Schroder Investment Solutions

Quarterly Bulletin

Q3 2022

Schroders

Marketing material

Contents

Introduction

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

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

We then show you how 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

Q3 2022

2017	2018	2019	2020	2021	YTD	Q3 2022
Asia Ex Japan Equities 29.4	Global High Yield Bonds 1.9	US Equities 25.7	Asia Ex Japan Equities 21.2	Commodities 41.6	Commodities 47.8	Global High Yield Bonds 5.8
EM Equities 25.4	Global Property 1.2	Europe ex UK Equities 20.0	US Equities 16.2	Global Property 28.4	Global High Yield Bonds -1.9	US Equities 3.4
Europe ex UK Equities 15.8	Global Treasury Bonds 1.1	UK Equities 19.2	EM Equities 14.7	US Equities 27.6	UK Equities -7.9	Japanese Equities 1.3
Japanese Equities 15.6	UK Gilts 0.6	Global Property 18.3	UK Index-linked Gilts 11.0	UK Equities 18.3	US Equities -8.8	Europe ex UK Equities -2.0
UK Equities 13.1	US Equities 0.1	Japanese Equities 14.6	Japanese Equities 9.5	Europe ex UK Equities 16.7	Japanese Equities -8.8	Commodities -2.4
US Equities 10.4	UK Index-linked Gilts -0.3	EM Equities 13.9	UK Corporate Bonds 9.1	UK Index-linked Gilts 4.2	Global Treasury Bonds -11.5	UK Equities -3.4
UK Corporate Bonds 4.9	UK Corporate Bonds -2.2	Asia Ex Japan Equities 13.6	UK Gilts 8.3	Japanese Equities 2.0	EM Equities -11.6	Global Treasury Bonds -3.5
Global Corporate Bonds 4.6	Global Corporate Bonds -2.7	Commodities 13.1	Europe ex UK Equities 7.5	Global High Yield Bonds 1.9	Asia Ex Japan Equities -12.5	Global Property -3.6
UK Index-linked Gilts 2.3	Japanese Equities -8.4	UK Corporate Bonds 11.0	Global Corporate Bonds 7.2	Global Corporate Bonds -1.0	Global Property -14.4	EM Equities -3.8
UK Gilts 1.8	Commodities -8.5	Global Corporate Bonds 10.6	Global Treasury Bonds 4.6	EM Equities -1.6	Europe ex UK Equities -17.1	Global Corporate Bonds -4.8
Global Property 1.8	Asia Ex Japan Equities -9.0	Global High Yield Bonds 8.2	Global High Yield Bonds 3.7	Global Treasury Bonds -2.0	Global Corporate Bonds -17.5	Asia Ex Japan Equities -6.3
Global Treasury Bonds 1.1	EM Equities -9.3	UK Gilts 6.9	UK Equities -9.8	UK Corporate Bonds -3.3	UK Corporate Bonds -24.5	UK Index-linked Gilts -9.3
Global High Yield Bonds 0.9	UK Equities -9.5	UK Index-linked Gilts 6.4	Global Property -11.0	Asia Ex Japan Equities -3.8	UK Gilts -25.1	UK Corporate Bonds -12.0
Commodities -3.4	Europe ex UK Equities -9.9	Global Treasury Bonds 5.5	Commodities -26.1	UK Gilts -5.2	UK Index-linked Gilts -29.3	UK Gilts -12.8

Source: Morningstar as at 30 September 2022, based in Sterling, bid to bid, net income reinvested, net of fees.

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.

Market commentary

Q3 2022

After a rally in July, both shares and bonds turned lower and registered negative returns for Q3. Any hopes of interest rate cuts were dashed as central banks reaffirmed their commitment to fighting inflation. The Federal Reserve (Fed), European Central Bank and Bank of England all raised interest rates in the quarter. Emerging markets underperformed their developed counterparts. Commodities generally declined.

US equities fell in Q3. The communication services sector, including both telecoms and media stocks, was among the weakest sectors over the quarter, along with real estate. The consumer discretionary and energy sectors proved the most resilient. The Fed raised the federal funds rate by 75 basis points (bps) to 3.25% in September; the third consecutive increase. The Fed's preferred measure of inflation (the core personal consumption expenditure index) ticked up again in August - on a year-on-year (y/y) basis - from 4.7% to 4.9%. GDP data confirmed that the US economy is in a technical recession with GDP falling by -0.6% y/y in Q2 after a -1.6% contraction in Q1.

Eurozone shares experienced further sharp falls in Q3 amid the ongoing energy crisis, rising inflation, and consequent fears about the outlook for economic growth. Every sector posted negative returns, with the steepest falls for communication services, real estate and healthcare. The European Central Bank raised interest rates in July and September, taking the deposit rate to 0.75% and refinancing rate to 1.25%. Annual inflation for the eurozone was estimated at 10.0% in September, up from 9.1% in August. GDP figures showed the eurozone economy grew by 0.7% quarter-on-quarter in Q2. However, forward-looking indicators signalled a weakening economy.

UK equities fell in Q3. The new government under Liz Truss announced a fiscal package in September which was poorly received by markets and sent sterling to an all-time low versus the US dollar. Large multi-national consumer staples and energy companies outperformed. In contrast, fears around the impact of rising energy bills on consumer discretionary spend weighed heavily on retailers, travel and leisure, home construction and other domestically focused companies. The same concerns which contributed to a bout of extreme sterling weakness at the period end exacerbated some of these trends.

After rising through July and August, the Japanese stock market followed global equity markets lower in September to end the quarter down 0.8%. Other than a brief period in late July, the yen weakened almost continuously against the US dollar, easily breaking the 140 level for the first time since 1998. Early in the quarter, market events were overshadowed by the shocking assassination of former prime minister Shinzo Abe on 8 July. Meanwhile, the first estimate of GDP showed a quarter-on-quarter annualised growth rate of 2.2%, which was slightly below consensus expectations.

Asia ex Japan equities were weaker in the third quarter on investor concerns over rising inflation, higher interest rates and fears over a global slowdown. The war in Ukraine and ongoing tensions between China and Taiwan also weighed on sentiment during the quarter. China was the weakest index market in the quarter on concerns over rising interest rates, as countries around the world battle soaring inflation. The alarming spread of Covid-19 throughout China also weakened sentiment, prompting fears of further lockdowns as the country continues to pursue a policy of zero-Covid. India ended the quarter in positive territory, although concerns over the pace of interest rate hikes by the US Federal Reserve weakened sentiment towards the end of the quarter.

Market commentary

Q3 2022

Emerging market (EM) equities posted negative returns in Q3, against a backdrop of slowing global growth, heightened inflationary pressure and rising interest rates. Poland was the weakest index market, with Hungary and Czech Republic also among the biggest decliners, as the Russian war in Ukraine escalated and led to an energy crisis in Europe, which in turn has contributed to accelerating inflation. Growth-sensitive north Asian markets, such as South Korea and Taiwan, suffered as the outlook for global trade deteriorated. Colombia also performed poorly as commodity prices fell, while the Philippines and South Africa, where concerns about the power situation weighed on sentiment, also lagged the index. Turkey was the best performing market. Despite inflation that is over 80%, the central bank cut interest rates twice during the quarter and the economy continues to grow strongly. India and Indonesia also posted positive returns which were ahead of the broader index. Brazil performed well as investors took comfort from a narrowing in opinion polls ahead of October's presidential election, and as growth and inflation improved.

The heightened market volatility during third quarter continued as central banks and investors continued to grapple with persistent inflation amid a slowing growth backdrop. The Federal Reserve (Fed) tagged on another 75 bps increase onto existing rates in September which brought the rate to between 3.0% and 3.25%. This is the fifth interest rate in the year so far, following rate hikes to 1.75% in June and 2.5% in July. The UK's budgetary announcement accelerated the sell-off as investors questioned the credibility of the government's fiscal framework. With the gilt market suffering significant losses, the Bank of England intervened by temporarily buying long dated gilts. Sterling hit an all-time low of $1.03 in the closing days of the month before recouping some of its losses. Government bond yields were generally higher and credit spreads wider across the global market, weighing heavily on market returns. The credit spread is the difference in yield between bonds of a similar maturity but with different credit quality. Credit spreads widened amid fears that tighter monetary policy may undermine further economic growth prospects.

The S&P GSCI Index recorded a negative performance in the third quarter, driven lower by weaker prices for energy, industrial metals and precious metals. Energy was the worst-performing component of the index in the quarter, with sharply lower prices for crude oil, Brent crude and unleaded gasoline offsetting higher prices for natural gas.

