

# Assessment of Value (AoV) Report

October 2024



Schroders



# Chair's letter



**Howard Williams**  
Chair of Schroder Unit Trusts Limited



Assessing the value created by our funds is a continual process that we have incorporated into their everyday oversight and the Schroder Unit Trusts Limited (SUTL) Board is committed to taking appropriate and timely action when necessary.

The '3Ds' of decarbonisation, demographics and deglobalisation are forcing investors to recalibrate their view of the world. Despite interest rates and inflation stabilising, investors still need their assets to work harder to outpace inflation and to compete against a return on cash in the bank. Against this backdrop, we are committed to helping investors navigate markets and meet their long-term savings goals.

This is our fifth Assessment of Value report, covering our Wealth funds, and it aligns with our core purpose: to safeguard our clients' investments, provide the best possible service and deliver investment performance through active management. We continue to:

- closely monitor investment performance, placing appropriate scrutiny on funds that have underperformed their investment objective, for example we are reviewing the benchmarks of funds with inflation plus targets (see individual fund-level pages for more information); and,
- offer scale discounts to investors in the retail share classes of our largest funds.

With the updated regulatory focus brought about by the FCA Consumer Duty, costs and charges remain central to the work of the board and we continue to pass cost savings to investors in the retail share classes through our automatic share class conversions, moving eligible investors into cheaper classes where appropriate.

Furthermore, we have updated our retail facing documents to ensure that all our communications and marketing materials continue to be of value to clients in helping them to achieve good outcomes.

We are committed to continually improving the clarity of the findings summarised in this report. By providing detailed and comprehensive information, we aim to ensure that you have a thorough understanding of our assessment process and any actions we are taking to deliver better value where this is required.

We hope this report will assist you by providing a useful summary of the value that our funds provide. We also hope it will help to promote enhanced transparency, governance and positive outcomes for investors, ultimately strengthening trust in the asset management industry.





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# Schroder Unit Trusts Limited (SUTL) board of directors\*

The SUTL board, which includes executive directors and independent non executive directors, is responsible for representing the best interests of investors and implementing the outcomes of the Assessment of Value.



**Howard Williams**

Independent Non-Executive Director

**Chair of SUTL since December 2023 and was appointed to the board in February 2018.**

Howard worked for 23 years at JP Morgan Asset Management where he was the Chief Investment Officer and Head of Global Equities. He has more than 40 years of industry experience. As Chair of the SUTL board, Howard holds the regulatory responsibility for SUTL carrying out the Assessment of Value.



**Calum Thomson**

Independent Non-Executive Director

**Independent non-executive director of SUTL and was appointed to the board in July 2017.**

Calum is a former Senior Audit Partner at Deloitte LLP and currently holds a number of non-executive directorships within the investment industry. He has more than 30 years of industry experience.



**Paul Truscott**

Head of Product Development, UK and Europe

**Executive director of SUTL and joined the board in July 2019.**

Paul is Head of Product Development, UK and Europe at Schroders. He joined Schroders in 1991 and is a chartered management accountant with more than 30 years of industry experience.



**James Rainbow**

Head of UK, Client Group

**Executive director and CEO of SUTL and joined the board in December 2019.**

James is Head of UK Client Group and a member of Schroders Group Management Committee. He joined Schroders in 2007 and has more than 25 years of industry experience.



**Stephen Reedy**

Head of EMEA Operations Hub

**Executive director of SUTL and joined the board in December 2019.**

Stephen is Head of EMEA Operations Hub at Schroders, providing operational services across the region. He joined Schroders in 2019 and is a chartered accountant with more than 25 years of industry experience.



**Anna O'Donoghue**

Global Head of Product Development & Governance

**Executive director of SUTL and joined the board in September 2022.**

Anna is Global Head of Product Development and Governance at Schroders and has an executive MBA. She joined Schroders in 2019 and has more than 20 years of industry experience.



**Ravi Lamba**

Head of Group Financial Control

**Executive director of SUTL and joined the board in March 2024.**

Ravi is Head of Group Financial Control at Schroders. He joined Schroders in 2020 and is a chartered accountant with more than 20 years of industry experience.

\*The Board of Directors reflects current composition as at publication.



# Introduction

Throughout this report, the Schroder Unit Trusts Limited (SUTL) board, will be referred to as 'we'.

## Who is the report designed for?

This annual Assessment of Value report is aimed at individuals who invest in our UK domiciled wealth management funds or their advisers. It outlines each fund's assessment and concludes on whether we believe we have demonstrated value.

There are 45 funds reviewed, 11 of which are public funds and 34 private unit trusts. The individual reviews for the public funds are set out in this report. Please note the private unit trusts are not covered individually in this report but are referenced in the 'Seven areas' section.

## How should you use the report?

We recommend that you take time to read the 'Seven areas' section to understand how we have made our assessment, which has been conducted using data as at 30 June 2024.

Our conclusions for each fund are set out separately in each individual fund's report.

This report complements other fund documentation such as the Prospectus, Factsheet (if available) and the Key Investor Information Document (KIID), and should be read alongside them.

This report is interactive; please use the Contents page to navigate your way around it.

We have included a glossary at the back of the document to define the technical terms which some investors may not be familiar with. Where we write 'share class' in the report, it is to be understood as meaning the unit/share class applicable to the relevant fund.





## What will the report tell you?

The FCA has asked us to look at seven specific areas when assessing the value we deliver to our investors:

- 1 Performance** – has the fund performed in line with expectations?
- 2 Quality of service** – are we meeting expectations on the service we deliver?
- 3 Authorised fund manager costs** – are the fees charged to the fund reasonable and appropriate?
- 4 Comparable market rates** – how do our fees compare against competitors?
- 5 Economies of scale** – do our funds benefit from cost savings as they grow?
- 6 Comparable services** – how do the fees we charge your fund compare with what we charge clients for similar products?
- 7 Classes of shares or units** – are you in the most appropriate type of share or unit?

