





# Chairman's Letter



*James Rainbow*

**James Rainbow**  
Chairman of Schroder  
Unit Trusts Limited

**“We believe this is a constant process that we have incorporated into our everyday oversight of funds.”**

**As I write this, we are seeing deeply shocking scenes in Ukraine following Russia's invasion of the country. This is a crisis which first and foremost will have profound human consequences and our thoughts remain with the people of Ukraine. As investors though, we are also focused on the market turbulence it is creating and staying focused on helping our clients navigating these uncertain times.**

This is our third Assessment of Value report, covering our Asset Management funds, and it aligns with our core purpose, to provide the best possible service and investment performance through active management.

As part of our continued commitment to you, and the reporting responsibility set by the Financial Conduct Authority (FCA), we produce this Assessment of Value report annually for each UK-domiciled investment fund that we manage. The data for this report was collected at the end of 31 December 2021.

We believe this is a constant process that we have incorporated into the everyday oversight of our funds. The risk and performance of each fund is formally reviewed at committees and the board of Schroder Unit Trusts Limited every quarter, and these discussions are integrated into our annual assessment.

Many of our funds openly favour the 'value' investment style, which involves buying good quality companies that the fund manager thinks are overlooked by the market and are trading at a significant discount to their "true" value. For these funds, this has led to underperformance over the period of assessment as in our opinion, this method of investing has remained out of favour. It is also worth noting that although we

are reporting on the fund level for each criteria, we base our rating on the lowest performing share class for each fund.

We take pride in the fact that we take appropriate, timely action when necessary. As a result of last year's assessment of our funds, over the past year we have:

- Taken action on individual funds which were identified as not consistently demonstrating value, by instigating fund manager and portfolio composition changes (see the performance section on p8 for more information)
- Established an automated process for share class conversions to move eligible investors into cheaper classes.
- Continued to offer scale discounts for retail investors in our largest funds. This year more funds have become eligible for discounts as they have grown in size (see the economies of scale section on p13 for more information).
- Reduced fee levels for our funds where our analysis deemed it appropriate.

Again this year we have sought to enhance the overall presentation of our report where possible, to ensure it is clearer to understand. We have also continued to set out our

methodology, conclusions and next steps for each of the seven areas, and to describe the key governance steps we take during the Assessment of Value lifecycle.

We strive to deliver both quality returns and create meaningful impact on our communities. Now that sustainability is transitioning from being a nascent development to a regulatory requirement, environmental, social, and governance (ESG) factors are a crucial part of your investments.

As a result this year we have included sustainability data for all of our funds, adding a further layer of transparency. This data is for information only and doesn't form part of our assessment. An explanation of this is provided in our 'Sustainability in Focus' page.

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

We hope this report will reassure you as it provides a detailed breakdown of the value that our funds provide. We also hope it will help to promote enhanced transparency, governance and outcomes, ultimately strengthening trust in the asset management industry.



**Andy Howard**  
Global Head of  
Sustainable Investment

# Sustainability in focus: a message from our Global Head of Sustainable Investment

**Societal, political and regulatory focus on sustainability and sustainable investment is intensifying. Issues such as climate change, biodiversity loss, inequality, discrimination, and corruption present risks and opportunities and, in many cases, will require significant and sustained investment. Asset managers are at the centre of these pressures and can play a crucial role in tackling them.**

Historically, the purpose of asset management has been capital allocation, that is, deciding what businesses to invest in to achieve the best risk-return outcome for their clients. However, what used to be one- or two-dimensional is now multi-dimensional.

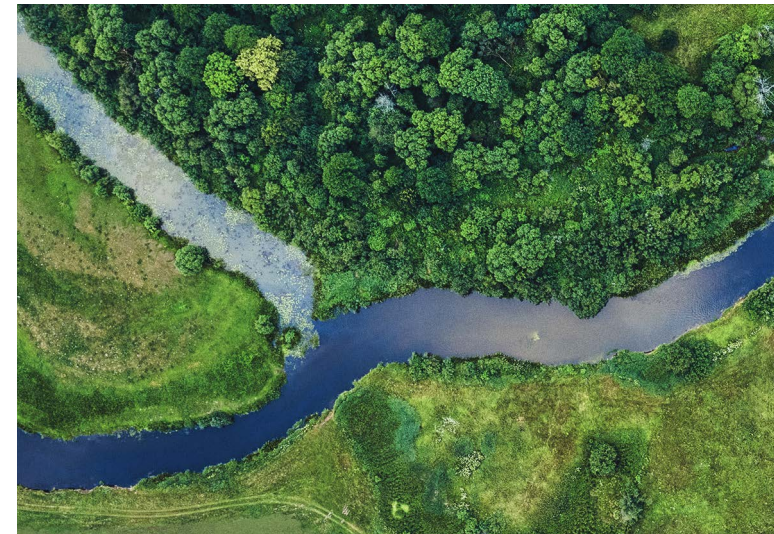
First, what makes a good risk-return outcome has changed. The importance of ESG factors to investment risk or opportunity is increasingly clear. Integration of ESG in investment decisions is now the new normal.

Second, there is a new dimension next to risk and return; degrees and forms of impact. The effects that companies have on the environment and society represent risks to their business models which can make or break an investment decision.

Third, the role of an asset manager is not only to allocate capital by considering ESG risks and opportunities. They also fulfil a broader role of stewardship and oversight for the capital that they have allocated. How we own investments is becoming as important as which investments we choose to own.

As a result, the nature of the debate has changed from whether we do sustainable investment to how we invest sustainably.

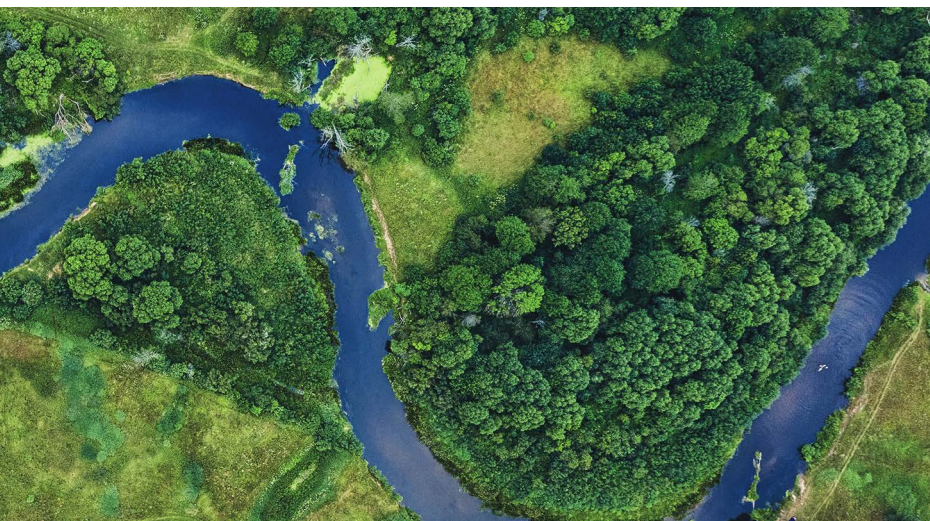
The message from our clients, through our [Global](#) and [Institutional](#) Investor Studies, has been clear and consistent. Clients need more transparency and better understanding of their sustainable investment options. They need clarity regarding the goals and strategies fund managers employ and ways to track their performance. Increasingly, many want to know the impacts their investments deliver.



Our latest [Global Investor Study](#) showed that the main reason why retail investors find sustainable funds attractive is the environmental effect that they may have.

We have invested heavily in establishing a robust ESG integration process and in developing our own proprietary tools to measure the sustainability of our investments and quantify their environmental and social impact.

To deliver on the transparency that clients have been asking for, in 2021, we took the decision to show sustainability data at an individual fund level in our Assessment of Value Report (AoV). This data, which is shown for information only, now appears for all funds alongside the seven criteria. We show this information not only for funds with an explicit sustainability focus, but for all funds to help our clients understand the effects their investments have on the environment and society.



We do this by showing an overall impact score for each fund as well as the sub-scores for environmental and social impact.

The impact score is based on Schroders' proprietary tool, SustainEx™, which provides an estimate of the potential societal or environmental impact that may be created by the companies and other issuers in which the fund is invested. It aligns social and environmental impact with investment risk by viewing these, together with current profits, through a common monetary lens.

SustainEx™ is based on Schroders' own methodology for quantifying the positive and negative impact of companies in financial terms. It draws from more than 700 academic studies, analyses more than 70 data points for every company and covers more than 16,000 global companies. If a data point is not disclosed by a company, we use the sector average and apply a discount for non-disclosure.

The result is an aggregate estimate of risk (or opportunity), a dollar cost or benefit, which is comparable across companies, portfolios and indices. This provides a forward-looking measure of potential risk, representing the extent to which companies' reported income would be affected if the effects they have on the environment and society are crystallised into financial costs or benefits.

It is expressed as a score, that being a notional percentage (positive or negative) of sales of the relevant underlying companies and other issuers. For example, a SustainEx™ score of +2% would mean a company contributes \$2 of relative notional positive impact (i.e. benefits to society) per \$100 of sales.

We calculate SustainEx™ scores for companies and other issuers in the portfolio of each fund to arrive at the total fund score.

The "Overall Impact" shown is a measure of both the fund and benchmark's estimated impact in each case calculated as a notional percentage as described above.

The "Impact on People" and "Impact on Planet" measure both the fund and benchmark's estimated underlying benefits and harms, in each case calculated as a notional percentage as described above. The metrics shown in the impact scores are a subset of the full metrics in the SustainEx™ model.

**This data is shown for information only and is not part of the AoV process.**

However, where funds have an explicit sustainability commitment as part of their investment objective, the delivery of this commitment has been assessed as part of the Performance criterion. A qualitative assessment of the investment process, as it relates to sustainability, already forms part of the Quality of Service assessment.


To further support our clients' understanding, the AoV Report includes links to new ESG Factsheets for funds which have explicit sustainability commitments. These factsheets outline a sustainable fund's impact on people and planet in more detail and include additional sustainability metrics for both the fund and its benchmark.