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.**

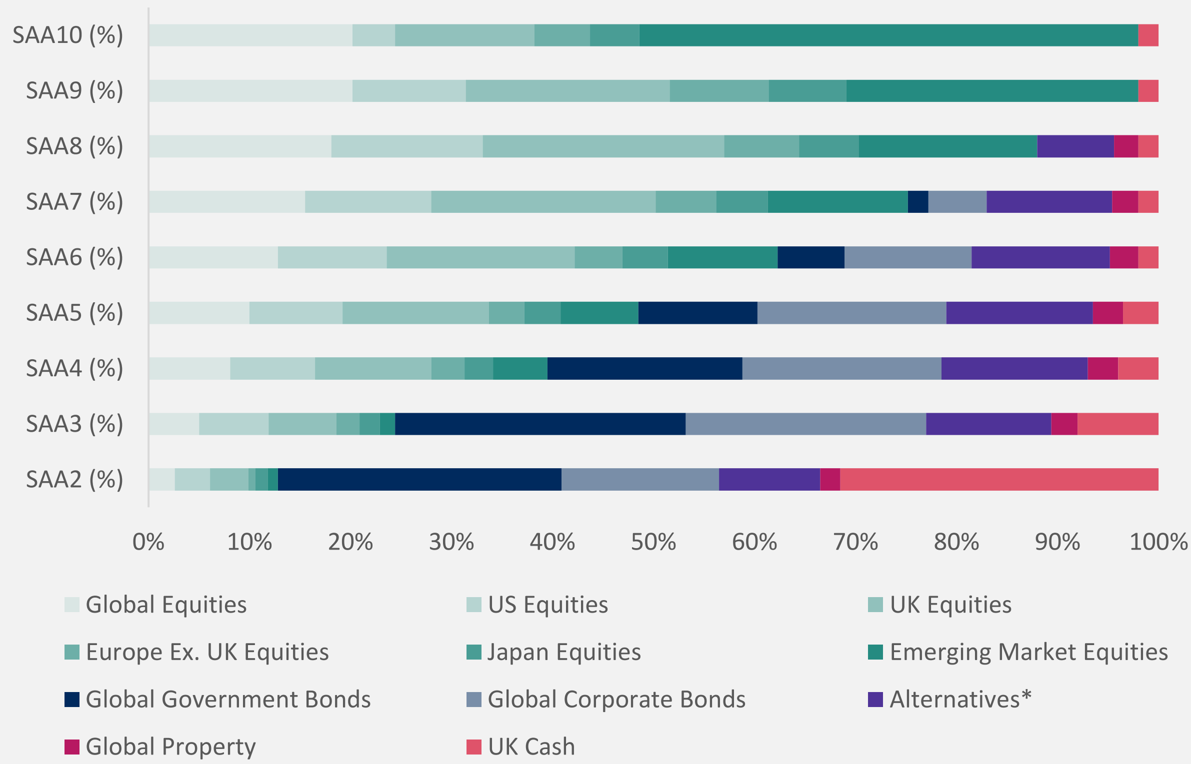
Asset allocation

Q3 2022

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)

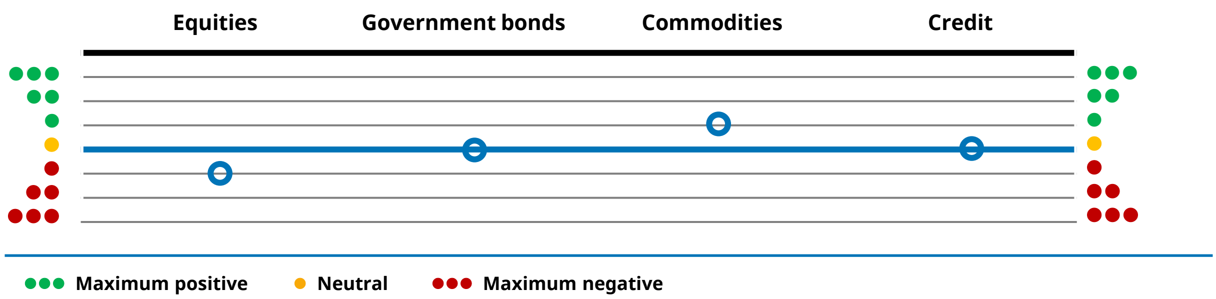


The chart illustrates the asset class diversification across the Schroder Active Model Portfolios 2-10. Please note that the illustration may not show our current asset allocation.

**Alternatives include non-traditional asset classes for example Commodities, Infrastructure, Real Assets and Emerging Market Debt*

Asset class views

Q3 2022



MAIN ASSET CLASSES

Category	View		Comments
Equities	🔴		We remain negative on equities as we expect further weakness in company earnings.
Government bonds	🟡	△	As expected, US Federal Reserve (Fed) chairman Jerome Powell reiterated the US central bank's commitment to bringing inflation under control. We have moved to a neutral stance as valuations and market expectations are now more realistic.
Commodities	🟢	△	We have upgraded our view, as supply in the energy and agriculture markets remains tight.
Credit	🟡		We maintain our neutral stance as credit will be less affected by a potential recession than equities.

EQUITIES

Category		View	Comments
US		🟡	We continue to prefer the US, driven by the search for high quality companies. We believe that US companies should hold up better than their global counterparts.
UK		🔴	We maintain our negative stance despite the recent rebound in energy as we believe lower demand going forward will weigh on the index.
Europe		🔴🔴	The region has seen a record rise in interest rates to curb inflation. We believe the window further rate rises is now limited and this, coupled with the natural gas crisis, is an unfavourable mix.
Japan		🔴	Recession fears are building, and Japanese equities are likely to be weaker due to the cyclical nature of the index.
Global Emerging Markets[1]		🔴	Recessionary risks are traditionally not supportive for EM equities and the region also continues to be affected by the strong US dollar.
Asia ex Japan	China	🔴	Although share price valuations have fallen back, they are not yet at levels where they are attractive.
	EM Asia ex China	🔴	We maintain our negative stance due to ongoing geopolitical tensions in the region. This is particularly the case for Taiwan.

Source: Schroders, September 2022. Note: The views for equities, government bonds and commodities are based on return relative to cash in local currency. The views for corporate bonds and high yield are based on credit spreads (i.e. duration-hedged). The views for currencies are relative to the US dollar, apart from the US dollar which is relative to a trade-weighted basket. **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.*

Schroder Active Model Portfolios

Q3 2022

Schroder Active Model Portfolios performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception* (01/02/2008) - 30/09/2022
Schroder Active Portfolio 2	**-1.24**	**-6.11**	**-5.51**	**2.80**	**1.05**	**3.62**	**1.31**	**2.78**	**6.23**	**2.32**	**3.60**	**1.88**	**2.60**
UK CPI	1.62	7.57	10.10	3.08	0.53	1.71	2.42	2.96	0.98	-0.12	1.23	2.67	2.81
Schroder Active Portfolio 3	**-1.78**	**-9.35**	**-8.40**	**6.56**	**1.29**	**6.55**	**3.51**	**4.64**	**11.42**	**3.52**	**6.96**	**6.11**	**4.67**
IA Mixed Investment 0-35% Shares	-3.62	-12.25	-11.35	5.73	0.38	4.89	1.26	3.33	11.02	1.19	4.70	5.01	2.88
Schroder Active Portfolio 4	**-1.93**	**-10.48**	**-9.41**	**10.15**	**1.95**	**5.08**	**4.83**	**7.19**	**13.35**	**5.27**	**7.37**	**12.95**	**5.67**
Schroder Active Portfolio 5	**-1.99**	**-11.30**	**-10.19**	**13.26**	**2.40**	**3.93**	**6.36**	**9.33**	**15.37**	**4.52**	**7.98**	**13.50**	**6.15**
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	3.63
Schroder Active Portfolio 6	**-2.01**	**-12.11**	**-10.89**	**16.59**	**4.04**	**4.50**	**6.89**	**12.19**	**17.42**	**4.73**	**7.63**	**15.94**	**7.15**
Schroder Active Portfolio 7	**-1.97**	**-12.81**	**-11.50**	**19.07**	**7.40**	**4.44**	**7.60**	**13.72**	**20.74**	**3.45**	**7.78**	**17.98**	**7.93**
IA Mixed Investment 40-85% Shares	-2.06	-12.79	-10.27	16.76	-0.05	4.33	5.43	9.25	15.91	0.60	5.78	13.67	5.01
Schroder Active Portfolio 8	**-1.83**	**-13.86**	**-12.51**	**21.69**	**8.84**	**5.49**	**5.70**	**14.17**	**25.21**	**0.61**	**5.39**	**14.25**	**7.70**
Schroder Active Portfolio 9	**-1.93**	**-15.75**	**-15.15**	**23.99**	**12.07**	**6.50**	**5.22**	**16.63**	**31.36**	**-3.08**	**4.69**	**9.48**	**7.90**
Schroder Active Portfolio 10	**-2.33**	**-15.76**	**-15.74**	**23.12**	**7.56**	**7.52**	**2.08**	**15.91**	**34.19**	**-8.28**	**3.27**	**4.92**	**6.49**
IA Flexible Investment	-1.25	-11.56	-9.55	18.54	1.04	3.17	5.50	10.46	16.77	-0.59	5.74	13.71	5.06

