products that can be bought and sold, such as copper, gold, oil. As an asset class, commodities can provide diversification benefits to an investment portfolio because they often have low correlation with other asset classes.

Component funds
Funds that are used as building blocks to create a diversified investment portfolio. These funds typically invest in a specific asset class or sector, such as large-cap stocks, small-cap stocks, or bonds. These funds are not available in the retail marketplace.

Consumer discretionary
A category of companies that provide goods and services that are considered non-essential or discretionary, meaning they are not necessary for basic living but are purchased by consumers when they have extra income. Examples include clothing and accessories, cars and entertainment. Companies in the consumer discretionary sector may be involved in the design, manufacture, marketing, and sale of these products and services.

Glossary continued

Consumer staples
A category of companies that provide goods and services that are considered essential or staples, meaning they are necessary for basic living and are purchased by consumers regardless of economic conditions. Examples include food, beverages, household products and healthcare products. Companies in the consumer staples sector may be involved in the production, processing, marketing, and distribution of these products and services.

Corporate bonds
A type of fixed income investment that companies issue to raise capital. When an investor buys a corporate bond, they are essentially lending money to the company that issued the bond. In return, the company promises to pay back the principal amount of the bond (the initial investment) plus interest over a set period of time.

Correlation
A statistic that measures the degree to which two investments (for example equities and bonds) move in relation to each other.

Coupon
Interest payment made to the bondholders by the issuer of a bond. It is usually paid out semi-annually or annually and is a percentage of the bond's face value. The coupon rate is the fixed interest rate that the bond issuer agrees to pay to the bondholders.

Currency exposure
A risk that an investment's value will be affected by changes in currency exchange rates.

Cyclical slowdown
A period of economic contraction that is part of the normal business cycle. In a typical business cycle, there are periods of expansion (when the economy is growing) and periods of contraction (when the economy is shrinking). A cyclical slowdown is a type of contraction that occurs when the economy slows down after a period of growth.

Credit
Debt investments that are issued by companies, governments, or other entities. Credit investments are essentially loans that investors make to the issuer, and in return, the issuer promises to pay back the principal amount of the loan plus interest over a set period of time.

Credit spreads
The difference in the income return on an investment between two types of debt investments, typically bonds. The spread is calculated by subtracting the income return of a lower-risk investment from the income return of a higher-risk investment.

Debt ceiling
The legal limit on the amount of money that a government is allowed to borrow to fund its operations.

Defensive stocks
Stocks of companies that tend to do well during tough economic times. These companies are often in industries that provide essential goods or services that people need no matter what's going on with the economy, like utilities, healthcare, and consumer staples. Defensive stocks are considered less risky than other stocks because they are less sensitive to changes in the economy.

Derivatives
Derivatives are financial instruments that get their value from other things, like equities, bonds, or commodities. They can be used for different purposes, like protecting against changes in the price of an asset, trying to make money by predicting the future price of an asset, or getting exposure to an asset without actually owning it.

Diversification
Spreading your money across different types of investments, such as equities, bonds, and property, instead of putting all your money in just one type of investment. By doing this, you can reduce the overall risk of your investment portfolio.

Dividends
Payments that some companies make to their shareholders as a way to share their profits. When you own a share of a company's stock, you are a part-owner of that company. As a shareholder, you may be entitled to a portion of the company's profits in the form of dividends. Companies typically pay dividends to their shareholders on a regular basis, such as quarterly or annually.

Downside
The potential loss that an investor may incur from an investment. It is the opposite of upside, which refers to the potential gain that an investor may achieve from an investment.

Glossary continued

Dovish
A policy stance that is supportive of low interest rates and other measures designed to stimulate economic growth. For example, by lowering interest rates to make borrowing cheaper and encourage businesses and consumers to spend more. This can help to stimulate economic growth and reduce unemployment.

Duration
The sensitivity of the price of a bond to changes in interest rates. A bond with a longer duration will typically be more sensitive to changes in interest rates than a bond with a shorter duration.

Economic cycle
The natural pattern of growth and contraction that happens in the economy over time. It has four stages: expansion, peak, contraction, and trough. During the expansion phase, the economy is growing, and during the contraction phase, the economy is shrinking.