As we look to the future, demonstrating through these disclosures how we can make a difference for our clients, the environment and society, is crucial. Our investment in developing insights and analysis, and the data and infrastructure to apply that analysis, is becoming increasingly important to the value we bring to our clients.

SustainEx is a proprietary model and is not an industry standard measure. It utilises and is reliant upon third party data as well as Schroders' own estimates and assumptions and the outcome may differ from other sustainability tools and measures. Like any model that is based on different metrics and data points, it will evolve and develop over time as Schroders continues to assess, refine and add to the metrics and their relative contributions. Generating SustainEx scores involves an element of judgment and subjectivity across the different metrics chosen by Schroders. As the model evolves, changes made to how metrics are applied may result in changes to the SustainEx score of any issuer and ultimately the overall fund/portfolio score. At the same time, of course, the issuer might be improving or deteriorating on the measures.

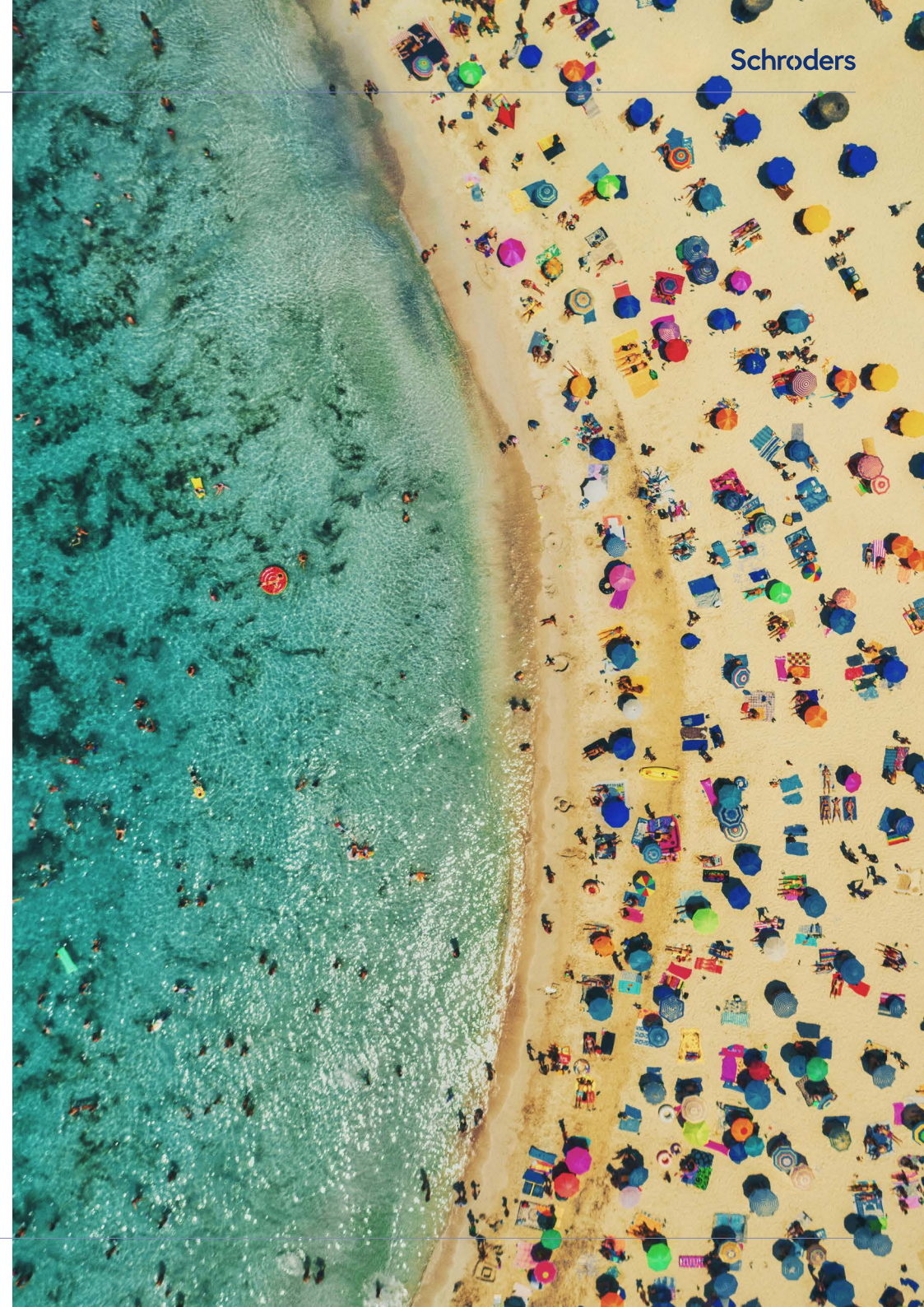


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## Schroder Unit Trusts Ltd (SUTL) board of directors

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

### Executive Directors

#### James Rainbow Head of UK Distribution and Latin America



James Rainbow is the Chairman of SUTL and joined the board in December 2019.

James is currently Head of UK Distribution and Latin America at Schroders. He joined Schroders in 2007 and has more than 20 years of industry experience.

As Chairman of the SUTL board, James holds the regulatory responsibility to ensure SUTL complies with its obligation as Authorised Fund Manager (AFM) to carry out the Assessment of Value, recruit independent directors and act in the best interests of investors.

#### Carolina Minio-Paluella\* Global Head of Product, Solutions and Quant



Carolina Minio-Paluella is the Chief Executive Officer (CEO) of SUTL and joined the board in December 2019.

Carolina is currently Global Head of Product, Solutions and Quant at Schroders. She was appointed to this role in 2019 and has more than 20 years of industry experience.

As CEO of SUTL, Carolina is responsible for the conduct of the business and plays a key role in the decision-making process. She also supports the Chairman in carrying out his regulatory duties.

\* Ms Minio-Paluella has indicated that she will step down from the board and as Chief Executive Officer as soon as regulatory approval for her successor has been granted.

#### Paul Chislett Head of Asset Management Finance



Paul Chislett is an executive director of SUTL and joined the board in July 2013.

Paul is currently Head of Asset Management Finance at Schroders, a role he has held since 2013. Paul is a chartered management accountant with more than 20 years of industry experience.

#### Stephen Reedy Head of EMEA Operations Hub



Stephen Reedy is an executive director of SUTL and joined the board in December 2019.

Stephen is currently 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.

#### Paul Truscott Regional Head of Product Development – UK and Europe



Paul Truscott is an executive director of SUTL and joined the board in July 2019.

Paul is currently Regional 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.

### Independent Non-Executive Directors

#### Calum Thomson Independent Non-Executive Director



Calum Thomson is an 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 25 years of industry experience.

Our independent non-executive directors bring an external perspective to support our executive directors and undertake a key role providing independent oversight and challenging the approach taken where necessary.

#### Howard Williams Independent Non-Executive Director



Howard Williams is an independent non-executive director of SUTL 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 35 years of industry experience.

Our independent non-executive directors bring an external perspective to support our executive directors and undertake a key role providing independent oversight and challenging the approach taken where necessary.

# 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 fund ranges or their advisers. It outlines each fund's assessment and concludes on whether we believe that we have demonstrated value.

## How should you use it?

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 31 December 2021.

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

The report complements other fund documentation such as the Factsheet and the Key Investor Information Document (KIID).

The document 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 construed as meaning unit/share class as 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 enjoy 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?

We have used iconography to help you understand the outcome of our assessment of each area.

-  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 that the fund is demonstrating value in that area. However, our initial quantitative review indicated that further qualitative analysis was required before we could conclude that the fund is demonstrating value. We believe the combination of these reviews ensures you are provided with a comprehensive conclusion.
-  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.

## What to do if you have any questions

You can contact us at [schrodersinvestor@HSBC.com](mailto:schrodersinvestor@HSBC.com) if you have any further questions. 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 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 objectives. 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 been in existence long enough to be compared against its benchmark over the performance period, we have not been able to complete a full review of performance.

We also look at how the fund has performed against its peers, both within the Investment Association (IA) sector and against a customised peer group provided by an independent third party, Broadridge (see the Comparable Market Rates section on p12 for more information).

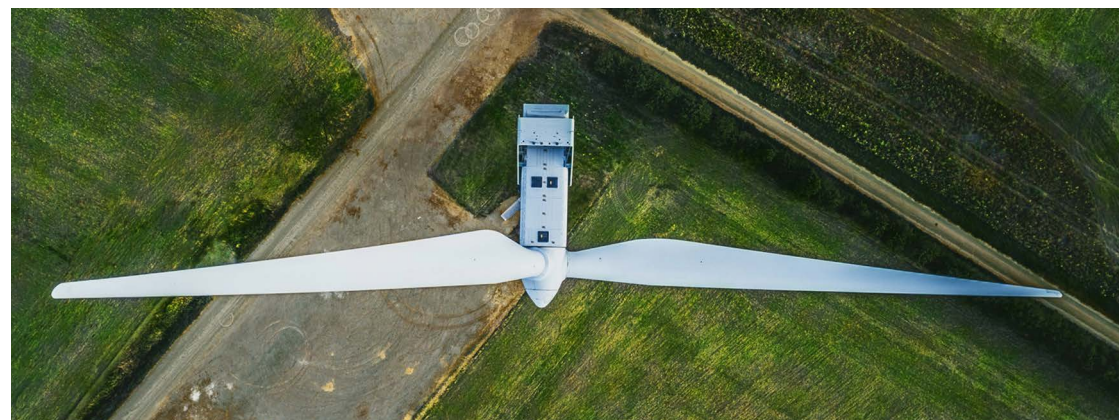
Broadridge is a global consultant to the financial services industry. This is the third year we are working with Broadridge on the Assessment of Value.

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

We review the performance of all funds as part of the Assessment of Value process. Additionally, 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 p17 for more information on our governance process).

### Our conclusion

Our initial review of all share classes identified that 43 out of the 86 funds are demonstrating value in the performance area. After further qualitative analysis on the remaining 43 funds, we concluded that, in total, 81 out of the 86 funds, are demonstrating value.