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Schroder Active Model Portfolios

Q3 2022

Positive contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
Artemis US Select	5.88%	After taking a more cautious view of the economy in the last quarter, the increased exposure to utilities and healthcare proved beneficial for the fund. Companies within these sectors have earnings which typically remain stable or even grow as the wider economy slows. Although a recession is expected in the US, it is expected to be milder relative to the UK or Europe. This presents opportunity to purchase companies at more attractive valuations. The fund managers will look to invest in higher growth companies once markets start to look past the current interest rate rising cycle. This approach is true to the investment philosophy of the fund which adopts a flexible approach to stock-picking to deliver returns in different conditions.
Neuberger Berman Uncorrelated Strategies	3.11%	The fund continues to provide strong returns in volatile markets as a component of the Alternatives asset class. The fund includes a range of strategies which have a low correlation to one another and the equity and fixed income markets. This meant that when equity markets experienced positive returns in July and half of August, the fund suffered losses. As August and September were more volatile in equity and bond markets, the fund achieved positive performance. This performance profile is in line with our expectations of the strategy, and we expect to continue benefitting from the allocation against an uncertain backdrop.
M&G Emerging Markets Bond	6.09%	Despite the continued global inflationary pressure and country-specific risks in emerging markets, the fund outperformed its benchmark over the quarter. Returns were hit by rising interest rates and a strong US Dollar which meant that hard currency government bonds struggled. In September, the managers took the opportunity to participate in new bond issues from Bulgaria and Romania and marginally increase their exposure to local currency assets. The fund aims to provide a combination of capital growth and income by investing in bonds issued by governments and companies in emerging markets. An in-depth analysis of the individual bond issuers is performed in conjunction with an assessment of global and country specific macroeconomic factors.

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Negative contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
JOHCM UK Dynamic	-7.69%	In addition to the negative sentiment globally, the UK dealt with several shocks to the bond and currency markets. The fund underperformed its benchmark over the quarter and sector selection was the primary driver of negative performance. Stocks in telecoms, real estate and industrials detracted from performance and the team took the opportunity to add to high conviction stocks at more attractive valuations. The strategy of the fund is to profit from understanding positive corporate change which is often under-appreciated by the overall stock market.
MI TwentyFour Dynamic Bond	-5.85%	As expected in a rising interest rate environment, the fund experienced negative performance with exposure to US treasuries, German Bunds and Gilts. Although elevated market volatility looks set to remain, the starting yields in fixed income are now extremely attractive on a medium term horizon. The managers continue to monitor inflation indicators and ensure there is sufficient liquidity within the portfolio to take advantage of opportunities as they arise. This approach aligns with our goal for managers in the Corporate Bond asset class to optimise or reduce exposure according to the market environment.
Schroder Global Sustainable Value	-8.58%	The outlook for global equities remains challenging given the declining macroeconomic indicators. In particular, the negative performance of the fund was due to exposure to communication services, healthcare and technology sectors. The value-based investing nature of the fund seeks to identify companies which are undervalued by the broader market and over the quarter we saw some of these types of companies underperform. The fund focuses on companies with a positive impact on society by doing less harm to people and the planet relative to other companies within the same industry. We remain positive on this allocation within the global equity asset class as it provides diversification benefits over the longer-term.

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Schroder Active Model Portfolios

Q3 2022

Portfolio updates

Markets continued to struggle in Q3, although there was a slight glimmer of positive performance in July. The market saw a possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes disappeared at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This led to central banks in the US, UK and Europe raising interest rates and positioning themselves for further hikes in Q4.

Against this market backdrop, we expect volatility in the equity markets to persist. We remain aware of our exposure to value and growth stocks and how they typically perform in this environment. In our US equity allocation, we have marginally increased our value-orientated strategies to benefit from the higher interest rate environment. We also continue to believe that higher-quality and defensive businesses will be resilient going forward and our equity allocations are positioned to take advantage of this.

Although we remain cautiously positioned in our fixed income allocation, we have taken a more positive view on interest rates and have further increased our exposure to interest rate sensitivity within the portfolios. As bond yields rise, it provides an attractive opportunity to benefit from the higher yields now on offer from government bonds. Our current view is markets have already priced in a lot of the expected rate rises into bond yields. An important point to note, is that we removed our specific allocation to UK gilts in April this year and have invested in Global Government Bond funds which will have a much smaller allocation to Gilts, which benefited investors towards the end of Q3.

For this quarter we have maintained our allocation to corporate bond fund managers that are exposed to higher credit quality as measured by bond ratings. In a slowing economy, we believe that high-yield and non-investment grade bonds may continue to face headwinds and therefore want to balance out some of this risk in the portfolios.

We continue to hold an allocation to alternative assets, made up of return enhancing and risk diversifying funds. These include real assets (such as infrastructure, inflation-linked bonds, specialised property and hedge funds). During this volatile period, we have maintained more risk diversifiers within the portfolio, which has protected returns over the course of 2022.

We think markets will remain volatile in Q4, as investors grapple with the effects of inflation, higher energy costs and the actions by Central Banks. It remains as important as ever to be focused on long-term investment outcomes, remain invested and use the benefits of diversification to mitigate losses in your portfolio. During periods of volatility, diversification is a key defence in managing the frequency and magnitude by which your investments rise and fall. We remain focused on protecting portfolios from economic challenges and taking advantage of opportunities as they arise.

Schroder Active Model Portfolios

Q3 2022

Portfolio changes

Portfolios were re-balanced back to their strategic asset allocation weights and adjustments to fund allocations were made in line with our current market views.

The following fund additions and sales were made:

The JP Morgan Global Government Short Duration Bond Fund was sold to increase our interest rate sensitivity in portfolios. This is done by increasing the duration of our government bond exposure. The nature of the JP Morgan fund is to invest in bonds with a duration of between one and three years. This makes the fund less sensitive to the rapid increase in interest rates seen over the course of 2022. We believe this allocation has served its purpose for now in the government bond asset class. The proceeds of this sale have been allocated to Royal London International Government Bond Fund which is an existing holding in the portfolios. The fund currently has a duration of 6.81 years which is slightly below the duration of the benchmark, the FTSE World Government Bond Index.

In our alternatives allocation, the Liontrust Diversified Real Assets Fund has been replaced by the Waverton Real Assets Fund. The fund aligns with our goal to gain exposure to businesses backed by physical assets that generate highly predictable and often inflation-linked cash flow streams. On-going research and analysis highlighted the Waverton fund as a suitable replacement due to its limited use of direct securities which minimises overlap with our equity allocation. The fund manager has a proven track record managing real assets within private client portfolios since 2007 and formally within the fund from 2018. There is also a benefit to investors through a lower management fee for the Waverton fund.