Please follow the [link here](#) to find the detail of the regulation in COLL 6.6.21.

## What do the icons used throughout the report represent?

-  Where an area has this icon, we believe that the fund is demonstrating value in that area.
-  Where an area has this icon, we have concluded after further qualitative review that the fund is demonstrating value in that area.
-  Where an area has this icon, we recognise that the fund is not demonstrating value in that area consistently. We have completed a further review and shared the outcomes with you.
-  Where an area has this icon, there is insufficient data available and/or the fund has not reached its minimum recommended performance period (in the case of the performance area) to appropriately assess that area.

## What should you do if you have any questions?

You can contact us at [wmteam@cazenovecapital.com](mailto:wmteam@cazenovecapital.com) if you have any further questions. You may wish to discuss your questions with your usual Cazenove Capital contact.

Institutional and Corporate Clients may also contact [schrodersinstitutional@hsbc.com](mailto:schrodersinstitutional@hsbc.com).

If you have an adviser you may wish to discuss your questions with them directly.

# 1. Performance

## Has the fund performed in line with expectations?

**We think clients can reasonably expect funds to meet their investment objectives, albeit with the knowledge that they are not guaranteed. We consider the performance of our funds after the fees have been deducted.**

### Our methodology

You will find the investment objective (including the performance period) of a fund in its Prospectus, Key Investor Information Document (KIID) and Factsheet (if available). These clearly describe the aim of the fund and the investment strategy used to achieve this goal.

We assess the returns of each share class (or unit class, see [glossary](#)) over the performance period to give us an indication of how well a fund is meeting its investment objective. The performance period is the length of time over which we expect the fund to deliver its investment objective.

If we state a time range, then for the purposes of this report we look at the upper end of the range. For example, if the range is three-to-five years, we assess the delivery of the investment objective over five years. Where a fund has not reached its minimum recommended performance period, we are unable to fully assess performance and use a 'Grey' icon where this is the case. However, we monitor the performance of the fund in line with our product governance oversight framework.

We also look at how the fund has performed against its peers, both within the Asset Class Consultants (ARC) review and against a customised peer group provided by an independent third party, Broadridge (see the comparable market rates section on page 9 for more information).

Broadridge is a global consultant to the financial services industry. This is the fifth year we are working with Broadridge on the Assessment of Value.

We acknowledge that sometimes funds will underperform their investment objective given their particular investment style. We consider a number of measures over the performance period to make a judgement on whether or not the investment objective is being met, including specific sustainability, income or volatility objectives where applicable.

As part of our continuous reviews, we hold Asset Class Risk and Performance Committees every quarter which evaluate the performance of our funds against the expectations set (see the Assessment of Value report lifecycle section on page 13 for more information on our governance process).

### Our conclusion

We concluded that, in total, 37 out of the 45 funds are demonstrating value in the performance area. The remaining 8 funds have not reached their minimum recommended performance period to appropriately conduct an assessment.

More information on fund-level performance is captured within the individual fund pages of this report.

### Next steps

Where any share class of a fund has underperformed its investment objective we have provided a detailed performance commentary and outlined the remedial actions we are taking where we believe appropriate.



## 2. Quality of service

### Are we meeting expectations on the service we deliver?

Several elements contribute to the service we offer investors in our funds, in particular, fund operations, investment process and the overall client experience. We have reviewed both the quality of service we directly provide and the quality of service provided by any third party to which we have delegated services.

#### Our methodology

We assess whether we are delivering value for investors against each of the three elements – fund operations, investment process and client experience.

- Our fund operations team aims to ensure that we execute all operations of the fund efficiently and accurately. We assess whether key aspects of fund operations have met or exceeded the rigorous internal and external standards that we have set for them. For example, we look at whether investors are able to make informed decisions based on accurate and timely financial reporting and distributions, whether our complaints resolution handling process is effective, and how risk controls and events are managed. These standards, known as Key Performance Indicators (KPIs), enable us to provide accurate and timely financial reporting to both our clients and the regulators.
- The strength of our investment process for each fund is validated through a number of governance processes and forums. We also review our governance around liquidity and risk management so that the policies and procedures we have in place are robust and fit for purpose.

- Communications and client service form an important part of our clients' experience, and we evaluate these to ensure they are relevant, current and tailored to clients' needs. We want our clients to be clear about the funds they are investing in and the associated risks. The client experience that we provide is evaluated internally, using internal and external metrics provided from third parties. This provides us with a holistic view of the client experience.

We will continue to closely monitor the range of Management Information (MI) we collate so we can provide the best quality of service to our clients. In particular, we believe it is important to have strong liquidity oversight, risk management and operational resilience controls in place.

#### Our conclusion

We concluded that, in total, all 45 funds are demonstrating value in the quality of service area.

More information on fund-level quality of service is captured within the individual fund pages of this report.



### 3. Authorised fund manager costs

#### Are the fees charged to the fund reasonable and appropriate?

We review every cost component of the Schrodgers Annual Charge (SAC) at a share class level.

##### Our methodology

In March 2021, we moved to an “all-in fee” charging structure which we believe is simpler, more transparent and easier to understand. This is called the Schrodgers Annual Charge (SAC) and is the main component of the Ongoing Charge Figure (OCF). The OCF is disclosed in the Key Investor Information Document (KIID) for the fund and represents the total charges you pay to invest in the fund. We periodically assess the effectiveness of the charging structure as part of our annual review process. As outlined in the table, this review covers all services which now form part of the SAC. Previously these services, such as administration, trustee, custody, audit, and professional services were charged separately to funds.