**“2021 saw many economies rebound strongly as we learnt to live with COVID, helped by major vaccination programmes in developed countries. As a result, cyclical assets did well, with both equities and commodities rallying strongly. The main challenge was the resurgence of inflation which impacted the returns of government bond markets.”**

Johanna Kyrklund,  
Co-Head of Investment and Group CIO

More information on fund-level performance is captured within the individual fund pages of this report. Where any share class of a fund has underperformed its investment objectives, we have provided a detailed performance commentary and outlined the remedial actions we are taking where we believe appropriate.

Of the nine funds identified as not consistently demonstrating value in our second Assessment of Value in 2020, eight funds were merged or restructured and enhancements were made to the investment process of the remaining fund.

### Next steps

As this is now our third report, we have been able to identify funds that have flagged as requiring a further review for three years in a row. For these funds there has been particular scrutiny placed via each stage of our governance lifecycle. See p17 for more detail.

We are always looking at ways we can improve the long-term performance of our funds. More information on the actions that we have taken, or plan to take, is captured within the individual fund pages of this report.



## 2. Quality of service

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

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

#### Our methodology

We assess whether we are delivering against each of the three elements – fund operations, investment process and client experience – well enough to deliver value for our clients.

- 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. We use JP Morgan to externally validate our fund operations services.
- The strength of our investment process for each fund is validated through a number of effective governance processes and forums.

We also review our own governance around liquidity and risk management to ensure 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 a client's 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 such as Research in Finance. This provides us with a holistic view of the client experience.

#### Our conclusion

Our initial review identified that out of the 86 funds, 51 are demonstrating value in the quality of service area. After further qualitative analysis on the remaining 35 funds, we concluded that all 86 funds are demonstrating value.

We have flagged nine funds in this report as they experienced operational issues as part of fund operations. We do not have any



**“We have comprehensively tested a wide range of our operational and marketing materials with consumers, actively seeking their personal feedback. This research process has reassured us that our documentation provides all the necessary information and in a format that people can easily access and consume.”**

Keith Evins,  
Head of UK Marketing

outstanding concerns with these issues. This is because we identified and addressed these appropriately, and we have since improved our controls.

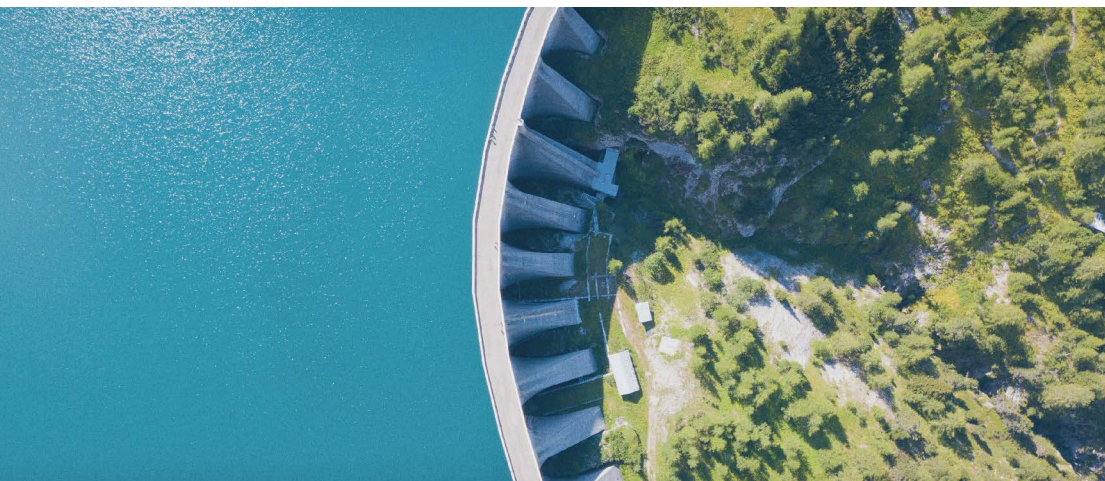
More information on fund-level quality of service is captured within the individual fund pages of this report.

#### Next steps

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

# 3. Authorised fund manager costs

Are the fees charged to the fund reasonable and appropriate?



“Our Finance team have continued to enhance the approach to the AFM Costs General and Comparable Services criteria during 2021, increasing the level of granular analysis to support the board’s decision making in the Assessment of Value.”

Richard Keers, Chief Financial Officer

We review every cost component of the Ongoing Charges Figure (OCF) at a share class level.

## Our methodology

Following our first Assessment of Value, we decided to move to an “all-in fee” to make charging structures simpler, more transparent and easier to understand. This means that clients pay a single fee which is set with reference to the OCF. This is called the Schroders Annual Charge (SAC) and was implemented across this cohort of funds in March 2021. In December 2021 we assessed the effectiveness of the charging structure as part of an annual review process.

We undertake a detailed assessment of our management costs (SAC), administration and ‘other’ costs to the fund that form part of the OCF. 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.

We compare these costs against what we charge our investors. This is to ensure that they are appropriate, while at the same time allowing us to:

- Remain 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 transaction costs across firms. It is also due to the fact that the overall number reflects 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.

The following table is taken from a fund’s Key Investor Information Document (KIID) for a particular share class and provides an example of how fees are charged to you. It tells us that if you invested £1,000 into the fund, you would not pay an entry or exit cost, but you would pay £7.70 in annual costs per year.

One-off charges taken before or after you invest	
Entry charge	none
Exit charge	none
This is the maximum that might be taken out of your money before it is invested or before the proceeds of your investment are paid out.	
Charges taken from the fund over a year	
Ongoing charges	0.77%

## Our conclusion

After our assessment of all share classes, we have concluded that all of the 86 funds are demonstrating value in the authorised fund manager costs area. We reviewed every cost component of the OCF 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.

We are continuously reviewing our costs and fee structures to ensure they are appropriate for our clients.

## Next steps

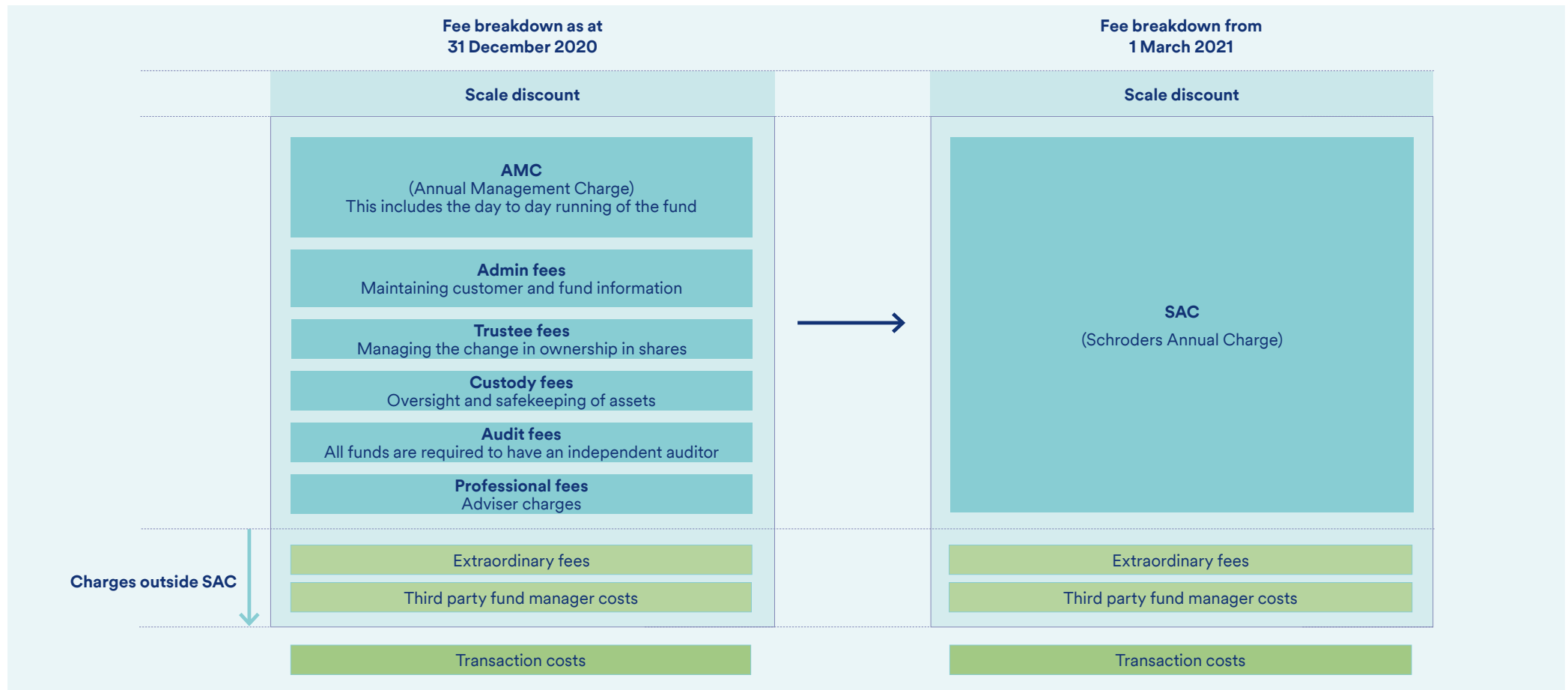
For funds with third party fund manager costs, these costs will continue to be disclosed separately outside of the SAC. This is to provide transparency of third party fund manager costs, given that they can vary. For funds which have scale discounts applied, the SAC will be adjusted on a monthly basis (see the economies of scale section on p13 for more information).



# 3. Authorised fund manager costs

## Impact on Ongoing Charges Figure (OCF)

This diagram illustrates the difference between the previous fee breakdown (as at 31 December 2020) and the fee breakdown from 1 March 2021 (when the Schroders Annual Charge (SAC) was introduced).



This was implemented across all SUTL funds except for our two Real Estate funds, due to their bespoke nature.

## 4. Comparable market rates

### How do our fees compare against our competitors?

We assess the amount we charge you at a share class level by comparing the price of our funds against the price of similar funds offered by our external peers in the relevant Investment Association (IA) Sector, and against the customised peer group provided by Broadridge where required.