Emerging markets
Countries that have fast-growing economies and may be going through the process of industrialisation. Examples include Brazil, Russia, India and China (often referred to as BRIC).

Equities
Also known as stocks or shares, equities represent an ownership interest in an entity, such as a company. In other words, if you own equity in a company, you own part of that business.

ESG
Stands for Environmental, Social and Governance. It’s a way for investors to evaluate companies based on how they impact the environment, society, and their own internal policies. Investors use ESG criteria to make investment decisions that align with their values and beliefs.

Exchange Traded Funds (ETFs)
Funds that track indices, sectors or commodities and are bought and sold on the stock exchange.

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

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

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

Government bonds
Essentially IOUs issued by a government to borrow money from investors. When you buy a government bond, you're basically lending money to the government for a set period of time, and in return, you'll receive interest payments. Government bonds are considered to be safe investments because the risk of the government defaulting on its debt is very low.

Growth investing
Investing in companies that are expected to offer future growth prospects that are above the average in their industry or sector.

Hawkish
A policy stance that is supportive of higher interest rates and other measures designed to control inflation. For example, a central bank may take a hawkish stance by raising interest rates in order to slow down economic growth and prevent inflation from rising too quickly.

Hedge fund
Funds that target high positive returns in any market environment through the use of non-traditional portfolio management techniques. They are typically only suitable for sophisticated investors as hedge funds can be more complex compared to traditional investments such as mutual funds.

Glossary continued

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

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

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

Indices
A type of financial measure that tracks the performance of a group of investments, such as equities, bonds, or commodities. An index is designed to provide a snapshot of how the overall market or a specific segment of the market is performing. Also know as indexes.

Inflation
Inflation is when the prices of goods and services go up over time. This means that the same amount of money can buy fewer things than before. Inflation can be caused by various factors, such as an increase in the amount of money in circulation or changes in consumer demand. Inflation is measured using a price index, which tracks the prices of a basket of goods and services.

Investment Association (IA)
A trade association for the UK's investment management industry. The IA maintains a set of benchmarks for different types of investment products. A benchmark is a standard against which the performance of an investment product can be measured.

Investment grade bonds
Investment grade bonds are a type of bond that is considered to be a safer investment because the issuer has a good credit rating so more likely to be able to pay back the money they have borrowed. They are usually issued by large, well-established companies or governments with a strong track record of financial stability.

Investment style
A set of investment strategies and techniques used by fund managers to manage portfolios. There are several different investment styles, each with its own approach to investing and set of characteristics. See Value and Growth investing.

Investment trusts
A type of collective investment fund that pools money from many investors to buy a portfolio of different assets, such as equities, bonds, and property. They are similar to mutual funds, but are structured as companies and are traded on stock exchanges like individual stocks.

Liquidity
The degree to which how quickly an asset can be bought or sold without impacting its price. For example, shares in very large corporations are highly liquid as they can be bought and sold almost as soon as you request. Property is illiquid since buying or selling property can take months if not years.

Market capitalisation
A measure of a company's size, calculated by multiplying the total number of shares a company has in issue by its current share price. Companies are commonly classified as either small cap, mid cap or large cap.

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

Glossary continued

Multi-asset
A type of investment strategy that involves investing in a diversified portfolio of different asset classes, such as equities, bonds, property, and commodities. The goal of a multi-asset investment strategy is to achieve a balance between risk and return by spreading investments across different asset classes that behave differently in different market conditions.

Mutual funds
Mutual funds pool money from a large number of investors with similar goals into a single investment product. They are managed by a dedicated investment professional (commonly know as the portfolio or fund manager) and can invest in tens to thousands of securities from a specific asset class or a range of asset classes.

Net Asset Value (NAV)
A term used to describe the value of all the investments held by a fund, minus any fees, expenses, or other liabilities. It's usually calculated on a per-share basis, which means it represents the value of one share in the fund. The NAV is calculated at the end of each trading day.

Option
A financial contract that gives the holder the right, but not the obligation, to buy or sell an underlying asset at a specific price, on or before a specific date.

Ongoing Charge Figure (OCF)
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.

Outperformance
Where an investment or investment portfolio has achieved a higher return than a benchmark or peer group over a specified period of time.

Passive fund/Passively managed
A fund that aims to track the performance of a market index.