We undertake a detailed assessment of the costs that we incur in providing the services associated with the SAC to funds and to their associated share classes. We compare these costs against what we charge investors. This is to ensure that the SAC is appropriate while at the same time allowing us to:

- Retain a well-capitalised business
- Continue to operate during stress scenarios
- Continue to innovate and develop new products

We do not include transaction costs in our assessment as these are not comparable between peers. This is due to a lack of consistent methodology for estimating overall transaction costs across firms. It is also due to the fact that the overall transaction costs reflect circumstances that are unique to each fund, such as the securities and volume traded, the market conditions while trading, and the amount of fund inflows and outflows.

Where funds have third party manager costs, we seek value by negotiating the fees through our procurement framework with regular monitoring to ensure that these continue to be reasonable and appropriate.

Fee breakdown	
	Scale discount
	SAC (Schrodgers Annual Charge)
Charges outside SAC	Extraordinary fees
	Third party fund manager costs
	Transaction costs
	OCF

##### Our conclusion

We concluded that, in total, all 45 funds are demonstrating value in the authorised fund manager costs area.

We continuously review our costs and fee structures to ensure they are appropriate.

For funds that use third party fund managers, these costs will continue to be disclosed separately outside of the SAC. This is to provide transparency of third party fund manager costs, given that they can vary. For funds which have scale discounts applied, the SAC will be adjusted on a monthly basis (see the economies of scale section on page 10 for more information).



# 4. Comparable market rates

## How do our fees compare against our competitors?

We assess the amount we charge at a share class level by comparing the price of our funds against the price of the customised peer group provided by Broadridge where applicable.

### Our methodology

We use an independent third party, Broadridge, to compare the charges of our funds. Broadridge categorises share classes into one of three types:

- 1 Retail share classes with no intermediary commissions.
- 2 Share classes with bundled charges paying commission to intermediaries.
- 3 Share classes which are for institutional investors or have limited investment opportunities for retail investors, to provide a like for like comparison.

As the investment approach of funds in a sector can vary, we also assess each fund against a customised peer group (where applicable). The funds in the customised peer groups are proposed by Broadridge on the basis that they are more directly comparable than other funds in the sector.

In addition, we undertake an internal assessment of charges which is based on our pricing framework and with a view to ensuring that our pricing is fair. This analysis is conducted across all share classes and includes comparison vis-à-vis peers and our pricing framework. Targeted fee reductions are then proposed as appropriate.

Where a fund is bespoke in nature, it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against. We have noted this in the individual fund pages.

### Our conclusion

We concluded that, in total, 4 funds are demonstrating value in the comparable market rates area. Due to the bespoke nature of the remaining 41 funds, there is no peer group to compare the funds' charges against.

### Next steps

We will continue to review our fees against our competitors on an ongoing basis with a view to ensure that we deliver a compelling value proposition to investors.



# 5. Economies of scale

## Do funds enjoy cost savings as they grow?

**A fund can generate economies of scale as it grows. This is because we are able to manage and operate larger funds more efficiently. We have considered whether a fund achieves economies of scale and whether it is appropriate to share these savings with investors.**

### Our methodology

We generate economies of scale at both fund and group level. A fund can generate economies of scale because we are able to manage and operate larger funds more efficiently. The size of our Schroders group and global presence is a further benefit as it enables negotiating power, resulting in lower prices.

We have completed this assessment at fund level so we can assess whether there are potential economies of scale in each fund and whether or not these have been achieved in practice. Where economies of scale have been achieved, we then consider whether that benefit is being reflected in lower charges for you as investors in retail share classes. Every fund can, in theory, benefit from economies of scale but whether or not your fund does will depend on the overall fund size.

We have determined that funds generally generate meaningful economies of scale when they grow to £1 billion in size, although this can vary depending on the type of investments that we manage for you.

In December 2020, we implemented scale discounts in retail share classes for every fund that is larger than £1 billion. We use a tiered system to offer this saving; as the AUM of the fund increases so does the saving. The combined size of the discount will vary depending on the AUM of our funds; for example, where the AUM of a fund has dropped below £1 billion the discount will no longer apply, and where the AUM of a fund has fallen but remains above £1 billion, the saving will reduce in line.

Scale discounts only apply to retail share classes (A, Z). Non-retail share classes receive discounts via lower management fees or rebates and therefore a scale discount is not applied.

### Our conclusion

We concluded that, in total, all 45 funds are demonstrating value in the economies of scale area.

We will continue to review the economies of scale that each fund produces on an ongoing basis to enable us to deliver a compelling value proposition to investors. When a fund reaches the required level, scale discounts are applied automatically to each fund’s retail share or unit classes.





## 6. Comparable services

### How do the fees we charge on your fund compare with what we charge clients for similar products?

We have compared each charge internally to assess whether it is possible to receive the same service for a lower charge in another Schroders fund or mandate of comparable size with a similar investment objective and policy. Comparable services is an internally focused assessment against Schroders' funds and/or segregated mandates, whereas comparable market rates is an externally focused assessment against external competitor and/or peer funds (see the comparable market rates section on page 9 for more information).

#### Our methodology

We manage money for clients all over the world, including individuals, charities, pension schemes and large institutions. In particular instances, some of that money is managed in similar strategies to that of the fund you have invested in.

We recognise that clients have different needs and require different services. The charges we set for our funds and segregated mandates reflect a variety of factors. These include the services provided and our costs of providing these services, for instance the costs of running funds that are sold through distributors or intermediaries such as an online platform or financial adviser which are not applicable to our segregated mandates.

The charges also reflect the length of time for which investors typically invest in a product and the economies of scale inherent given the scale of a fund or mandate.