#### Our methodology

The Investment Association (IA) is a trade body that represents investment managers and asset management firms in the UK. The IA divides large numbers of funds into smaller groups to aid comparisons between funds in one or more sectors.

We use an independent third party, Broadridge, to compare the charges of our funds against the relevant IA sector (where applicable) and share class type. Broadridge categorise share classes into one of three types – (i) retail share classes with no intermediary commissions, (ii) share classes with bundled charges, paying commission to intermediaries and (iii) share classes which are for institutional investors or have limited investment opportunities for retail investors – to ensure a like for like comparison.

As the investment approach of funds in an IA sector can vary, we also assess each fund against a customised peer group (where applicable). The funds in the customised peer groups are selected by Broadridge on the basis

that they are more directly comparable than other funds in the IA Sector.

In addition, our Product Strategy team undertakes 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.

We have added a visual in the individual fund pages to show how your fund is priced compared to its peers, which is measured by percentile (out of 100). This visual is based on the primary share class and is measured against the IA sector.

#### Our conclusion

Our initial review of all share classes identified that 43 out of 86 funds are demonstrating value in the comparable market rates area. After further analysis on the remaining 43 funds, we concluded that in total, 83 out of the 86 funds are demonstrating value.



**“The importance of having meaningful peers for analysis of Comparable Market Rates is of the utmost importance to the board. As market conditions change and new competitors take the lead in adjusting costs it is critical to ensure peers are relevant and reflect current pricing strategies in the marketplace. By having relevant peers and current, accurate data the board is best positioned to evaluate costs and propose changes.”**

Devin McCune,  
Regulatory & Compliance Vice President Governance, Broadridge

We have found that where applicable our funds are fairly priced compared to the majority of their peers, and are therefore demonstrating value to our clients by being competitively priced. For those funds we found to be more expensive than the majority of peers, we conducted further analysis of our pricing.

In 2021, we reduced the fees on 11 funds and 29 share classes, following our second Assessment of Value.

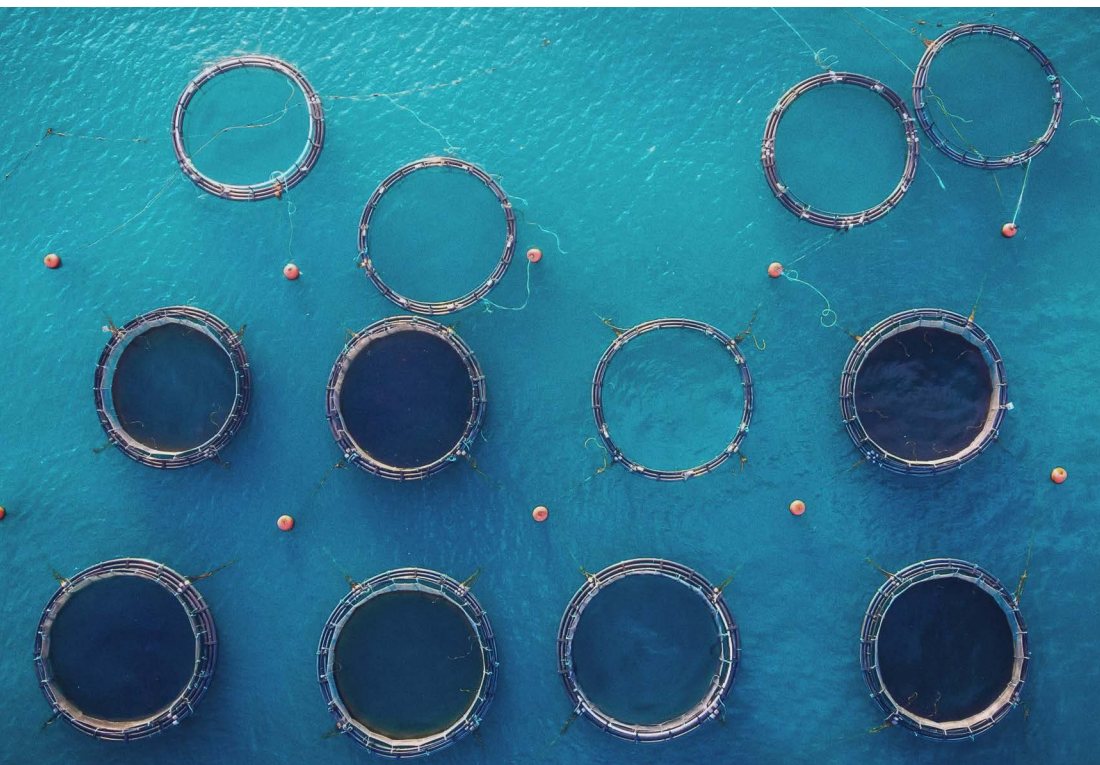
#### Next steps

For the funds we found to not demonstrate value consistently, we have agreed to reduce the fees on the three funds across seven share classes.

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



## 5. Economies of scale



**“As our AUM has grown this year the number of funds eligible for scale discounts has also increased. In 2021 we passed on discounts to investors to reflect the economies of scale in our products to 12 funds compared to nine in 2020.”**

Paul Chislett, Global Head of Asset Management Finance

### 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 larger funds more efficiently. We have considered whether a fund achieves economies of scale and whether it is appropriate to share these savings with you as our retail clients.**

#### 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 larger funds more efficiently, meaning that our costs of managing the fund decrease as the size of the fund grows. The size of our Schroders group and global presence is an ancillary 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 a fund grows to assets under management (AUM) of £1 billion, although this can vary depending on the type of investments that we manage for you. Scale discounts only apply to retail share classes (A, Z, L, C, P1, P2). Non-retail share classes receive discounts via lower management fees or rebates and therefore a scale discount has not been applied.

#### Our conclusion

After our assessment, we have concluded that all of the 86 funds are demonstrating value in the economies of scale area. Following our first Assessment of Value we determined that it is appropriate that we share some of these economies of scale savings with you. We use a tiered system to offer this saving; as the AUM of the fund increases so does the saving.

In December 2020, we implemented scale discounts in retail share classes for every fund that is larger than £1 billion.

This implementation of scale discounts has reduced the cost of our products for retail investors in aggregate by approximately £2 million annually as at 31 December 2021.

The aggregate quantum 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.

#### Next steps

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 our clients. When a fund reaches the required level, scale discounts are applied automatically to each fund's retail share classes.

## 6. Comparable services

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

We have compared internally each individual charge 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. We would like to emphasise here that 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 p12 for more information).

#### Our methodology

We manage money for a range of different clients all over the world, including individuals, charities, pension schemes and large institutions. In particular instances, some of that money is managed in the same way as your fund.

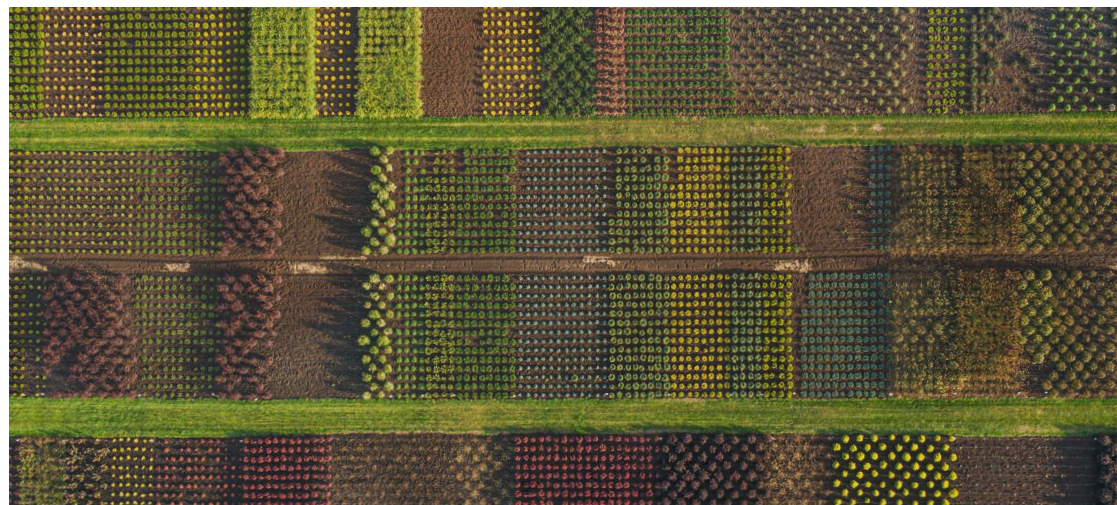
Where this is the case, we have compared different types of clients and the services that they receive in relation to the fees that we charge for funds with similar institutional segregated mandates or non-UK domiciled funds with similar investment strategies.

We recognise that clients behave in different ways and we set different charges to reflect this. Lower charges for institutional clients

can be justified by their higher longevity (i.e. the longer length of time they invest). This differential also reflects the higher costs of running funds that are sold through distributors or intermediaries, such as an online platform or a financial adviser.

Sometimes, the strategy forms part of a much larger mandate which is priced differently as the mandate benefits from economies of scale, which lower the operational costs of management. Therefore, it is reasonable to expect a price differential.

For our bespoke funds, there is no service offered which can act as a direct comparison.



**“We have recently enhanced our competitor evaluation process in order to narrow in on similar fund strategies. This provides a more rigorous view of similar funds and strategies within our offering for comparison. This comparison enables us to thoroughly examine that our pricing is fair across our products.”**

Tom Darnowski, Global Head of Product Strategy

#### Our conclusion

Our initial review of all share classes, identified that 36 out of the 86 funds are demonstrating value in the comparable services area. After further qualitative analysis on the remaining 50 funds, we concluded that in total, 84 out of the 86 funds are demonstrating value.

We have concluded that the fees are reasonable and appropriate relative to other funds and/or segregated mandates with similar objectives and services offered to clients. The fees are also reasonable and appropriate depending on the client type and share class.

#### Next steps

For the two funds we found to not demonstrate value consistently, we are currently reviewing the fund pricing and may look to reduce the fees on these.

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. We have considered whether you are invested in the share class that is the best price for you.