Platform
A digital tool that allows investors to access a range of investment products and services from different providers in one place.

Policy tightening
Policy tightening is when a government or central bank take steps to slow down the economy and control inflation. This is done by increasing interest rates, which makes it more expensive to borrow money and can slow down spending and investment.

Portfolio
A collection of investments.

Private equity
Investments in companies that are not publicly traded and are not easily accessible to individual investors. Private equity firms raise money from investors, such as pension funds and wealthy individuals, and use that money to buy companies or to invest in companies to help them grow and become more profitable. Private equity firms typically hold their investments for several years before selling them for a profit.

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

Proprietary
Something that is developed and owned by a particular company and is not available to competitors.

Quantitative easing (QE)
A monetary policy tool used by central banks to stimulate the economy. In QE, the central bank buys financial assets, such as government bonds, from banks and other financial institutions, thereby increasing the money supply in the economy. By increasing the money supply, the central bank aims to lower interest rates and encourage lending, which in turn can boost economic activity and inflation. QE is typically used when traditional monetary policy tools, such as adjusting interest rates, have become ineffective.

Quality stocks
Stocks of companies that are considered to be financially stable, profitable, and well-managed.

Glossary continued

Real assets
A type of investment that refers to physical assets such as property, commodities, natural resources, and infrastructure. Unlike financial assets such as equities and bonds, real assets have intrinsic value because they have a tangible presence in the real world.

Real estate
Investments in physical property, such as land, buildings, and other structures. This can take many forms, such as buying and renting residential or commercial properties, investing in real estate investment trusts (REITs), or investing in real estate development projects.

Real return
The money an investment makes taking into account inflation (expressed as a percentage). If an investment grows in value by 5% over one year, and the rate of inflation is 2%, the real return is 3%.

Rebalancing
Increasing and reducing exposure to asset classes within a portfolio to reflect any changes in the expected long-term returns from asset classes.

Recession
A period of economic decline characterised by a decrease in gross domestic product (GDP), employment, and trade lasting for at least two consecutive quarters.

Real Estate Investment Trusts (REITs)
A type of investment fund that owns and operates income-generating residential and commercial properties.

Sector analysis
The process of evaluating and comparing different sectors of the economy as potential investments. The most commons sectors are: Consumer Discretionary, Consumer Staples, Energy, Financials, Healthcare, Materials and Industrials.

Share class
Refers to a specific type of share that is issued. Each share class has unique characteristics, such as voting rights, fees, and dividend payments. Share classes give investors different options for investing in a company and this can impact fees and expenses as well as returns.

Slowdown
A period of reduced economic activity characterized by a decline in indicators such as gross domestic product (GDP), employment, and consumer spending.

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

Strategic asset allocation (SAA)
The target investment split between different asset classes in a portfolio. This is based on the long-term risk and return characteristics of asset classes and is designed to reflect an investor's investment objectives and attitude to risk. The target asset allocation may be adjusted periodically (rebalanced) to reflect changes in market conditions.

Thematics
An investment strategy that focuses on investing in companies that are expected to benefit from a particular trend or theme, such as technological innovation.

Top down
An investment approach that starts with an analysis of broader economic and market trends, and then uses this analysis to guide investment decisions.

Total return
The total return of an investment comprises any capital appreciation (or depreciation) plus any income from interest or dividends over a period of time.

UK CPI
UK Consumer Price Index. It is a measure of inflation that tracks the changes in the price of a basket of goods and services purchased by households in the UK.

Upside
The potential gain that an investor may achieve from an investment. It is the opposite of downside which refers to the potential loss that an investor may incur from an investment.

Value investing
Investing in companies that are seen to be undervalued relative to their current trading price. We believe they offer greater return potential in comparison to more expensive areas of the market.

Glossary continued

Volatility
A measure of how much the Fund's returns may vary over a year.

Yield
The income return on an investment, usually expressed as a percentage of the amount invested.

Yield curve
The relationship between the yield (or interest rate) and the maturity of a series of fixed income investments.

Yield spreads
The difference in yield between two different types of fixed-income investments, such as bonds. Yield spreads are often used as a measure of the risk associated with a particular investment, with higher spreads indicating higher risk.

Important information

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