Where a fund is bespoke in nature, there is no internal service offered which can act as a direct comparison and we have noted this in the individual fund pages.

#### Our conclusion

We concluded that, in total, 35 funds are demonstrating value in the comparable services area. Due to the bespoke nature of the remaining 10 funds, there is no internal service offered to compare the funds' charges against.

#### Next steps

We will continue to review the charges against comparable services for each fund on an ongoing basis to ensure that we deliver a compelling value proposition to our clients. Where appropriate, we will make changes in the best interest of investors.



# 7. Classes of shares or units

## Are you in the most appropriate type of share or unit?

For some of our funds, we issue different types of shares (or units if your fund is a unit trust) which depend upon the features and services we offer. These are called 'share classes' or 'unit classes' and can differ for various reasons. For example, you could hold a share class that was set up specifically so that you could buy it through an adviser.

### Our methodology

Our aim is that you are invested in the share class that offers the best price for you, given how you are investing and the features you are looking for.

Where there are different classes of shares in the fund you have invested in, we compare the value we deliver across these.

We review the charges across all share classes in your fund. We look at all the share classes that serve broadly the same purpose and compare those charges.

### Our conclusion

We concluded that, in total, all 45 funds are demonstrating value in the classes of shares or units area.

During the last year, we have converted over £6.8 million AUM across the in-scope funds.

We continue to conduct a semi-annual automatic conversion for investors that have had their adviser removed. This conversion is carried out every May and November.

We will continue to monitor and review our share classes throughout the year and convert investors to cheaper share classes where appropriate.

### Share Class table

Having multiple share classes means we can apply the appropriate charging rates for different types of client, for example, institutional or retail clients. All our mainstream share classes are shown in the table. Each share class in a fund may have a different charge, minimum investment levels or other restrictions or features.

Share class	Who is it for?	Explanation of charges
<b>Retail share classes</b>		
<b>Z</b>	The main share class for retail investors.	'Clean fee' share class.
<b>A</b>	A retail share class for some advised investors.	Where the client is not receiving advice they are converted to the Z share class, except where we are unable to do so.
<b>S</b>	The main share class for Cazenove Capital investors.	Substantially similar rights to the Z share class.
<b>Institutional classes</b>		
<b>I</b>	The main share class for institutional investors.	'Clean fee' share class.



# The Assessment of Value report lifecycle

On this page we share the key governance steps taken to produce our Assessment of Value report. Additionally, we describe our rigorous fund governance and oversight model; although the Assessment of Value is an annual process, we review the value we deliver to our investors throughout the year.

### 1. Governance inputs

We use an independent third party, Broadridge, to provide data on performance and charges, and to construct customised fund peer groups. Additionally, multiple internal teams – including Finance, Fund Operations, Client Group, Investment, Compliance, Legal, Risk and Marketing – provide input to the assessment process.

### 2. Risk and Performance Committees

The risk and performance of each fund is reviewed every quarter at a formal Committee. Performance is also reviewed twice a year by the SUTL board, with enhanced ongoing monitoring of underperforming funds.

### 3. Product Governance Committee (PGC)

The Product Governance Committee consider each of the seven areas for every fund and share class, and subsequently determine the recommended assessment outcome for the SUTL Board. This process draws on the experience of key stakeholders from across the business. The Product Governance Committee also conduct further reviews of underperforming funds as do Risk and Performance Committees.



### 5. Publish report

The Product Governance team are responsible for drafting the Assessment of Value report which is published on our website and made available on request for clients and investors. We publish this report for our core Asset Management funds in April every year and for our Wealth Management funds in October every year.

### 4. SUTL Board

Each step of the Assessment of Value methodology is comprehensively reviewed and agreed by the SUTL Board. Their role includes reviewing, challenging and validating each individual recommended fund assessment outcome approved by the PGC. These outcomes and proposed remedial actions are presented to the SUTL Board by the Product Governance team.



# How to read your fund page

To assist you in finding your way around the individual fund pages we have created the following guide to highlight the key areas.

## Overall conclusion

Our conclusions on each fund are set out separately in each individual fund's report. Each area is considered separately for every fund and is given equal weighting. This contributes to an overall assessment as to whether or not we believe that we have delivered value to our investors. This incorporates both qualitative information as well as quantitative data.

## Performance data

Here you can find the fund's performance data, typically a factsheet or Key Investor Information Document (KIID), up to the reference date of 30 June 2024 or earlier. To get the latest performance data, please visit the Schroders' Fund Centre and refer to the Documents section for your fund.

## Actions

Where this report identifies that certain funds are not demonstrating value consistently, we have completed a further review and shared the remedial actions that we have taken, or plan to take, to address the issues we have identified.

## The seven areas

We have explained our analysis for each of the seven assessment criteria in these sections.

## Assessment period

Our assessment is carried out using data as at 30 June 2024.

## Your fund reports

You should review the reports for each fund that you are invested in and decide whether you feel the product is still suitable for your needs and delivering what you expected from it.

## Navigation

You can click the contents icon at the top right of each page to return back to the contents page.

For the fund's performance data as at 30 June 2024, please refer to the relevant Key Investor Information Document in the Documents section of the fund's page on the Schroders Global Fund Centre.

### Schroder Managed Wealth Portfolio

**Overall conclusion** ○○○○

Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +3.5% (UK Consumer Price Index +3% up to 30/09/2019)  
**Comparator Benchmark:** IA Mixed Investment 40%-85% shares (ARC Balanced Asset Private Client Index Total Return GBP up to 31/10/2022)

**2. Quality of service** ○○○○

We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

**1. Performance** ○○○

**Performance Commentary:** The fund has underperformed its target benchmark over the performance period returning 4.0% compared to the target benchmark return of 7.2%. However, it outperformed its comparator, which returned 3.7% over the same period. Performance can deviate from its target benchmark over shorter periods and in these shorter timeframes, the comparator may be used to assess performance.