#### Our methodology

Our aim is that you are invested in the share class that is 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 your fund, 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

Our review of all share classes identified that all 86 funds are demonstrating value in the classes of shares or units area.

In January 2021 we converted a further c. 2,500 investors to cheaper share classes comprising of A to Z and P1 to P2 conversions (see share class table on the next page for more information).

These holdings equate to c. £66 million AUM across 40 of the in-scope funds in this report and have saved investors c. £500,000 per annum in total.

#### Next steps

We have since moved to a semi-annual automatic conversion for investors that have had their advisor removed. This automation is carried out every May and November, with the first automatic conversion beginning in November 2021.

We will continue to monitor and review our share classes throughout the year and convert investors to cheaper share classes where appropriate. Further conversions are expected as we have identified some complexities with converting certain types of holdings which we are currently addressing.



**“We have continued to build on the hard work from 2020 in transferring investors, where appropriate, to lower cost share classes. This year we worked with HSBC to ensure that conversions are automated on a semi-annual basis for investors that meet the requirements for conversion to be placed in a cheaper class available to them.”**

Doug Abbott, Head of UK Intermediary Distribution

## 7. Classes of shares or units

### 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 opposite. Each share class in the fund may have a different charge, minimum investment levels or other restrictions or features.

The implementation of the Retail Distribution Regulation (RDR) rules on charging have resulted in new share classes (widely referred to in the industry as 'clean' share classes) in funds. These classes bear a lower annual management charge (AMC), excluding the portion of the charge that was formerly rebated to advisors.

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 created post-RDR.
<b>A</b>	The main share class for advised investors.	Substantially similar rights to the Z share class for clients without an advisor. Where the client is not receiving advice they have now been converted to the Z share class.
<b>C</b>	A legacy retail share class created for Cazenove Capital investors.	Substantially similar rights to the Z share class. Fees are in line with the Z share class.
<b>P1</b>	A share class for advised investors within the SARFCO range.	Substantially similar rights to the P2 share class for clients without an adviser. Where the client is not receiving advice they have been converted to the P2 share class.
<b>P2</b>	A retail share class for the SARFCO range.	Fees are in line with the Z share class.
<b>Institutional share classes</b>		
<b>I</b>	The main share class for institutional investors.	Clean fee share class.



# The Assessment of Value report lifecycle

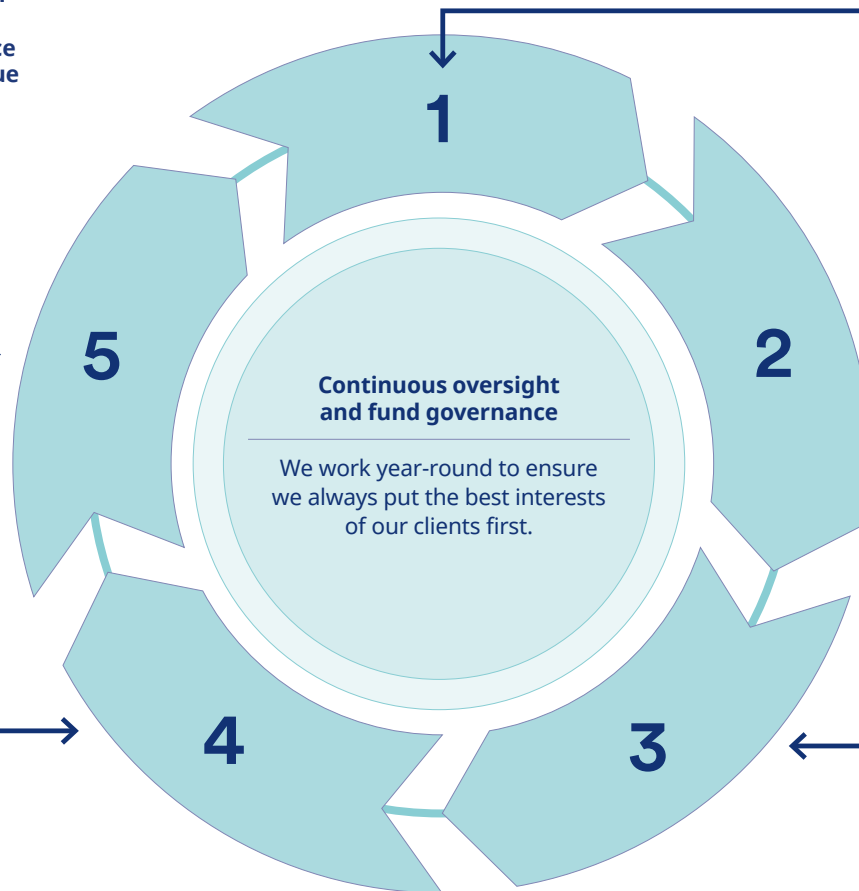
On this page we share the key governance steps taken to produce our annual Assessment of Value report. Additionally, we describe our rigorous fund governance and oversight model; although the Assessment of Value is an annual process, we review the value we deliver to our investors throughout the year.

**5. Publish report**

After robust evaluation and challenge, we publish the Assessment of Value report externally on our website or make it available on request for clients and investors to view. 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 validated by the SUTL board. Their role includes reviewing, challenging and validating each individual recommended fund assessment outcome approved by the Product Governance Committee. These outcomes and proposed remedial actions are presented to the SUTL board by the Product Governance Team.



**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, Distribution, 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. Currently, there are 16 of these Committees across Schroders covering every asset class.

**3. Product Governance Committee (PGC)**

The Product Governance Committee appraise the seven areas for each fund and share class, and subsequently determine the recommended assessment outcome for the SUTL board. This process can take several days to complete and draws on the experience of key stakeholders from across the business. The Product Governance Committee also review underperforming funds each quarter following the Risk and Performance Committees.

**“As independent non-executive directors, we bring an external perspective to the Assessment of Value process. Our role is to challenge the delivery of value, not just at the time of publication, but continuously throughout the year.”**

Calum Thomson and Howard Williams, Independent Non-Executive Directors

# 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.

## 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 this icon which is situated at the top right of each page to return back to the contents page.

### 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 clients. 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 31 December 2021 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 31/12/2021.

Please refer to the fund's Factsheet [here](#) for performance data as at 31 December 2021. On 21 February 2022 the Fund was restructured into the Schroder Sustainable Bond Fund.

## Schroder Absolute Return Bond Fund

**Overall conclusion**

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Benchmark:** ICE BofA Sterling 3 Month Government Bill Index + 1%

**1. Performance**

Performance Commentary:  
The fund outperformed the target benchmark in 2019 but underperformed over three and five years. In the fourth quarter of 2018, investors turned more cautious and markets moved sharply, becoming out of sync in our view with economic fundamentals, which are the basis of how we make investment decisions. The fund also underperformed in Q1 of 2020 due to negative returns in March arising from extreme market volatility caused by the Covid-19 pandemic. Some of our strategic positions placed in anticipation of significant global headwinds performed well, including long US duration. However, these were more than offset by the underperformance of our positions that are more sensitive to changes in the economic cycle, namely currencies and corporate bonds. The unprecedented demand for the US dollar saw a number of our emerging market exposures detract as market participants sold their positions to fund their dollar purchases. The fall in the Norwegian krone, where we held a long position for much of the month, was compounded by the competitive price, to which it is highly correlated. More recently in 2021 the strategy generated positive absolute returns, but underperformed the target benchmark. The fund's investment strategy delivered strong positive relative performance early in the year, profiting from the rise in bond yields (prices fall when yields rise). However, we changed this strategy in Q3, based on our view that global growth was slowing and that structural headwinds were likely to constrain the ability of central banks to raise rates over the longer term. This meant that when bond yields rose during Q3 and Q4, it detracted from performance. Currency positioning also had a negative impact on performance, most notably in September and October 2021.

**Remedial Actions:**  
On 11th February 2022 existing shareholders voted to convert the Schroder Absolute Return Bond fund into Schroder Sustainable Bond fund. The new strategy will increase the return objective and move the fund to an innovative sustainable investment strategy, by allocating to sovereign and corporate issuers that are acting in a sustainable manner and are contributing towards a more economically sustainable future over the medium to long term. This fund will aim to provide income and capital growth in excess of the ICE BofA Sterling 3-Month Government Bill Index plus 7.5% over average to five year period. The fund will maintain a positive absolute sustainability score based on the investment manager's rating criteria. We are making this change to directly address client demands to allocate capital to managers that can clearly demonstrate investment in corporate and sovereign issuers who adopt positive sustainability practices. We have confidence in the fund's investment strategy and on Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**3. Authorised fund manager costs**

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

**4. Comparable market rates**

Ongoing Charges Figure (OCF) compared to peer group

Ongoing Charges Figure: 0.65%

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

**5. Economies of scale**

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

**6. Comparable services**

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

**7. Classes of shares or units**

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

**The sustainability impact of the fund and its benchmark**

This fund has been restructured since 31 December 2021 and now has a sustainable investment objective. More information on the sustainability characteristics for this fund can be found here. The Schroders Impact score is shown below. It provides an estimate of the fund's 'Impact on People' and its 'Impact on Planet' as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

	Benchmark	Fund score
Overall impact	1.9%	4.9%
Impact on people	2.4%	5.8%
Impact on planet	-0.5%	-0.9%

The above Schroders Impact score is calculated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a national percentage (positive or negative) of sales. A SustainEx score of +10% means the portfolio adds \$10 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

21 The assessment has been completed using data as at 31/12/2021

Key: ● Demonstrating value ● Completed a further review, demonstrating value ● Completed a further review, not demonstrating value consistently

### Impact snapshot

This year, we have added sustainable and impact metrics to the individual fund pages. These impact scores are calculated by Schroders' proprietary tool, SustainEx, which estimates the social and environmental impact a company or issuer may create. The result is expressed as a percentage (positive or negative) of sales. It is also compared against its respective benchmark (unless stated), and is represented as light and dark blue points along the diagram.



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# Schroder Absolute Return Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** ICE BofA Sterling 3 Month Government Bill Index + 1%

## 1. Performance

### Performance Commentary:

The fund outperformed the target benchmark in 2019 but underperformed over three and five years.