Schroder Strategic Index Model Portfolios

Q3 2022

Schroder Strategic Index Model Portfolios Performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception * (01/02/2011) - 30/09/2022
Schroder Strategic Index Portfolio 2	**-2.00**	**-9.44**	**-8.73**	**3.07**	**-0.03**	**7.16**	**2.24**	**-0.15**	**14.95**	**3.94**	**3.89**	**2.57**	**3.20**
UK CPI	1.62	7.57	10.10	3.08	0.53	1.71	2.42	2.96	0.98	-0.12	1.23	2.67	2.64
Schroder Strategic Index Portfolio 3	**-2.49**	**-12.61**	**-11.40**	**6.33**	**0.56**	**8.03**	**4.29**	**1.50**	**21.42**	**5.07**	**6.43**	**5.68**	**4.97**
IA Mixed Investment 0-35% Shares	-3.62	-12.25	-11.35	5.73	0.38	4.89	1.26	3.33	11.02	1.19	4.70	5.01	2.72
Schroder Strategic Index Portfolio 4	**-2.03**	**-12.24**	**-10.79**	**9.77**	**0.57**	**6.58**	**5.54**	**4.02**	**21.13**	**4.21**	**7.51**	**10.73**	**5.73**
Schroder Strategic Index Portfolio 5	**-1.70**	**-11.88**	**-10.27**	**12.40**	**0.22**	**6.88**	**5.89**	**7.34**	**22.54**	**2.09**	**7.72**	**12.70**	**6.09**
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	3.66
Schroder Strategic Index Portfolio 6	**-1.16**	**-11.19**	**-9.23**	**15.36**	**0.41**	**6.01**	**6.00**	**9.40**	**24.51**	**-0.41**	**7.38**	**13.08**	**6.34**
Schroder Strategic Index Portfolio 7	**-0.57**	**-10.41**	**-8.09**	**18.79**	**0.14**	**4.90**	**6.26**	**11.50**	**27.17**	**-2.91**	**7.93**	**15.06**	**6.76**
IA Mixed Investment 40-85% Shares	-2.06	-12.79	-10.27	16.76	-0.05	4.33	5.43	9.25	15.91	0.60	5.78	13.67	5.22
Schroder Strategic Index Portfolio 8	**0.08**	**-9.65**	**-6.94**	**21.29**	**-0.46**	**5.36**	**5.96**	**12.62**	**30.45**	**-6.24**	**6.10**	**11.46**	**6.25**
Schroder Strategic Index Portfolio 9	**-0.08**	**-9.77**	**-7.89**	**20.97**	**0.42**	**5.11**	**5.37**	**14.63**	**32.41**	**-8.67**	**6.23**	**6.92**	**5.63**
Schroder Strategic Index Portfolio 10	**-1.15**	**-9.76**	**-8.78**	**18.68**	**1.65**	**5.66**	**4.17**	**14.88**	**36.70**	**-11.34**	**5.97**	**3.37**	**4.92**
IA Flexible Investment	-1.25	-11.56	-9.55	18.54	1.04	3.17	5.50	10.46	16.77	-0.59	5.74	13.71	5.22

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Schroder Strategic Index Model Portfolios
Q3 2022

Positive contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
HSBC America Index	6.08%	The first six weeks of the quarter saw a recovery in equity markets, led by technology stocks and other growth type sectors. Unfortunately, this didn't prove to be a more prolonged recovery as central banks restated their commitment to combat inflation by raising interest rates. Sterling weakness however, supported positive performance for dollar-based assets and highlighted how currency can play a role in diversifying returns. The fund aims to closely mirror the fund's target index, the S&P 500, which tracks the stock performance of the 500 largest listed companies in the US.
Fidelity Index World	4.19%	Global macroeconomic conditions influenced the volatility of performance of global equities over the quarter. Positive performance in July was followed by a slight uptick in August and further declines in September. The allocation finished the quarter with positive returns driven primarily by holdings in the consumer cyclical, energy and technology sectors. Detractors over the quarter came from stocks in the communication services, real estate and utilities sectors. The fund aims to track the performance of the MSCI World with approximately 70% exposure to US based companies.
Fidelity Index Japan	2.26%	The Fidelity Index Japan allocation has been a top contributor to performance for the second quarter in a row and highlights the importance of regional diversification in equities. The holding was added during the last quarterly rebalance to replace the HSBC Japan Index and this switch has achieved our objective to track a more concentrated index. Japanese Equities have, in local currency terms, continued to be relatively resilient in the volatile markets of 2022. The Bank of Japan (BoJ) has maintained its stance to not raise interest rates as many other central banks have done. This has meant that inflation pressures continue to exist, and the currency broke through a level last seen in 1998 (140 ¥ to 1$). This has dual implications for Japanese equities as half of the market benefits from a weaker currency while the other half is hurt by this.

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Schroder Strategic Index Model Portfolios
Q3 2022

Negative contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
Vanguard Global Corporate Bond Index	-5.30%	Corporate bonds have continued to perform poorly in the environment of tightening monetary policy and persistent inflation. The effect of this is also felt in what is termed the credit spread - the additional return above government bond yields for taking on default risk. As recessionary fears persist, the credit quality of the fund is of importance. The Index includes global corporate bonds with maturities greater than one year and is a multi-currency index that includes bonds from developed and emerging markets issuers within the industrial, utility and financial sectors. The credit quality of the fund is investment grade and this signals that the underlying bonds have a relatively low risk of default.
HSBC Global Government Bond Index	-4.24%	The heightened volatility and liquidity challenges in the bond market have meant performance for the fund was negative over the quarter. Globally, central banks have raised interest rates and due to the longer duration nature of the index, performance has been sensitive to this. Within the Strategic Index portfolios, the asset allocation is designed to closely mirror the performance of the index and we don't take any active positions intracycle. Although this has resulted in a difficult period of performance, we are more positive on longer duration bonds and expect this allocation to benefit over the medium to long-term.
HSBC FTSE All Share Index	-2.96%	The UK market has performed well this year, relative to other equity regions, but Q3 saw a reversal of this. The substantial fiscal package announced by the UK government was a major headwind for UK equities. This is in addition to challenges the market faces with rising inflation and Sterling weakness. Areas of the market which typically benefit from a stagflationary environment (an economic environment in which growth is low while inflation is rising), such as consumer staples, were outweighed by negative performance in consumer discretionary, retailers, home construction and other domestically focused companies. Broader exposure to the UK Equities market increases diversification within the asset class and we expect to see more balanced outcomes over the longer-term.

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Schroder Strategic Index Model Portfolios

Q3 2022

Portfolio updates

Markets continued to struggle in Q3, although there was a slight glimmer of positive performance in July. The market saw a possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes disappeared at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This led to central banks in the US, UK and Europe raising interest rates and positioning themselves for further hikes in Q4.

In implementing the Strategic Index Portfolios, we take no near term tactical views in what markets may do over short time horizons. With asset allocation being the biggest driver of long-term performance it is important to have a robust asset allocation framework with the right balance between asset classes, sectors and regions.

An important point to note, is that we removed our specific allocation to UK gilts in April this year and have invested in Global Government Bond funds which will have a much smaller allocation to Gilts, which benefited investors towards the end of Q3.

We think markets will remain volatile in Q4, as investors grapple with the effects of inflation, higher energy costs and the actions by Central Banks. It remains as important as ever to be focused on long-term investment outcomes, remain invested and use the benefits of diversification to mitigate losses in your portfolio. During periods of volatility, diversification is a key defence in managing the frequency and magnitude by which your investments rise and fall. We remain focused on protecting portfolios from economic challenges and taking advantage of opportunities as they arise.

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Schroder Strategic Index Model Portfolios
Q3 2022

Portfolio changes

No specific fund changes were made over the quarter. The Strategic Index Portfolios were re-balanced back to their strategic asset allocation weights.

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Schroder Sustainable Model Portfolios

Q3 2022

Schroder Sustainable Model Portfolios Performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception * (01/11/2020) - 30/09/2022
Schroder Sustainable Portfolio 3	**-2.47**	**-10.68**	**-9.81**	**6.38**	**4.38**	**7.05**	**3.17**	**5.04**	**12.92**	**4.00**	**5.48**	**6.01**	**-1.80**
IA Mixed Investment 0-35% Shares	-3.62	-12.25	-11.35	5.73	0.38	4.89	1.26	3.33	11.02	1.19	4.70	5.01	-2.97
Schroder Sustainable Portfolio 4	**-2.39**	**-12.16**	**-11.00**	—	—	—	—	—	—	—	—	—	**-0.68**
Schroder Sustainable Portfolio 5	**-2.34**	**-13.08**	**-11.75**	**12.53**	**5.94**	**6.61**	**7.01**	**9.67**	**15.80**	**2.84**	**6.58**	**13.19**	**0.19**
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	0.27
Schroder Sustainable Portfolio 6	**-2.11**	**-14.07**	**-12.42**	—	—	—	—	—	—	—	—	—	**0.91**
Schroder Sustainable Portfolio 7	**-1.81**	**-14.94**	**-12.98**	**17.85**	**8.03**	**6.31**	**9.81**	**12.80**	**21.02**	**1.81**	**6.36**	**18.56**	**2.01**
IA Mixed Investment 40-85% Shares	-2.06	-12.79	-10.27	16.76	-0.05	4.33	5.43	9.25	15.91	0.60	5.78	13.67	3.39
Schroder Sustainable Portfolio 8	**-1.41**	**-15.81**	**-13.62**	—	—	—	—	—	—	—	—	—	**2.63**
IA Flexible Investment	-1.25	-11.56	-9.55	18.54	1.04	3.17	5.50	10.46	16.77	-0.59	5.74	13.71	4.39

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Schroder Sustainable Model Portfolios
Q3 2022