We invest using a strategic asset allocation (SAA) model which we believe should produce the targeted returns over the performance period. Consequently, the fund is diversified across asset classes including equities, fixed income, alternatives and cash.

The reporting period has been volatile. The Covid years of 2020 and 2021, followed by the Ukraine conflict, caused concerns about inflation rates and an economic downturn. However, these concerns were alleviated in 2023 and thus far in 2024, with inflation normalising down towards major central bank targets and economic growth remaining robust.

Equities experienced high volatility, with significant downturns in early 2020 and late 2022, but performed well otherwise. The fund benefited from our strategic decision to reduce exposure to UK equities and increase exposure to the US market. Additionally, the fund benefited from an increased equity exposure after the 2020 drawdown which was maintained throughout 2021, before we reduced exposure due to the war in Ukraine. Despite our cautious view on markets since the second half of 2022, we have maintained a neutral position in equities relative to SAA model. During this period, UK government bonds delivered negative returns, significantly trailing behind UK inflation. To manage volatility and risk, we held a lower allocation to bonds than recommended by the SAA model. The lack of returns from bonds hindered our ability to achieve the target benchmark return.

Alternative assets have had a strong role to play with the inclusion of absolute return funds, gold and broader commodities. These have helped provide uncorrelated and, in many cases, positive returns over the period.

Inflation levels have stabilised over the last year thus increasing the likelihood of the fund outperforming its target benchmark.

We therefore retain confidence in the fund's investment strategy and in Schroders' ability to deliver on the investment objective in the future.

**3. Authorised fund manager costs** ○○○○

We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

**4. Comparable market rates** ○

Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

**5. Economies of scale** ○○○○

Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

**6. Comparable services** ○

Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

**7. Classes of shares or units** ○○○○

All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

17 The assessment has been completed using data as at 30/06/2024 **Key:** ○○○○ Demonstrating value ○○○ Completed a further review, demonstrating value ○○○○ Completed a further review, not demonstrating value consistently ○ Insufficient data available and/or the fund has not reached its minimum recommended performance period (in the case of the performance area) to appropriately assess that area



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# Schroder Managed Wealth Portfolio

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +3.5% (UK Consumer Price Index +3% up to 30/09/2019)

**Comparator Benchmark:** IA Mixed Investment 40%–85% shares (ARC Balanced Asset Private Client Index Total Return GBP up to 31/10/2022)

## 1. Performance



**Performance Commentary:** The fund has underperformed its target benchmark over the performance period returning 4.0% compared to the target benchmark return of 7.2%. However, it outperformed its comparator, which returned 3.7% over the same period. Performance can deviate from its target benchmark over shorter periods and in these shorter timeframes, the comparator may be used to assess performance.

We invest using a strategic asset allocation (SAA) model which we believe should produce the targeted returns over the performance period. Consequently, the fund is diversified across asset classes including equities, fixed income, alternatives and cash.

The reporting period has been volatile. The Covid years of 2020 and 2021, followed by the Ukraine conflict, caused concerns about inflation rates and an economic downturn. However, these concerns were alleviated in 2023 and thus far in 2024, with inflation normalising down towards major central bank targets and economic growth remaining robust.

Equities experienced high volatility, with significant downturns in early 2020 and late 2022, but performed well otherwise. The fund benefited from our strategic decision to reduce exposure to UK equities and increase exposure to the US market. Additionally, the fund benefited from an increased equity exposure after the 2020 drawdown which was maintained throughout 2021, before we reduced exposure due to the war in Ukraine. Despite our cautious view on markets since the second half of 2022, we have maintained a neutral position in equities relative to SAA model. During this period, UK government bonds delivered negative returns, significantly trailing behind UK inflation. To manage volatility and risk, we held a lower allocation to bonds than recommended by the SAA model. The lack of returns from bonds hindered our ability to achieve the target benchmark return.

Alternative assets have had a strong role to play with the inclusion of absolute return funds, gold and broader commodities. These have helped provide uncorrelated and, in many cases, positive returns over the period.

Inflation levels have stabilised over the last year thus increasing the likelihood of the fund outperforming its target benchmark.

We therefore retain confidence in the fund's investment strategy and in Schroders' ability to deliver on the investment objective in the future.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove Charity Equity Income Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** FTSE All Share Index Yield / FTSE All Share Index Total Return

**Comparator Benchmark:** IA UK Equity Income Sector

## 1. Performance



The fund has delivered its investment objective over the recommended performance period and is delivering value for the performance criteria.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Our assessment found that this fund is cheaper or priced in line with the majority of its Broadridge comparison group and is therefore demonstrating value to our clients by being competitively priced.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.



# SUTL Cazenove Charity Equity Value Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** FTSE All Share (Gross Total Return) Index

**Comparator Benchmark:** MSCI UK Value (Gross Total Return) Index

## 1. Performance



The fund has delivered its investment objective over the recommended performance period and is delivering value for the performance criteria.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Our assessment found that this fund is cheaper or priced in line with the majority of its Broadridge comparison group and is therefore demonstrating value to our clients by being competitively priced.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove Charity Multi-Asset Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +4%

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 4. Comparable market rates



Our assessment found that this fund is cheaper or priced in line with the majority of its Broadridge comparison group and is therefore demonstrating value to our clients by being competitively priced.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

# SUTL Cazenove Charity Sustainable Multi-Asset Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +4%

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## Sustainability performance

The fund was aligned with its sustainability commitments, as disclosed in the investment objective and policy, over the period. More information can be found on the fund's factsheet.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Our assessment found that this fund is cheaper or priced in line with the majority of its Broadridge comparison group and is therefore demonstrating value to our clients by being competitively priced.