In the fourth quarter of 2018, investors turned more cautious and markets moved sharply, becoming out of sync in our view with economic fundamentals, which are the basis of how we make investment decisions. The fund also underperformed in Q1 of 2020 due to negative returns in March arising from extreme market volatility caused by the Covid-19 pandemic. Some of our strategic positions placed in anticipation of significant global headwinds performed well, including long US duration. However, these were more than offset by the underperformance of our positions that are more sensitive to changes in the economic cycle, namely currencies and corporate bonds. The unprecedented demand for the US dollar saw a number of our emerging market exposures detract as market participants sold their positions to fund their dollar purchases. The fall in the Norwegian krone, where we held a long position for much of the month, was compounded by the collapse in the oil price, to which it is highly correlated.

More recently in 2021 the strategy generated positive absolute returns, but underperformed the target benchmark. The fund's government bonds strategy delivered strong positive relative performance early in the year, profiting from the rise in bond yields (prices fall when yields rise). However, we changed this strategy in Q3, based on our view that global growth

was slowing and that structural headwinds were likely to constrain the ability of central banks to raise rates over the longer term. This meant that when bond yields rose during Q3 and Q4, it detracted from performance.

Currency positioning also had a negative impact on performance, most notably in September and October 2021.

### Remedial Actions:

On 11th February 2022 existing shareholders voted to convert the Schroder Absolute Return Bond fund into Schroder Sustainable Bond fund. The new strategy will increase the return objective and move the fund to an innovative sustainable investment strategy, by allocating to sovereign and corporate issuers that are acting in a sustainable manner and are contributing towards a more economically sustainable future over the medium to long term. This fund will aim to provide income and capital growth in excess of the ICE BofA Sterling 3-Month Government Bill index plus 2.5% over any three to five year period. The fund will maintain a positive absolute sustainability score based on the investment manager's rating criteria. We are making this change to directly address client demands to allocate capital to managers that can clearly demonstrate investment in corporate and sovereign issuers who adopt positive sustainability practices.

We have confidence in the fund's investment strategy and on Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.65%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

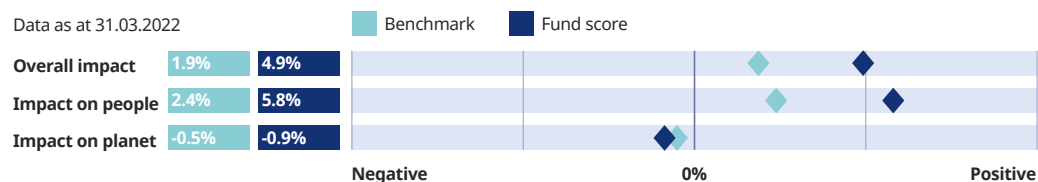
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund has restructured since 31 December 2021 and now has a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder All Maturities Corporate Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** ICE BofAML Sterling Non-Gilts

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.54%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

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

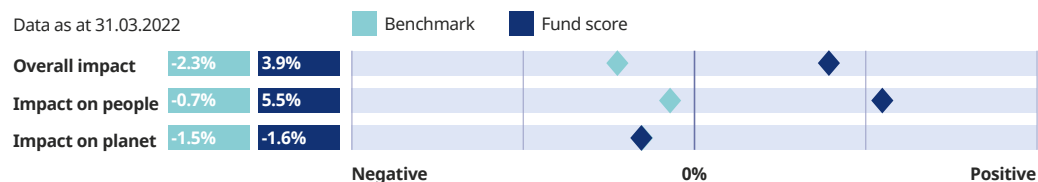
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Asian Alpha Plus Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** MSCI AC Asia ex JP NDR

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

**Ongoing Charges Figure (OCF) compared to peer group**



**Ongoing Charges Figure: 0.92%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

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

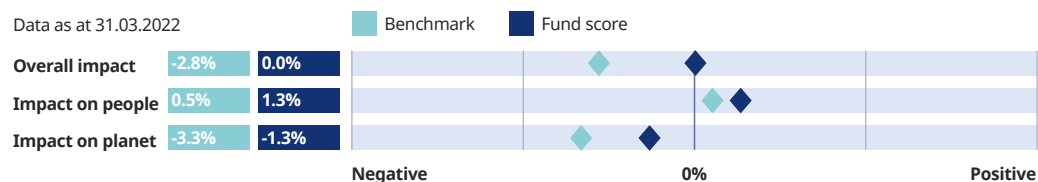
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Asian Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** MSCI AC Pacific Ex Japan NR USD

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

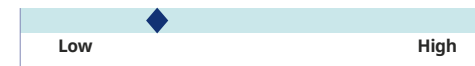
We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.90%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

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

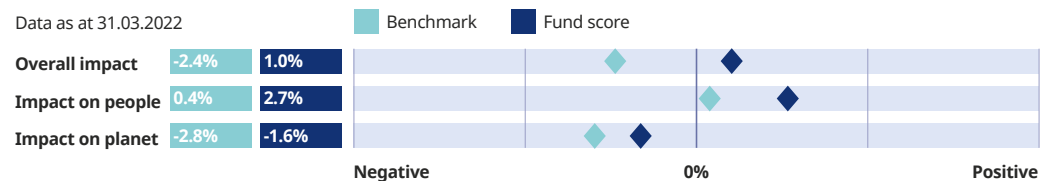
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Asian Income Maximiser Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** 7% income per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.95%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. We are therefore in the process of reducing the charges on these share classes in order to make the fund more competitive.

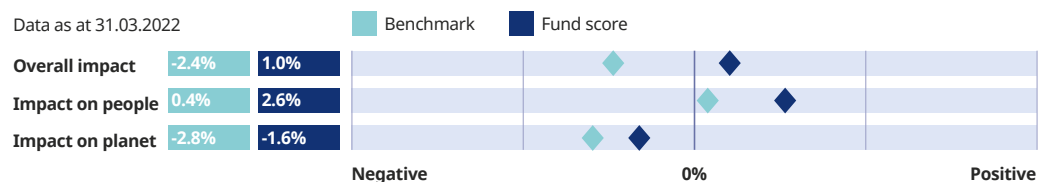
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (MSCI AC Pacific ex JP) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Blended Portfolio 3

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 0-35% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.51%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

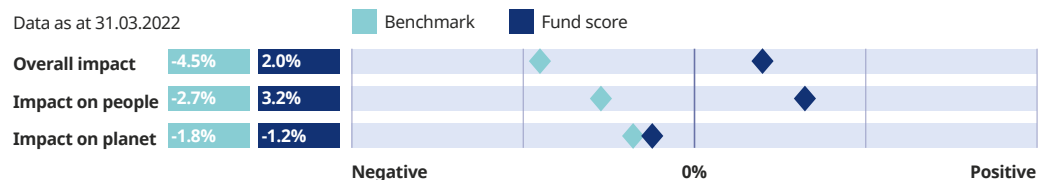
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 3 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Blended Portfolio 4

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 20-60% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.58%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

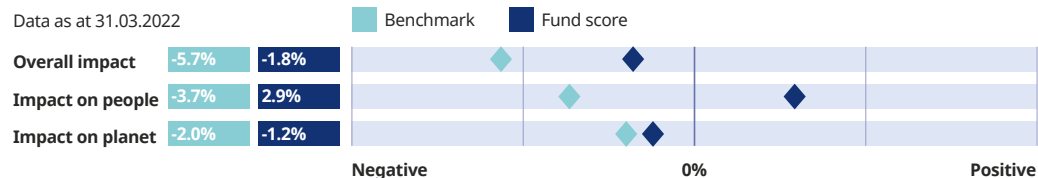
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 4 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Blended Portfolio 5

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 20-60% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.58%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

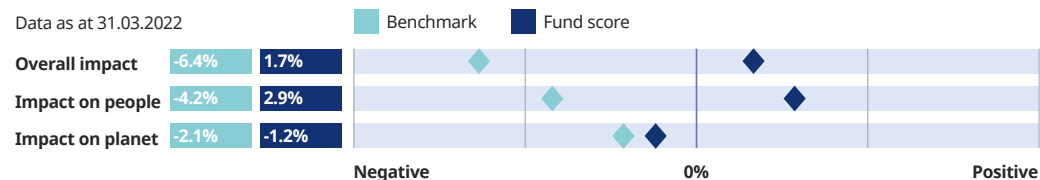
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 5 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Blended Portfolio 6

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 40-85% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.59%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

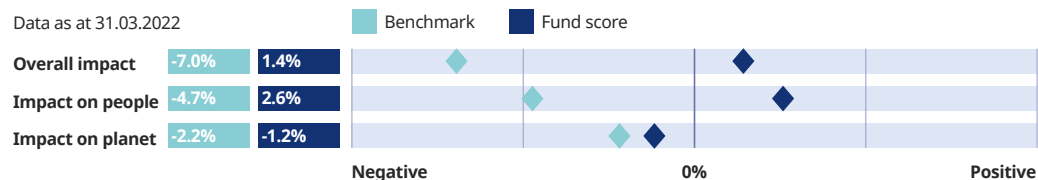
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 6 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Blended Portfolio 7

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 40-85% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.60%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

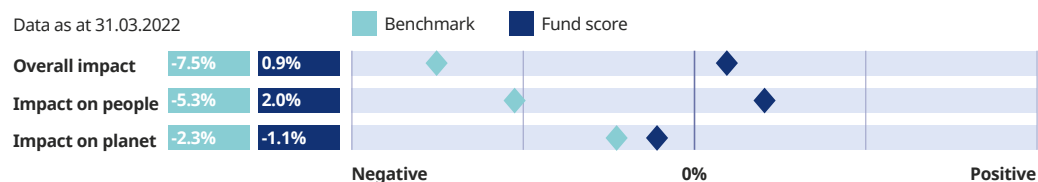
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 7 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Blended Portfolio 8

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Flexible Investment

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.59%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

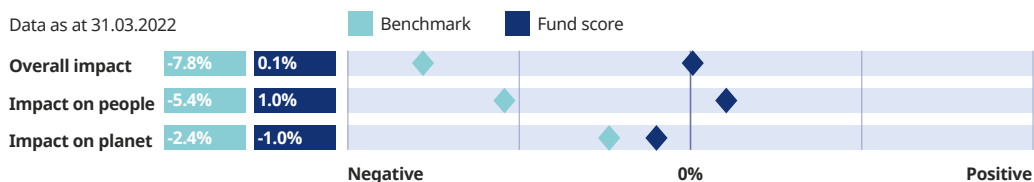
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Blended Portfolio 8 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Diversified Growth Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** UK CPI +5% (lagged)

## 1. Performance

### Performance Commentary:

The fund has two objectives: to deliver a return of 5% above the Consumer Price Index (CPI) and also for volatility (a statistical measure of the fluctuations in a security's price or market) to be less than two-thirds that of the global stock market. The timescale we measure this by is five to seven years. In seeking to achieve an absolute level of return (an uninvestable inflation plus benchmark), as opposed to a market-based benchmark, when global markets are returning less than 5% above inflation it becomes inevitable that the fund will have periods when it too will underperform that target. During 2015, 2018 and the first quarter of 2020, global stock markets struggled, which directly affected our ability to deliver the fund's objectives.