Positive contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
Legg Mason US Equity Sustainable Leaders	6.28%	The fund performed well relative to its benchmark, the Russell 3000 Index which represents the largest US traded stocks. Their allocation to quality companies in industrials, information technology and health care contributed to performance. Although the dollar performance of the fund was negative, the Sterling share class was positive due to the depreciation of Sterling over the quarter. While challenging market conditions should persist in the short to intermediate term, the fund managers expect to generate superior returns through the cycle. They are especially optimistic about the impact of the Inflation Reduction Act may have on many holdings over the long term.
Rockefeller US Equity Improvers	4.39%	The fund slightly outperformed its benchmark despite the volatility experienced in markets over the quarter. Top contributors included stocks in the financial services, communication services and industrial sectors. Over the quarter, the team actively engaged with Chevron who positively contributed to performance. The engagement was entered on the company's climate transition plans and the commitment by Chevron to spend on low carbon energies. The philosophy of the fund is to invest in companies that are improving their ESG practices which the managers believe will create long-term competitive advantages. The team typically hold 30 to 55 companies with an active approach to identify compelling investment opportunities.
Stewart Investments Asia Pacific Sustainability	9.77%	The Stewart Investments Asia Pacific Sustainability fund holds a 20% allocation in our Emerging Equities asset class and was the third largest contributor to performance over the quarter. The fund holds approximately 45% in companies based in India and this has been a driver of performance over the period. Top contributors have been in the consumer cyclical, consumer defensive and financial services sectors. The Indian multinational consumer goods company, Marico, was one of the strongest performers due to its ability to weather inflationary pressures. The active management of the fund means that they are focused on investing in high-quality companies with exceptional cultures, strong franchises and resilient financials. This philosophy guides them to focus on capital preservation as well as capital growth.

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Negative contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
EdenTree Responsible & Sustainable UK Equity	-7.34%	Shocks to the UK bond and currency market have amplified the challenges faced by the UK Equity market. Given this uncertainty in markets we have seen small to mid-sized companies struggle as investors give preference to stocks which are usually larger and more well-established businesses. Exposure to small-mid cap companies as well as holdings in the financial services and health care sectors, contributed to the negative performance of the fund. A volatile market enables the fund managers to invest in companies with a lower valuation due to negative market sentiment rather than a deterioration in the fundamentals that define quality growth companies.
Rathbone Ethical Bond	-9.57%	As central banks around the world continue to raise interest rates in an effort to combat inflation, fixed-income markets have naturally struggled. The relationship between bond prices and the cost of borrowing means that as rates rise, the price of bonds fall, and vice-versa. The combination of more monetary policy tightening, persistent inflation and uncertainty means that we could still see more volatility over the next few months. To guard against this, the manager has carefully added to longer duration bonds that move more in line with inflation and growth expectations rather than changes in rate expectations.
Columbia Threadneedle UK Social Bond	-7.44%	The third quarter was another weak period for fixed income markets as the impact of rising interest rates was compounded by the difference between corporate and government bond yields (credit spread). As the Bank of England raised rates for the sixth time, UK bonds struggled in particular. Further pressure came as concerns over tax cuts and borrowing proposals were negatively received by the market. The managers are neutral to slightly positive about the prospects of higher yields on investment grade bonds as low growth tends to rein in corporate excess without a material rise in default rates. The fund employs an outcomes-focused approach to deliver both social and financial returns where bonds are invested in one of their selected eight social fields.

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Schroder Sustainable Model Portfolios

Q3 2022

Portfolio updates

Markets continued to struggle in Q3, although there was a slight glimmer of positive performance in July. The market saw a possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes disappeared at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This led to central banks in the US, UK and Europe raising interest rates and positioning themselves for further hikes in Q4.

Against this market backdrop, we expect volatility in the equity markets to persist. We remain aware of our exposure to value and growth stocks and how they typically perform in this environment. In our US equity allocation, we have marginally increased our value-orientated strategies to benefit from the higher interest rate environment. We also continue to believe that higher-quality and defensive businesses will be resilient going forward and our equity allocations are positioned to take advantage of this.

Although we remain cautiously positioned in our fixed income allocation, we have taken a more positive view on interest rates and have further increased our exposure to interest rate sensitivity within the portfolios. As bond yields rise, it provides an attractive opportunity to benefit from the higher yields now on offer from government bonds. Our current view is markets have already priced in a lot of the expected rate rises into bond yields. An important point to note, is that we removed our specific allocation to UK gilts in April this year and have invested in Global Government Bond funds which will have a much smaller allocation to Gilts, which benefited investors towards the end of Q3.

For this quarter we have maintained our allocation to corporate bond fund managers that are exposed to higher credit quality as measured by bond ratings. In a slowing economy, we believe that high-yield and non-investment grade bonds may continue to face headwinds and therefore want to balance out some of this risk in the portfolios.

We continue to hold an allocation to alternative assets, made up of return enhancing and risk diversifying funds. These include real assets (such as infrastructure, inflation-linked bonds, specialised property and hedge funds). During this volatile period, we have maintained more risk diversifiers within the portfolio, which has protected returns over the course of 2022.

We think markets will remain volatile in Q4, as investors grapple with the effects of inflation, higher energy costs and the actions by Central Banks. It remains as important as ever to be focused on long-term investment outcomes, remain invested and use the benefits of diversification to mitigate losses in your portfolio. During periods of volatility, diversification is a key defence in managing the frequency and magnitude by which your investments rise and fall. We remain focused on protecting portfolios from economic challenges and taking advantage of opportunities as they arise

Schroder Sustainable Model Portfolios

Q3 2022

Portfolio changes

Portfolios were re-balanced back to their strategic asset allocation weights and adjustments to fund allocations were made in line with our current market views.

The following fund additions and sales were made:

The JP Morgan Global Government Short Duration Bond Fund was sold to increase our interest rate sensitivity in portfolios. This is done by increasing the duration of our government bond exposure. The nature of the JP Morgan fund is to invest in bonds with a duration of between one and three years. This makes the fund less sensitive to the rapid increase in interest rates seen over the course of 2022. We believe this allocation has served its purpose for now in the government bond asset class. The proceeds of this sale have been allocated to Royal London International Government Bond Fund which is an existing holding in the portfolios. The fund currently has a duration of 6.81 years which is slightly below the duration of the benchmark, the FTSE World Government Bond Index.

In our alternatives allocation, the Liontrust Diversified Real Assets Fund has been replaced by the Waverton Real Assets Fund. The fund aligns with our goal to gain exposure to businesses backed by physical assets that generate highly predictable and often inflation-linked cash flow streams. On-going research and analysis highlighted the Waverton fund as a suitable replacement due to its limited use of direct securities which minimises overlap with our equity allocation. The fund manager has a proven track record managing real assets within private client portfolios since 2007 and formally within the fund from 2018. There is also a benefit to investors through a lower management fee for the Waverton fund.

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Schroder Blended Portfolios
Q3 2022

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

Q3 2022

Schroder Blended Portfolios Performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception* (01/04/2020) - 30/09/2022
Schroder Blended Portfolio 3 F Acc	**-1.49**	**-8.85**	**-7.75**	**7.03**	—	—	—	—	—	—	—	—	**3.25**
IA Mixed Investment 0-35% Shares	-3.62	-12.25	-11.35	5.73	0.38	4.89	1.26	3.33	11.02	1.19	4.70	5.01	0.73
Schroder Blended Portfolio 4 F Acc	**-1.30**	**-8.86**	**-7.44**	**11.09**	—	—	—	—	—	—	—	—	**5.87**
Schroder Blended Portfolio 5 F Acc	**-1.19**	**-8.95**	**-7.40**	**13.89**	—	—	—	—	—	—	—	—	**7.51**
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	4.20
Schroder Blended Portfolio 6 F Acc	**-0.85**	**-8.96**	**-6.84**	**16.60**	—	—	—	—	—	—	—	—	**9.79**
Schroder Blended Portfolio 7 F Acc	**-0.47**	**-8.92**	**-5.82**	**20.71**	—	—	—	—	—	—	—	—	**13.04**
IA Mixed Investment 40-85% Shares	-2.06	-12.79	-10.27	16.76	-0.05	4.33	5.43	9.25	15.91	0.60	5.78	13.67	7.82
Schroder Blended Portfolio 8 F Acc	**-0.11**	**-9.35**	**-7.08**	**23.45**	—	—	—	—	—	—	—	—	**14.09**
IA Flexible Investment	-1.25	-11.56	-9.55	18.54	1.04	3.17	5.50	10.46	16.77	-0.59	5.74	13.71	9.22