## 5. Economies of scale



The fund's AUM is greater than £1bn and therefore it is achieving meaningful Economies of Scale (EoS). A discount has been applied to the retail share classes of the fund and investors in these classes are currently benefiting from this discount. Investors in non-retail share classes receive discounts via lower management fees or rebates and therefore a scale discount has not been applied.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.



# SUTL Cazenove GBP Balanced Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +3.25%

**Comparator Benchmark:** ARC Balanced Asset Private Client Index Total Return GBP

## 1. Performance



**Performance Commentary:** The fund has underperformed its target benchmark over the performance period returning 4.6% compared to the target benchmark return of 7.8%. However, it outperformed its comparator, which returned 3.0% over the same period. Performance can deviate from its target benchmark over shorter periods and in these shorter timeframes, the comparator may be used to assess performance.

We invest using a strategic asset allocation (SAA) model which we believe should produce the targeted returns over the performance period. Consequently, the fund is diversified across asset classes including equities, fixed income, alternatives and cash.

The reporting period has been volatile. The Covid years of 2020 and 2021, followed by the Ukraine conflict, caused concerns about inflation rates and an economic downturn. However, these concerns were alleviated in 2023 and thus far in 2024, with inflation normalising down towards major central bank targets and economic growth remaining robust.

Equities experienced high volatility, with significant downturns in early 2020 and late 2022, but performed well otherwise. The fund benefited from our strategic decision to reduce exposure to UK equities and increase exposure to the US market. Additionally, the fund benefited from an increased equity exposure after the 2020 drawdown which was maintained throughout 2021, before we reduced exposure due to the war in Ukraine. Despite our cautious view on markets since the second half of 2022, we have maintained a neutral position in equities relative to SAA model. During this period, UK government bonds delivered negative returns, significantly trailing behind UK inflation. To manage volatility and risk, we held a lower allocation to bonds than recommended by the SAA model. The lack of returns from bonds hindered our ability to achieve the target benchmark return.

Alternative assets have had a strong role to play with the inclusion of absolute return funds, gold and broader commodities. These have helped provide uncorrelated and, in many cases, positive returns over the period.

Inflation levels have stabilised over the last year thus increasing the likelihood of the fund outperforming its target benchmark.

We therefore retain confidence in the fund's investment strategy and in Schroders' ability to deliver on the investment objective in the future.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



The fund's AUM is greater than £1bn and therefore it is achieving meaningful Economies of Scale (EoS). A discount has been applied to the retail share classes of the fund and investors in these classes are currently benefiting from this discount. Investors in non-retail share classes receive discounts via lower management fees or rebates and therefore a scale discount has not been applied.

## 6. Comparable services



We have reviewed the charges for each share class of your fund against those of other non-UK domiciled funds that Cazenove Capital manages. These share classes have fee rates that are lower than the equivalent share classes in such comparable funds. We have therefore concluded that the fees associated with this fund are reasonable and appropriate.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove GBP Cautious Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +2.5%

**Comparator Benchmark:** ARC Cautious Private Client Index Total Return GBP

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove GBP Equity Focus Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +4.7%

**Comparator Benchmark:** ARC Equity Risk Private Client Index Total Return GBP

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.



# SUTL Cazenove GBP Growth Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +4%

**Comparator Benchmark:** ARC Steady Growth Private Client Index Total Return GBP

## 1. Performance



**Performance Commentary:** The fund has underperformed its target benchmark over the performance period returning 6.2% compared to the target benchmark return of 8.6%. However, it outperformed its comparator, which returned 4.0% over the same period. Performance can deviate from its target benchmark over shorter periods and in these shorter timeframes, the comparator may be used to assess performance.

We invest using a strategic asset allocation (SAA) model which we believe should produce the targeted returns over the performance period. Consequently, the fund is diversified across asset classes including equities, fixed income, alternatives and cash.

The reporting period has been volatile. The Covid years of 2020 and 2021, followed by the Ukraine conflict, caused concerns about inflation rates and an economic downturn. However, these concerns were alleviated in 2023 and thus far in 2024, with inflation normalising down towards major central bank targets and economic growth remaining robust.

Equities experienced high volatility, with significant downturns in early 2020 and late 2022, but performed well otherwise. The fund benefited from our strategic decision to reduce exposure to UK equities and increase exposure to the US market. Additionally, the fund benefited from an increased equity exposure after the 2020 drawdown which was maintained throughout 2021, before we reduced exposure due to the war in Ukraine. Despite our cautious view on markets since the second half of 2022, we have maintained a neutral position in equities relative to SAA model. During this period, UK government bonds delivered negative returns, significantly trailing behind UK inflation. To manage volatility and risk, we held a lower allocation to bonds than recommended by the SAA model. The lack of returns from bonds hindered our ability to achieve the target benchmark return.

Alternative assets have had a strong role to play with the inclusion of absolute return funds, gold and broader commodities. These have helped provide uncorrelated and, in many cases, positive returns over the period.

Inflation levels have stabilised over the last year thus increasing the likelihood of the fund outperforming its target benchmark.

We therefore retain confidence in the fund's investment strategy and in Schroders' ability to deliver on the investment objective in the future.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



The fund's AUM is greater than £1bn and therefore it is achieving meaningful Economies of Scale (EoS). A discount has been applied to the retail share classes of the fund and investors in these classes are currently benefiting from this discount. Investors in non-retail share classes receive discounts via lower management fees or rebates and therefore a scale discount has not been applied.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove Sustainable Balanced Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +3.25%

**Comparator Benchmark:** ARC Balanced Asset Private Client Index Total Return GBP

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## Sustainability performance

The fund was aligned with its sustainability commitments, as disclosed in the investment objective and policy, over the period. More information can be found on the fund's factsheet.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# SUTL Cazenove Sustainable Growth Fund

## Overall conclusion



Taking into account all seven areas, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area below. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**Target Benchmark:** UK Consumer Price Index +4%

**Comparator Benchmark:** ARC Steady Growth Private Client Index Total Return GBP

## 1. Performance



The fund has not reached its minimum recommended performance period so we are unable to fully assess performance at this time. However, the performance of the fund is monitored in line with Schroders' product governance oversight framework.