To a lesser extent, performance was also affected by our bias towards investing in value stocks (companies that we believe are good quality, but which have been overlooked by the market and are trading at a significant discount to their true market value) over the first half of the period. Investors over this period instead favoured growth stocks. These are companies perceived as stable growers that investors are willing to pay a premium for based on their future growth prospects. The value style of investing has underperformed the growth style over much of the period under review as investors have been prepared to pay ever-higher prices for growth stocks. Most recently, having outperformed its benchmark in both

2019 and 2020, the fund was behind target in 2021 as the sharp increase in CPI over 2021 inflated the benchmark. The fund has met its volatility objective over the full period.

### Remedial Actions:

We have made a number of enhancements to our process in recent years, while adhering to our core philosophy. We have also taken action to enhance our stock selection process, allowing us more effective control over our exposure to investment styles. Real interest rates and bond yields have fallen substantially across the globe, most recently due to policy responses to the Covid-19 pandemic. The real returns (i.e. adjusted for inflation) that can be achieved from 'low risk' investments, such as government bonds, are now at historically low levels with a knock-on effect to other asset classes. As we do not believe that real interest rates will return to "normal" levels in the short to medium term, we are changing the return objective of the fund to better reflect the return outcomes achievable in the current market.

We have confidence in the fund's investment strategy and in Schroders's ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.74%**

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

## 5. Economies of scale

Your fund's assets under management are greater than £1 billion and therefore it is achieving meaningful economies of scale. Your fund does not contain any retail share classes as it is only available to institutional investors. These investors are already offered a scale discount in the form of lower management fees or rebates which reflect the longevity of their investment.

## 6. Comparable services

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

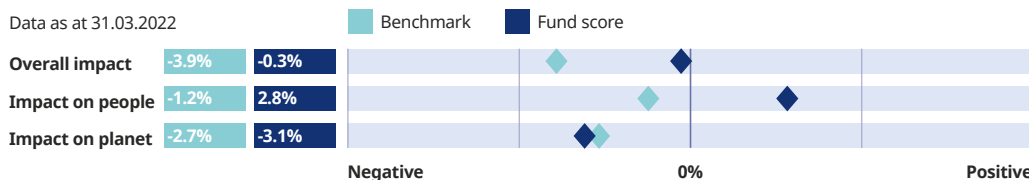
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Diversified Growth composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Dynamic Multi Asset Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** UK CPI + 4% lagged

## 1. Performance

### Performance Commentary:

The fund has two objectives: to deliver a return of 4% above the Consumer Price Index (CPI) and also for volatility (a statistical measure of the fluctuations in a security's price or market) to be less than two-thirds that of the global stock market. The timescale we measure this by is five to seven years. As the benchmark is uninvestable (being an "inflation plus" target as opposed to a market-based benchmark), when global markets are returning less than 4% above inflation it becomes inevitable that the fund will have periods when it too will underperform that target. During 2015, 2018 and the first quarter of 2020, global stock markets struggled, which directly affected our ability to deliver the fund's objectives.

To a lesser extent, performance was also affected by our bias towards investing in value stocks over the first half of the period. These are companies that we believe are good quality, but which have been overlooked by the market and are trading at a significant discount to their true market value. Investors over this period instead favoured growth stocks. These are companies perceived as stable growers that investors are willing to pay a premium for based on their future growth prospects. The value style of investing has underperformed the growth style over much of the period under review as investors have been prepared to pay ever-higher prices for growth stocks. Most recently, having outperformed its benchmark in both 2019 and 2020,

the fund was behind target in 2021 as the sharp increase in CPI over 2021 inflated the benchmark. The fund has met its volatility objective over the full period.

### Remedial Actions:

The fund's name, investment objective and investment policy changed on 1 April 2022. It is now called the Schroder Sustainable Future Multi-Asset Fund. These changes better reflect the way the Fund is currently managed by offering more transparency on how sustainability is built into the Fund's investment approach. Sustainability has been an important feature of the Fund's investment process over the last two and a half years as we have introduced sustainable components and ESG analysis into asset allocation decisions. The Fund's sustainability credentials are a key topic of discussion with clients, as ESG analysis is at the heart of our investment process.

We continue to have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.34%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

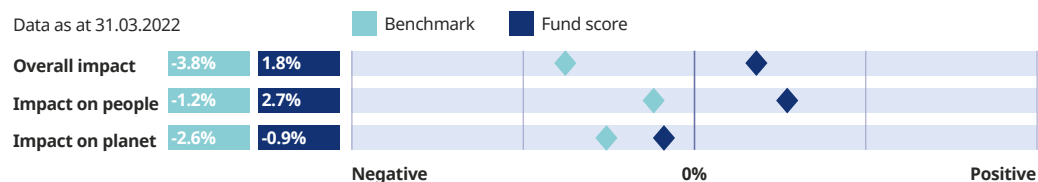
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund has restructured since the 31 December 2021 and now has a sustainable investment objective. More information on the sustainability characteristics for this fund can be found on the fund's Factsheet from May 2022. The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder European Alpha Plus Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently in the Performance area. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE World Eur Ex UK TR GBP

## 1. Performance

### Performance Commentary:

The fund's underperformance is partly due to poor returns from several individual stocks within the energy sector and specifically oil services. The oil and gas drilling contractor Borr Drilling performed particularly badly, but positions in Odfjell Drilling and Technip FMC also weakened the fund's overall performance. We continued to hold these stocks as we expected demand from the major oil companies for the specialised services these companies provide to increase given the low level of competition in their respective fields. However, the value of a large number of oil and gas services companies fell significantly, due to the fallout between Russia and Saudi Arabia in February 2020 and the global fall in demand for oil due to the Covid-19 pandemic. These positions were fully exited by the end of March 2020.

The fund's performance was also undermined by its overall tilt to low-valued European shares, notably financials. Positions in financial firms Bankinter, ING Groep, Grupo Catalana Occidente, ABN Amro and Axia weakened returns. In anticipation of a rise in interest rates and bond yields over the medium to long term, we believed the share prices of many financial companies would rise. However, in 2020 economically sensitive areas of the market materially underperformed.

Our position in gaming company Ubisoft has struggled recently with delays in the release of new games and a failure to meaningfully convert sales into higher profits. However, we believe that the shares can recover from current low levels.

### Remedial Actions:

The portfolio manager has adjusted the positioning of the fund towards sector-leading businesses operating in attractive industry segments where we see considerable growth potential. Portfolio performance remains volatile due to the focused nature of the portfolio (which comprises fewer than 35 stocks) and as many of our stock picks are not included in the benchmark.

Our robust product governance framework ensures that we review our funds regularly and challenge any underperformance on an ongoing basis. More detail on our fund governance processes can be found at the front of this report.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified a material error within the hedged version of the A share class for this fund. This error was in relation to FX overlay but has since been addressed appropriately and we have remediated our controls. All impacted clients have also been fully compensated. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.92%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

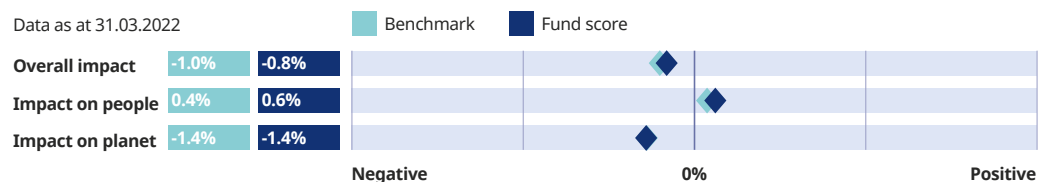
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder European Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE World Eur Ex UK TR GBP

## 1. Performance

### Performance Commentary:

The fund's underperformance was driven largely by the challenges faced by some of the individual companies we hold, rather than any big overriding theme. The main shares in our portfolio that performed poorly over the period included IT firm Nokia, video game company Ubisoft, steel-maker ThyssenKrupp and pharmaceutical firm Bayer. In the case of German conglomerate ThyssenKrupp, the planned simplification of its business did not materialise in the way we hoped. Poor momentum in certain divisions offset the higher quality assets like the elevator business where the firm has a sector-leading position. Gaming specialist Ubisoft, meanwhile, has struggled recently with delays to the release of some of its games and a failure to convert sales into higher profitability to a meaningful degree. However, we remain convinced that the shares can recover from current low levels.

### Remedial Actions:

The fund retains a positive performance profile over 10 years. The portfolio focuses on a relatively concentrated number of holdings which can exacerbate the effect if any of them do not follow the benchmark closely, producing periods of underperformance in relative terms.

The market environment is evolving continually and we think our philosophy of organically recycling capital into greater mispriced opportunities while maintaining diversification is the correct one.

The portfolio aims to identify lowly valued stocks where we believe short term fears and cynicism about the sustainability of the business is overdone. We compliment such exposures with businesses like Merck and ASMI; these are businesses we identify as having sector-leading characteristics that can maintain their edge and superior growth characteristics longer term.

Our robust product governance framework ensures that we review our funds regularly and challenge any underperformance on an ongoing basis. More detail on our fund governance processes can be found at the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.95%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. We are therefore in the process of reviewing the charges for these share classes. Upon completion of this review we will reach out to investors when a change is made to the fee.