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Schroder Blended Portfolios

Q3 2022

Positive contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
HSBC America Index	6.08%	The first six weeks of the quarter saw a recovery in equity markets, led by technology stocks and other growth type sectors. Unfortunately, this didn't prove to be a more prolonged recovery as central banks restated their commitment to combat inflation by raising interest rates. Sterling weakness however, supported positive performance for dollar-based assets and highlighted how currency can play a role in diversifying returns. The fund aims to closely mirror the fund's target index, the S&P 500, which tracks the stock performance of the 500 largest listed companies in the US.
Fidelity Index World	4.19%	Global macroeconomic conditions influenced the volatility of performance of global equities over the quarter. Positive performance in July was followed by a slight uptick in August and further declines in September. The allocation finished the quarter with positive returns driven primarily by holdings in the consumer cyclical, energy and technology sectors. Detractors over the quarter came from stocks in the communication services, real estate and utilities sectors. The fund aims to track the performance of the MSCI World with approximately 70% exposure to US based companies.
Neuberger Berman Uncorrelated Strategies	3.11%	The fund continues to provide strong returns in volatile markets as a component of the Alternatives asset class. The fund includes a range of strategies which have a low correlation to one another and the equity and fixed income markets. This meant that when equity markets experienced positive returns in July and half of August that the fund suffered losses. As August and September were more volatile in equity and bond markets, the fund achieved positive performance. This performance profile is in line with our expectations of the strategy, and we expect to continue benefitting from the allocation against an uncertain backdrop.

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Schroder Blended Portfolios
Q3 2022

Negative contributors to portfolio performance

Fund name	Fund performance (Q3 2022)	Commentary
JOHCM UK Dynamic	-10.74%	In addition to the negative sentiment globally, the UK dealt with several shocks to the bond and currency markets. The fund underperformed its benchmark over the quarter and sector selection was the primary driver of negative performance. Stocks in telecoms, real estate and industrials detracted from performance and the team took the opportunity to add to high conviction stocks at more attractive valuations. The strategy of the fund is to profit from understanding positive corporate change which is often under-appreciated by the overall stock market.
MI TwentyFour Dynamic Bond	-5.85%	As expected in a rising interest rate environment, the fund experienced negative performance with exposure to US treasuries, German Bunds and Gilts. Although elevated market volatility looks set to remain, the starting yields in fixed income are now extremely attractive on a medium term horizon. The managers continue to monitor inflation indicators and ensure there is sufficient liquidity within the portfolio to take advantage of opportunities as they arise. This approach aligns with our goal for managers in the Corporate Bond asset class to optimise or reduce exposure according to the market environment.
HSBC FTSE All Share Index	-2.96%	The UK market has performed well this year, relative to other equity regions, but Q3 saw a reversal of this. The substantial fiscal package announced by the UK government was a major headwind for UK equities. This is in addition to challenges the market faces with rising inflation and Sterling weakness. Areas of the market which typically benefit from a stagflationary environment (an economic environment in which growth is low while inflation is rising), such as consumer staples, were outweighed by negative performance in consumer discretionary, retailers, home construction and other domestically focused companies. Broader exposure to the UK Equities market increases diversification within the asset class and we expect to see more balanced outcomes over the longer-term.

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Schroder Blended Portfolios

Q3 2022

Portfolio updates

Markets continued to struggle in Q3, although there was a slight glimmer of positive performance in July. The market saw a possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes disappeared at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This led to central banks in the US, UK and Europe raising interest rates and positioning themselves for further hikes in Q4.

Against this market backdrop, we expect volatility in the equity markets to persist. We remain aware of our exposure to value and growth stocks and how they typically perform in this environment. In our US equity allocation, we have marginally increased our value-orientated strategies to benefit from the higher interest rate environment. We also continue to believe that higher-quality and defensive businesses will be resilient going forward and our equity allocations are positioned to take advantage of this.

Although we remain cautiously positioned in our fixed income allocation, we have taken a more positive view on interest rates and have further increased our exposure to interest rate sensitivity within the portfolios. As bond yields rise, it provides an attractive opportunity to benefit from the higher yields now on offer from government bonds. Our current view is markets have already priced in a lot of the expected rate rises into bond yields. An important point to note, is that we removed our specific allocation to UK gilts in April this year and have invested in Global Government Bond funds which will have a much smaller allocation to Gilts, which benefited investors towards the end of Q3.

For this quarter we have maintained our allocation to corporate bond fund managers that are exposed to higher credit quality as measured by bond ratings. In a slowing economy, we believe that high-yield and non-investment grade bonds may continue to face headwinds and therefore want to balance out some of this risk in the portfolios.

We continue to hold an allocation to alternative assets, made up of return enhancing and risk diversifying funds. These include real assets (such as infrastructure, inflation-linked bonds, specialised property and hedge funds). During this volatile period, we have maintained more risk diversifiers within the portfolio, which has protected returns over the course of 2022.

We think markets will remain volatile in Q4, as investors grapple with the effects of inflation, higher energy costs and the actions by Central Banks. It remains as important as ever to be focused on long-term investment outcomes, remain invested and use the benefits of diversification to mitigate losses in your portfolio. During periods of volatility, diversification is a key defence in managing the frequency and magnitude by which your investments rise and fall. We remain focused on protecting portfolios from economic challenges and taking advantage of opportunities as they arise.

Schroder Blended Portfolios

Q3 2022

Portfolio changes

Portfolios were re-balanced back to their strategic asset allocation weights and adjustments to fund allocations were made in line with our current market views.

Our economic cycle analysis has resulted in an adjustment to our active and passive split within the Blended Portfolios. 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. This has resulted in a shift to active managers in the asset classes where we believe they will add the most value. Notable changes can be seen in the Emerging Markets Equities allocation where we now have an 85% allocation to active, previously this was 70%. UK Equities now has a 60% allocation, previously 35%, and European Equities have 70% active managers.

We have also increased our passive exposure in the Corporate Bond asset class by introducing the Vanguard Global Short-Term Corporate Bond Index Fund.

The Royal London International Government Bond Fund was added to the portfolios to increase our interest rate sensitivity through an increase in duration. The fund currently has a duration of 6.81 years which is slightly below the duration of the benchmark, the FTSE World Government Bond Index.

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Schroder Tactical Portfolios

Q3 2022

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 Tactical Portfolio 3	30% to 45% of MSCI ACWI	0-35% shares average
Schroder Tactical Portfolio 4	40% to 55% of MSCI ACWI	20-60% shares average
Schroder Tactical Portfolio 5	50% to 65% of MSCI ACWI	20-60% shares average
Schroder Tactical Portfolio 6	65% to 80% of MSCI ACWI	40-85% shares average
Schroder Tactical Portfolio 7	75% to 90% of MSCI ACWI	40-85% shares average

Source: Schroders 2022. [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.

Schroder Tactical Portfolios

Q3 2022

Schroder Tactical Model Portfolios Performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception * (01/02/2017) - 30/09/2022
Schroder Tactical Portfolio 3 F Acc	**-3.14**	**-12.46**	**-10.97**	**6.66**	**1.59**	**5.54**	**0.69**	—	—	—	—	—	**0.95**
IA Mixed Investment 0-35% Shares	-3.62	-12.25	-11.35	5.73	0.38	4.89	1.26	3.33	11.02	1.19	4.70	5.01	0.55
Schroder Tactical Portfolio 4 F Acc	**-2.73**	**-12.25**	**-10.44**	**10.60**	**-0.48**	**4.49**	**1.88**	—	—	—	—	—	**1.48**
Schroder Tactical Portfolio 5 F Acc	**-2.51**	**-12.08**	**-10.02**	**13.50**	**-1.60**	**3.93**	**2.56**	—	—	—	—	—	**1.98**
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	1.62
Schroder Tactical Portfolio 6 F Acc	**-2.09**	**-11.53**	**-9.05**	**16.23**	**-2.80**	**3.09**	**3.25**	—	—	—	—	—	**2.43**
Schroder Tactical Portfolio 7 F Acc	**-1.75**	**-10.72**	**-7.77**	**19.23**	**-3.81**	**2.29**	**2.85**	—	—	—	—	—	**2.79**
IA Mixed Investment 40-85% Shares	-2.06	-12.79	-10.27	16.76	-0.05	4.33	5.43	9.25	15.91	0.60	5.78	13.67	3.56

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Schroder Tactical Portfolios
Q3 2022

Positive contributors to portfolio performance

Asset class	CTR[1] (T5)	Absolute return	Commentary
Global Equities	0.3%	0.9%	Global equities enjoyed the market rally in July, recovering the losses from the end of the previous quarter. This good fortune did not last however as sell offs in July and August undid most of the gains, but managed to keep its head above water to the end of the period.