## Sustainability performance

The fund was aligned with its sustainability commitments, as disclosed in the investment objective and policy, over the period. More information can be found on the fund's key investor information document.

## 2. Quality of service



We have assessed key service areas relating to our fund operations, our investment process and our client experience. We also looked at our liquidity management process, as well as the nature of fund complaints and breaches as appropriate. Through all our metrics we have concluded that we provide value to our investors in our quality of service, along with a mature and effective framework for fund oversight and reporting of risks.

## 3. Authorised fund manager costs



We reviewed every cost component of the Schroders Annual Charge (SAC) at a share class level. We concluded that in relation to each charge, the costs of providing the service to which the charge relates are reasonable and appropriate.

## 4. Comparable market rates



Due to the bespoke nature of this fund it is not comparable to other funds and therefore has no peer group that we can compare the fund's charges against.

## 5. Economies of scale



Due to the bespoke nature of this fund, the pricing is based on the specific requirements of this fund.

## 6. Comparable services



Due to the bespoke nature of this fund, there is no internal service offered which can act as a direct comparison.

## 7. Classes of shares or units



All available share classes have been comprehensively reviewed. Where share classes with substantially similar rights and a differential in fee level are identified we convert investors to the cheaper of the available share classes on a semi-annual basis. Investors are therefore in the cheapest share classes available to them given how they are investing and the features they are looking for.

# Glossary of Terms

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## Absolute return

An asset's standalone return (gain or loss) over time. It is not being compared to anything else such as a benchmark or another asset.

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## Active management

The management of investments based on active decision-making rather than with the objective of replicating the return of an index. The manager aims to beat the market through research, analysis and their own judgement.

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## AFM (Authorised Fund Manager)

The AFM is responsible for the overall management of the fund and may appoint an investment manager to invest money on behalf of clients. An authorised investment fund is one that is authorised and regulated by the UK financial regulator, the FCA. *Please also see FCA definition.*

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## Alternative asset

An investment outside of the traditional asset classes of equities, bonds and cash. Alternative investments include property, hedge funds, commodities, private equity, and infrastructure.

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## AMC (Annual Management Charge)

Following the introduction of the Schrodgers Annual Charge, AMC has been replaced by SAC. *Please see SAC definition.*

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## ARC (Asset Risk Consultants)

The ARC Indices are a set of benchmarks for investment managers to objectively measure and evaluate the performance of their funds.

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## Assessment of Value

The FCA requires managers of UK funds to publish an annual report demonstrating how they are providing value to investors in their funds.

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## Asset allocation

The apportionment of a portfolio's assets between asset classes and/or markets. For example, a fund may hold a combination of shares, bonds and cash. The weightings given vary according to the investment objective and the investment outlook.

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## Asset class

Broad groups of different types of investments. The main investment asset classes are equities, bonds and cash. Non-traditional asset classes are known as alternative investments.

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## Benchmark

A standard (usually an index or a market average) against which an investment fund's performance is measured.

*Please also see comparator benchmark and target benchmark definitions.*

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## Bond

A way for governments and companies (the issuers of the bond) to borrow money for a certain amount of time. A typical arrangement would be in exchange for an upfront payment from an investor, the issuer will make periodic interest payments to the investor and then repay the initial investment amount at the end of the bond's term (its maturity).

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## Cazenove Capital

A long-established wealth manager which is part of the Schrodgers group.

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## Chain-linked

Where a benchmark for a fund has changed during a performance period, performance of the fund is measured against the new benchmark from the date when the new benchmark became effective, but is measured against the previous benchmark prior to the effective date of the benchmark change.

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## Clean fee share classes

A class of fund shares that does not include commissions or distribution fees in its Schrodgers Annual Charge (SAC).

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## Comparator benchmark

A standard (usually an index or a market average) against which an investment fund's performance is compared to.

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## Covid-19

The name given by the World Health Organisation (WHO) to the illness caused by the coronavirus illness which was first recorded in 2019.

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## CPI (Consumer Price Index)

The Consumer Price Index (CPI) measures how much prices of consumer goods and services change over a period of time. For example, if CPI is 2.5% for the 12 months ending January 2020, this means that on average, the price of consumer goods will be about 2.5% higher than they were in January 2019. *Please also see Inflation definition.*

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## Consumer Duty

The FCA Consumer Duty came into force on 31 July 2023 and sets high standards of consumer protection across financial services, requiring firms to put their customers' needs first.

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## Domicile (e.g. a UK-domiciled fund)

A fund's domicile is essentially its country of residence. It determines how a fund is to be treated from a tax perspective much as the domicile (i.e. permanent home) determines what tax legislation applies. Schrodgers has a range of unit trust funds that are UK-domiciled while the Schroder International Selection Fund range is domiciled in Luxembourg.

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## Equities

Also known as shares or stocks, this represents a share in the ownership of a company.

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## ESG (Environmental, Social and Governance)

ESG represents environmental, social and governance considerations and covers issues such as climate change, energy use, labour standards, supply chain management and how well a company is run.

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## ETF (Exchange-Traded Fund)

ETFs usually track an underlying index and trade just as a normal stock would on an exchange. ETFs can track stocks in a single industry or an entire index of equities.