Note: Global equities = Sustainable Multi-Factor Equity Fund, Schroder Global Equity Fund, Schroder Global Equity Completion Fund. [1]Contribution to Return for Schroder Tactical Portfolio 5.

Negative contributors to portfolio performance

Asset class	CTR[1] (T5)	Absolute return	Commentary
Emerging Market Equities	-0.8%	-13.7%	Negative risk sentiment impacted emerging markets in Q3. Poland was the weakest index market with Hungary and Czech Republic big decliners too. The Russian invasion of Ukraine escalated and led to an energy crisis in Europe, which has contributed to inflation.
Government Bonds	-0.7%	-7.5%	Recent fiscal policy announcements via the energy price cap (creating an uncapped liability if energy prices were to rise again) and ongoing tax cuts have resulted in significant volatility and uncertainty.
UK Equities	-0.56%	-4.5%	UK equities have stood up well through most of 2022, aided by their commodity focus, a weak pound and the FTSE All-Share's perception as a value index. However, commodities underperformed in Q3 and demand destruction posed a problem for energy companies in the index.

Note: Emerging Market Equities = MSCI EM Index Future; UK Equities = Schroder UK Multi Factor Equity Component Fund, Schroder UK Prime UK Equity Fund; Government bonds = Schroder Global Sovereign Bond Tracker Component Fund. [1]Contribution to Return for Schroder Tactical Portfolio 5.

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Schroder Tactical Portfolios

Q3 2022

Portfolio updates

Equities fell and bond markets were under pressure again in Q3, as investors eyed inflation with caution and growth prospects deteriorated. Against this challenging backdrop, the Tactical Portfolios posted negative returns over the quarter.

The portfolios remained defensively positioned for a stagflationary environment (in other words, an economic environment in which growth is low while inflation is rising), maintaining a cautious weight in both equities and fixed income. However, the volatility in markets this quarter has given us the opportunity to take advantage of better entry levels; one example being an allocation to US dollar-denominated emerging market debt.

Equities detracted over the quarter, with the majority of global markets declining. We maintained our underweight position, reflecting our view that earnings expectations did not reflect growth risks. The underweight exposure was mainly focused in the US, Europe, UK and Japan. However, we recognised that in the short term, there was a tactical window where markets would rise as inflation was seen to be peaking, while severe damage to earnings was not yet evident. As such in September, we added back to US equities to establish a small overweight position. We started the quarter with minimal exposure to the US; however, given the higher number of quality companies here, we think the US economy is more resilient to weather a phase of rapidly slowing global growth.

As our attention shifted to recessionary risks, we cautiously moved our view on bonds to neutral. We focused on the short end, reducing exposure mainly through selling the US 5-year. When Federal Reserve (Fed) Chair Jerome Powell reiterated his commitment to bringing inflation under control at the Jackson Hole Summit, we moved to a more neutral stance on government debt as valuations and market expectations became more realistic. Within credit, we saw a valuation opportunity in emerging market sovereign credit following a market sell-off, and moved overweight.

Despite having a neutral view on commodities for most of the quarter, we took the opportunity to add back to our exposure in September on concerns that supply dynamics are still very tight. This overweight position also offers a hedge against the risk that inflation proves to be more persistent than expected, which would pose a major challenge to both equity and bond markets.

Within currency, our exposure to the US dollar has helped protect portfolio returns over the quarter, as the Fed has led major central banks in tightening monetary policy. With excessive pessimism priced into the Euro, and the significant economic downside facing Canada, a window of opportunity opened for a Euro versus Canadian dollar position at the end of the quarter. We also added a New Zealand dollar versus Australian dollar trade as we viewed the relative weakness in the New Zealand dollar to be overpronounced.

Schroder Tactical Portfolios

Q3 2022

Outlook

The related threats of inflation, rising interest rates and slowing economic growth, continue to loom large over markets. Most recently, central banks have made it clear that they are committed to tackling inflation at the expense of growth, quashing the hopes of those investors expecting a "Fed pivot" away from interest rate hikes. This heralds a new regime in monetary policy and with interest rates rising rapidly, we expect the US, UK and eurozone economies to go into recession over the course of the next year. As more investors arrive at the same view, market prices increasingly reflect the harsh economic reality. This is most evident in fixed income markets, although further downward revisions to corporate earnings expectations are required. This is better news amongst the gloom, as it means we are getting closer to attractive opportunities starting to emerge.

We forecast that global GDP growth will slow from an expected 2.6% in 2022 to just 1.5% in 2023. Inflation is expected to peak at higher rates and to persist for longer, remaining above target in most major economies. On a brighter note, China's economy should stage some recovery as we head into 2023; however, headwinds remain and are likely to hold back the pace of recovery. Overall, the downward revisions to growth and upward adjustments to inflation again take our global forecast in a more stagflationary (an economic environment in which growth is low while inflation is rising) direction.

All in all, rate expectations are now more fairly priced but the potential for more persistent inflation and / or a significant recession is not fully reflected in valuations yet. The good news is that we have seen a significant adjustment in real yields; however, we now need to see evidence of more realistic corporate earnings expectations and that higher rates are starting to slow the labour market before becoming meaningfully more positive. Opportunities will emerge in the coming months but for now, patience continues to be a virtue

Schroder Managed Defensive Fund

Q3 2022

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

Q3 2022

Schroder Managed Defensive Fund Performance

	Q3 2022	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since Common Inception * (01/06/2018) - 30/09/2022
Schroder Managed Defensive F Acc	**-1.22**	**-9.92**	**-7.49**	**5.68**	**-0.34**	**5.09**	—	—	—	—	—	—	**0.52**
UK Cash + 2%	0.55	1.45	1.96	2.08	2.83	3.05	2.70	2.48	2.74	2.68	2.61	2.59	2.50

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Schroder Managed Defensive Fund

Q3 2022

Positive contributors to portfolio performance

As can be seen from the market performance table on page 4, the majority of asset classes posted negative returns in the quarter, reflecting prevailing negative market sentiment.

Negative contributors to portfolio performance

Asset class	CTR[1]	Absolute return	Commentary
Government Bonds	-0.7%	-3.2%	Recent fiscal policy announcements via the energy price cap (creating an uncapped liability if energy prices were to rise again) and ongoing tax cuts have resulted in significant volatility and uncertainty.
North American Equities	-0.3%	-6.4%	The Federal Reserve raised the federal funds rate by 75bps to 3.25% in September; the third consecutive 75bps increase. Inflation ticked up again in August - on a year-on-year basis - from 4.7% to 4.9%, pushing borrowing costs to highs last seen in 2008.
Emerging Market Equities	-0.1%	-13.8%	Negative risk sentiment impacted emerging markets in Q3. Poland was the weakest index market with Hungary and Czech Republic big decliners too. The Russian invasion of Ukraine escalated and led to an energy crisis in Europe, which has contributed to inflation.

Note: Government Bonds = UK Gilt Treasuries, German Bunds, US Treasuries, Australia Government Bonds, Canadian Government Bonds. North American equities = S&P 500 Index Future. Emerging market equities = MSCI EM Index Future. [1]Contribution to Return for Schroder Managed Defensive Fund. Returns and contributions are in base currency.

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Schroder Managed Defensive Fund

Q3 2022

Portfolio updates

The Managed Defensive Fund posted negative returns in the third quarter of 2022. Equities fell and bond markets were under pressure as investors eyed inflation with caution and growth prospects deteriorated.

The fund's volatility cap mechanism, which was triggered in the middle of June, remained in place throughout the third quarter as volatility in markets remained elevated. The volatility cap acts as de-risking mechanism which systematically reduces the fund's invested exposure and raises cash exposure during stressed market conditions. This helped to offer downside protection over the quarter.

Where the fund does have invested exposure, it remains defensively positioned for a stagflationary environment (in other words, an economic environment in which growth is low while inflation is rising), maintaining a cautious stance in both equities and fixed income.

The fund's low weight in equities reflects our view that earnings expectations do not reflect risks to growth. Regionally, the US is our preferred market given the higher number of quality companies, and we think the US economy is more resilient to weather a phase of rapidly slowing global growth.

Turning to fixed income, government bonds were the largest detractor from fund returns over the quarter. However, when Federal Reserve Chair Jerome Powell reiterated his commitment to bringing inflation under control at the Jackson Hole Summit, we moved to a more neutral stance on government debt as valuations and market expectations became more realistic.

The fund maintained its exposure to commodities on concerns that supply dynamics are still very tight. This position also offers a hedge against the risk that inflation proves to be more persistent than expected which would pose a major challenge to both equity and bond markets.