# Glossary of Terms

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## FCA (Financial Conduct Authority)

The FCA regulates the UK's financial markets. Its objective is to ensure that relevant markets function well - for individuals, for business and for the economy as a whole.

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## FTSE All Share

A price-weighted index comprising of approximately 650 of the top UK publicly listed companies.

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## Growth (investment style)

Companies perceived as stable growers that investors are willing to pay a premium for on the basis of their future growth prospects.

Earnings are expected to increase at an above- average rate compared to their industry sector or the overall market.

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## Inflation

A measure of the increase in prices of goods and services over time.

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## KIID (Key Investor Information Document)

A two-page document that summarises a fund's investment objective, key risks, ongoing charges figure (*please see OCF definition*) and past performance. It is required for funds that come under EU law and is designed to allow comparability across funds.

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## Liquidity

The ease with which an asset can be sold for cash. An asset can be described as illiquid if it takes a long time to sell, such as property, or if it is difficult to find someone willing to buy it.

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## Market capitalisation

A measure of a company's size, calculated by multiplying the total number of shares in issue by the current share price. Companies are commonly grouped according to size, such as small cap, mid cap, large cap or all cap. There is no consensus on the definition of these groupings and they may vary from fund to fund depending on the country of investment.

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## Mid cap

*Please see Market capitalisation definition.*

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## MSCI (Morgan Stanley Capital International)

An investment research firm that provides stock indices, portfolio risk and performance analytics, and government tools.

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## Multi Asset

An investment which contains a combination of asset classes, creating a group or portfolio of assets.

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## OCF (Ongoing Charges Figure)

The OCF is made up of the Schroders Annual Charge (SAC), the administration charge and 'other' costs. The administration fee includes directly attributable costs, such as Transfer Agency costs and Fund Accounting fees, and allocated costs to support functions, such as Finance, Tax, Risk, Audit, Legal and Compliance.

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## Peer group

A group of funds that may be compared with one another, often for performance purposes. A peer group will usually be based on the fund's investment scope.

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## Performance period

The length of time over which we expect the fund to deliver its investment objective.

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## Qualitative analysis

The use of subjective judgment and information that cannot be represented by numbers (such as a company's culture) to evaluate an investment.

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## Quality (investment style)

Companies with higher profitability and perceived to be stable over time relative to their peers. Quality is measured by its profitability, stability, financial strength, sales growth and governance.

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## Quantitative analysis

Quantitative is often better understood as "numerical". It is used to identify and target the underlying factors responsible for the outperformance of some financial assets over others.

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## Real Return

The return generated by an investment, having been adjusted for the effects of inflation. For example, an investment grew in value by 5% return over one year, and the rate of inflation was 2%, the real return would be 3%.

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## RPI (Retail Price Index)

The Retail Price Index (RPI) measures how much prices of consumer goods and services change over a period of time. RPI is a measure of inflation and takes the exact same premise as CPI; however, it also includes housing costs. RPI has been deemed an inferior measure to CPI.

*Please also see Inflation definition.*

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## S&P 500

A stock market index that tracks the average performance of the top 500 listed US companies.

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## Scenario analysis

The process of estimating the expected value of a portfolio in response to adverse events.

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## Schroder Investment Management (Schroders)

Schroders is a global investment manager. It actively manages investments for a wide range of institutions and individuals, to help them meet their financial goals.

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## Schroders Annual Charge (SAC)

A single all-in-fee charged to the funds which includes the previously separated Annual Management Charge (AMC), administration fee and most of the other fees that are normally charged. It excludes the extraordinary legal/tax fees and third party fund manager costs.

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## Share class

A way to differentiate between different types of shares. For companies, this may mean that some shares have voting rights while others do not. Within a fund, the different share classes may represent different ways of paying the investor the income from the fund, different fees and expenses or different base currencies. For example, a fund will often have an "accumulation" share class and an "income" share class. With the former, any income produced will be automatically reinvested back into the fund (more shares will be bought in the fund). With the income share class, income can either be received as a regular payment or reinvested.

# Glossary of Terms

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## Small cap

*Please see Market capitalisation definition.*

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## Standard deviation

A measure of historical volatility calculated by comparing the average (or mean) return with the average variance from that return.

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## Target benchmark

A standard (usually an index or a market average) which an investment fund's performance aims to match or exceed.

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## Top-down (investment style)

An investment strategy which finds the best sectors or industries to invest in, based on analysis of the corporate sector as a whole and macroeconomic trends such as GDP and CPI to determine investment decisions (as opposed to bottom-up investing).

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## Total return

The total return of an investment is the combination of any capital appreciation (or depreciation) plus any income from interest or dividends. It is measured over a set period, and is given as a percentage of the value of the investment at the start of that period.

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## Underweight

When a portfolio or fund has a lower percentage weighting in an asset class, sector, geographical region or stock than the index or benchmark against which it is measured.

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## Unit class

Unit classes are a way to differentiate between different types of units in a unit trust. Where we write 'share class' in the report, it is to be construed as meaning unit/share class as applicable to the relevant fund. *Please also see Share class definition.*

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## Unit trust

A type of open-ended pooled investment vehicle, or fund, which is structured as a trust. It is split up into equal portions called "units" which belong to the unitholder. The money paid for the units goes into a pool with other investors' money which an investment manager uses to buy financial instruments on behalf of the unitholders, with the aim of generating a return for them.

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## Value (investment style)

A style of investing that involves buying securities that are trading at a significant discount to their true value in the belief that over time, the asset's relatively low price will rise to more accurately reflect the intrinsic value of the business. Value is measured by a company's cash flows, dividends, earnings and assets.

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## Volatility

A statistical measure of the fluctuations in a security's price or particular market. For example, a highly volatile share experiences greater changes in price than other investments. High volatility is taken as an indication of higher risk.



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