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Schroder Managed Defensive Fund

Q3 2022

Outlook

The related threats of inflation, rising interest rates and slowing economic growth, continue to loom large over markets. Most recently, central banks have made it clear that they are committed to tackling inflation at the expense of growth, quashing the hopes of those investors expecting a “Fed pivot” away from interest rate hikes. This heralds a new regime in monetary policy and with interest rates rising rapidly, we expect the US, UK and eurozone economies to go into recession over the course of the next year. As more investors arrive at the same view, market prices increasingly reflect the harsh economic reality. This is most evident in fixed income markets, although further downward revisions to corporate earnings expectations are required. This is better news amongst the gloom, as it means we are getting closer to attractive opportunities starting to emerge.

We forecast that global GDP growth will slow from an expected 2.6% in 2022 to just 1.5% in 2023. Inflation is expected to peak at higher rates and to persist for longer, remaining above target in most major economies. On a brighter note, China’s economy should stage some recovery as we head into 2023; however, headwinds remain and are likely to hold back the pace of recovery. Overall, the downward revisions to growth and upward adjustments to inflation again take our global forecast in a more stagflationary (an economic environment in which growth is low while inflation is rising) direction.

All in all, rate expectations are now more fairly priced but the potential for more persistent inflation and / or a significant recession is not fully reflected in valuations yet. The good news is that we have seen a significant adjustment in real yields; however, we now need to see evidence of more realistic corporate earnings expectations and that higher rates are starting to slow the labour market before becoming meaningfully more positive. Opportunities will emerge in the coming months but for now, patience continues to be a virtue.

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Schroder Income Portfolio

Q3 2022

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

Q3 2022

Performance

	QTD	YTD	01/10/2021 - 30/09/2022	01/10/2020 - 30/09/2021	01/10/2019 - 30/09/2020	01/10/2018 - 30/09/2019	01/10/2017 - 30/09/2018	01/10/2016 - 30/09/2017	01/10/2015 - 30/09/2016	01/10/2014 - 30/09/2015	01/10/2013 - 30/09/2014	01/10/2012 - 30/09/2013	Since inception* (01/01/2011) - 30/09/2022
Schroder Income Portfolio	-1.92	-8.98	-6.83	22.42	-8.02	1.14	2.54	2.54	9.85	-0.75	4.60	14.47	4.05
IA Mixed Investment 20-60% Shares	-3.07	-12.38	-10.71	11.25	-1.23	4.13	2.64	6.19	12.48	0.52	5.35	8.93	3.59

Yield

The approximate 12-month trailing yield is 3.58%. Please note the actual figure may be revised once final distributions have been declared by the underlying investments.

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Schroder Income Portfolio

Q3 2022

Positive contributors to portfolio performance

Fund name	Fund performance	Commentary
Schroder US Equity Income Maximiser	6.22%	The fund was a top contributor to portfolio performance over the quarter and outperformed its benchmark. Companies in the consumer cyclical, energy and healthcare sectors did particularly well and at a stock level, Apple, Tesla and Amazon, were the top three contributors. The fund invests in the larger US companies with a focus on generating income. As companies increasingly turn their attention to the risk of recession, investing in quality and more defensive companies will be critical for the manager to meet the investment objective.
M&G Emerging Markets Bond	6.13%	Despite the continued global inflationary pressure and country-specific risks in emerging markets, the fund outperformed its benchmark over the quarter. Returns were hit by rising interest rates and a strong US Dollar which meant that hard currency government bonds struggled. In September, the managers took the opportunity to participate in new bond issues from Bulgaria and Romania and marginally increase their exposure to local currency assets. The fund aims to provide a combination of capital growth and income by investing in bonds issued by governments and companies in emerging markets. An in-depth analysis of the individual bond issuers is performed in conjunction with an assessment of global and country specific macroeconomic factors.
TB Evenlode Income	1.51%	In contrast to other UK fund managers, the Evenlode Income fund contributed positive performance to portfolios. The fund aims to deliver a growing dividend stream and attractive annualised capital returns for investors. They hold approximately 40 companies that have pricing power, growth prospects and cash compounding factors making them resilient businesses in the tough economic environment. The broader sell off in markets also provided the fund with an opportunity to add companies with diverse business models and cash flows that would not have previously been included based on their valuations. The managers are conscious of the uncertain outlook and continue to focus on the long-term growth prospects of their holdings.

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Schroder Income Portfolio

Q3 2022

Negative contributors to portfolio performance

Fund name	Fund performance	Commentary
City of London	-6.19%	Volatility in the UK market contributed to the negative performance of the fund. Slowing economic growth and the ongoing commitment by central banks to reduce inflation continues to be a headwind. Although the fund has broad exposure across the UK market, their allocations to financial services, healthcare and consumer cyclical stocks meant that the fund underperformed relative to its benchmark. Although the fund invests in UK based businesses, approximately 60% of the companies generate their revenue overseas which provides an additional layer of diversification. The dividend yield from UK equities also remains attractive relative to other regions and this continues to meet the needs of the Income Portfolio.
MI TwentyFour Dynamic Bond	-5.82%	As expected in a rising interest rate environment, the fund experienced negative performance with exposure to US treasuries, German Bunds and Gilts. Although elevated market volatility looks set to remain, the starting yields in fixed income are now extremely attractive on a medium term horizon. The managers continue to monitor inflation indicators and ensure there is sufficient liquidity within the portfolio to take advantage of opportunities as they arise. This approach aligns with our goal for managers in the Corporate Bond asset class to optimise or reduce exposure according to the market environment.
Jupiter Strategic Bond	-4.24%	The fixed income market has seen negative returns over the year as valuations have been impacted by interest rate rises. This was the main driver of negative performance for the fund as they have higher duration in their government bond exposure. The longer the duration, the more sensitive the price is to a change in interest rates. This negative performance was partially offset by their exposure to developed market high yield bonds. The team are maintaining their two sided approach of high-quality government bonds and shorter dated, defensive high yield credit with more marginal exposure in investment grade credit and emerging market corporate credit.

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Schroder Income Portfolio

Q3 2022

Portfolio update

Markets continued to struggle in Q3, although there was a slight glimmer of positive performance in July. The market saw a possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, such hopes disappeared at August's Jackson Hole summit of central bankers, where the Fed reaffirmed its commitment to fighting inflation. This led to central banks in the US, UK and Europe raising interest rates and positioning themselves for further hikes in Q4.

Against this market backdrop, we expect volatility in the equity markets to persist. We remain aware of our exposure to value and growth stocks and how they typically perform in this environment. In our US equity allocation, we have marginally increased our value-orientated strategies to benefit from the higher interest rate environment. We also continue to believe that higher-quality and defensive businesses will be resilient going forward and our equity allocations are positioned to take advantage of this.

Although we remain cautiously positioned in our fixed income allocation, we have taken a more positive view on interest rates and have further increased our exposure to interest rate sensitivity within the portfolios. As bond yields rise, it provides an attractive opportunity to benefit from the higher yields now on offer from government bonds. Our current view is markets have already priced in a lot of the expected rate rises into bond yields. An important point to note, is that we removed our specific allocation to UK gilts in April this year and have invested in Global Government Bond funds which will have a much smaller allocation to Gilts, which benefited investors towards the end of Q3.

For this quarter we have maintained our allocation to corporate bond fund managers that are exposed to higher credit quality as measured by bond ratings. In a slowing economy, we believe that high-yield and non-investment grade bonds may continue to face headwinds and therefore want to balance out some of this risk in the portfolios.

We continue to hold an allocation to alternative assets, made up of return enhancing and risk diversifying funds. These include real assets (such as infrastructure, inflation-linked bonds, specialised property and hedge funds). During this volatile period, we have maintained more risk diversifiers within the portfolio, which has protected returns over the course of 2022.

We think markets will remain volatile in Q4, as investors grapple with the effects of inflation, higher energy costs and the actions by Central Banks. It remains as important as ever to be focused on long-term investment outcomes, remain invested and use the benefits of diversification to mitigate losses in your portfolio. During periods of volatility, diversification is a key defence in managing the frequency and magnitude by which your investments rise and fall. We remain focused on protecting portfolios from economic challenges and taking advantage of opportunities as they arise.

Schroder Income Portfolio

Q3 2022

Portfolio changes

No specific fund changes were made over the quarter. Portfolios were re-balanced back to their strategic asset allocation weights and adjustments to fund allocations were made in line with our current market views.

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 IC Meeting – September 2022.

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 portfolios may lose value as a result of movements in foreign exchange rates.

Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative.

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 portfolios may not be able to sell a security for full value or at all.

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.

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