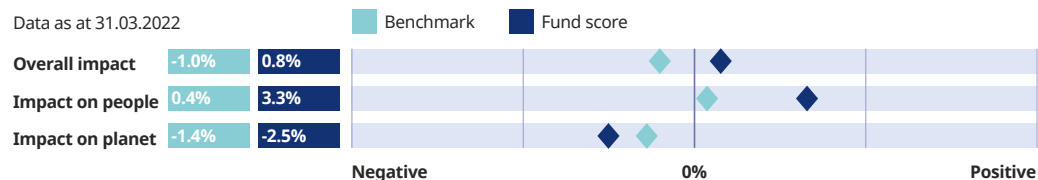
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder European Recovery Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE World Europe Ex UK TR GBP

## 1. Performance

### Performance Commentary:

Since a change in fund manager in May 2018, the fund has been managed in a value style. This means seeking out companies that we believe have been overlooked by the market and are trading at a significant discount to their true value. There is strong evidence from many decades of data that investing in value companies delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic, was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months.

There have been a small number of stock-specific issues in the portfolio over the past five years.

One example of a stock that has detracted from returns is asset manager GAM Holding, which we have held since 2018. We saw a value opportunity after the company's shares fell in the wake of negative publicity surrounding the firm. We remain comfortable holding this stock as GAM continues to revamp and simplify its business.

### Remedial Actions:

We place significant emphasis on detailed valuation and accounting analysis, particularly balance sheet strength. Through fundamental research and by looking beyond the short-term market 'noise' and behavioural biases, we believe we can identify companies that trade at a substantial discount to their fair or intrinsic value.

During this period of underperformance we have re-examined all of the positions in the fund, reviewed fund turnover and the consistency of our investment style. It is our firm belief that we hold a basket of companies with the most attractive risk / reward profiles currently available, and that those clients who choose to stay the course will be potentially well-rewarded for their patience.

Performance over the past 12-months has improved as the value investment style become more favoured. We remain confident in the fund's investment strategy and in Schroders' ability to deliver its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.90%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

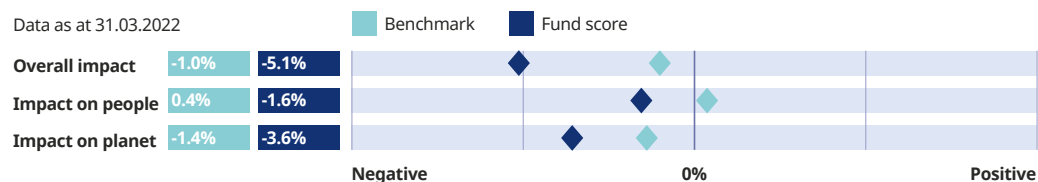
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder European Smaller Companies Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** EMIX Smaller European Companies Ex UK TR EUR

## 1. Performance

This fund has outperformed its primary benchmark and its peers as per the performance methodology. However the A share class underperformed the target benchmark.

### Performance Commentary:

A weaker period of performance in 2019 continues to weigh on relative returns on a three year view. In this period, the fund was overly skewed to lower quality and subsequently lower valued companies. Some of these holdings were met with little patience and consequently underperformed for lacking growth drivers or showing mis-execution. This was exhibited in fund performance through elevated stock specific centric underperformance.

Laggards included holdings in SMCP, Kvaerner, Glanbia and Ubisoft.

### Remedial Actions:

Remedial action has been a mixture of exiting the investments where the investment thesis was significantly challenged or conviction has reduced. We also adjusted our sector skew, where the primary focus is now further anchored towards long term economic, demographic and technological trends. These measures have lifted the average market cap profile of the fund and focused the fund around its core strategy and expertise, where around the edges discipline had drifted. Sizing has been adjusted in some names as we have re-evaluated risk factors, however, it is important to highlight that the core positions and strategy of fund remain consistent.

Given smaller companies are higher on the risk spectrum, a period of underperformance is easier to appreciate, although no easier to endure. We remain firmly of the view that the fund's core strategy of investing in companies with strong business models in attractive industry segments exposed to long term growth attributes make for strong portfolio performance over longer term horizons.

Fund performance has improved over the last 24 months and retains a positive performance profile long term.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.96%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

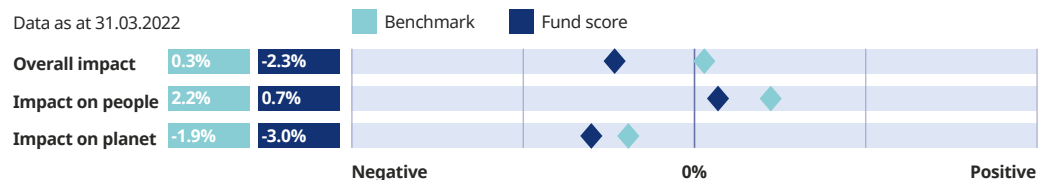
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder European Sustainable Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently in the Performance area. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE World Europe Ex UK TR GBP

## 1. Performance

### Performance Commentary:

In December 2021, the fund's name was changed from Schroder European Alpha Income Fund to Schroder European Sustainable Equity Fund, with the portfolio adjusted accordingly.

The fund's underperformance is partly due to poor returns from several individual stocks within the energy sector and specifically oil services. Our holding in oil and gas drilling contractor Borr Drilling particularly affected performance. We held the shares given an expected increase in demand from the major oil companies for their services due to less competition in the services sector. However, the value of many energy services companies fell significantly, due to the fallout between Russia and Saudi Arabia in February 2020 and the global slump in demand due to the Covid-19 pandemic. A number of affected positions were fully exited by the end of March 2020.

The fund's performance was also weakened by its overall tilt to low-valued parts of the European equity market, notably financials. Positions in financial firms Bankinter, ING Groep, Grupo Catalana Occidente and Axa performed poorly. In anticipation of a rise in interest rates and bond yields over the medium to long term, we believed many financial companies could achieve growth. However, the environment of early 2020 was one where economically sensitive areas of the market materially underperformed.

### Remedial Actions:

Considering the fund's longer term investment performance, we have undertaken a detailed review of the fund and its investment strategy. In December 2021, the fund's name was changed from Schroder European Alpha Income Fund to the Schroder European Sustainable Equity Fund.

The portfolio managers have adjusted the portfolio to include investments in businesses they believe are undervalued and reflect strong sustainability credentials. The fund no longer has a focus on income. We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.94%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

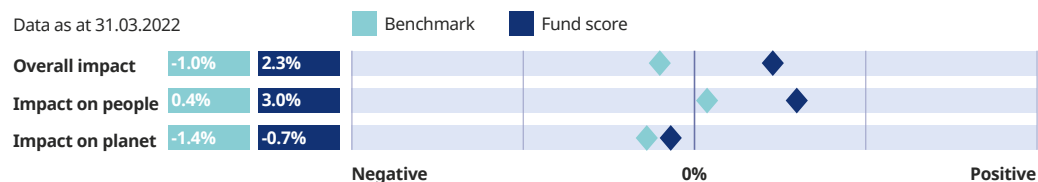
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Flexible Retirement Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** ICE BofA Sterling 3 month Government Bill +2%

## 1. Performance

### Performance Commentary:

The fund has two objectives: to deliver a return of 2% above cash, and not to lose more than 8% over any holding period. The fund has met its objective of not losing more than 8% over any holding period. To achieve this, however, the fund had to reduce its exposure on occasions to stock markets. As a result of the actions taken to ensure that losses did not exceed 8% it has missed out on some returns available from equity markets and this meant it could not meet its performance objective since inception. As this is a conservative fund for investors who are willing to sacrifice some gains in order to avoid losses, it would not have been appropriate to take a less conservative approach. However, the fund has met its return objective in 2021.

### Remedial Actions:

The fund has met both its drawdown and return objective in 2021. We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.30%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

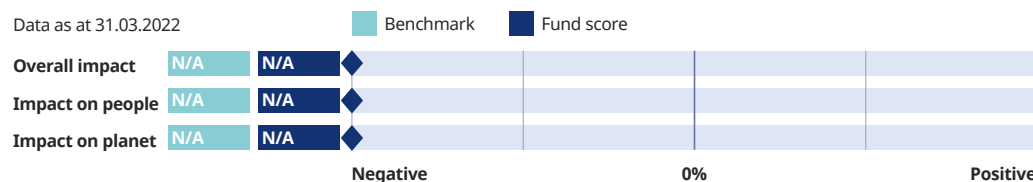
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment therefore the fund is not managed to any binding environmental or social criteria, however due to the fund's underlying holdings there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Gilt & Fixed Interest Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE Actuaries UK Conventional Gilts All Stocks TR GBP

## 1. Performance

### Performance Commentary:

The fund has outperformed the FTSE A Gilts All Stocks Index over one, three years and five year periods, before fees are taken into account. However, it has marginally underperformed over the same periods net of fees.

There was no one specific cause for this underperformance, but the most significant period of weak performance was in the fourth quarter of 2018 where markets suddenly became more concerned about global growth and corporate profits. As a result, a disconnect developed between economic fundamentals and market valuations. The yields on UK government bonds (gilts) fell substantially (which means prices rose), and at the time the fund had a slightly lower exposure to them than the benchmark.

### Remedial Actions:

Net underperformance over the five-year period is somewhat marginal, and the portfolio has largely been well-protected. We maintain a high level of conviction in our disciplined and active approach to portfolio construction.

That said, the fixed income market environment over the last few years has been one of extremely low rates, low levels of volatility and high correlations between government bond markets. This has presented challenging conditions for adding value in a portfolio. In practice these areas are active duration (which means adjusting the sensitivity of the portfolio to movements in interest rates), yield curve positioning (which means investing in bonds with different maturities), and some allocations to non-government and overseas bonds. Our intention is, therefore, to consider increasing the potential opportunity set for this portfolio, which could produce higher levels of relative performance in the future.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.38%**

Our assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result we conducted further analysis of our pricing and concluded that these charges are no longer providing value consistently. We are therefore in the process of reducing our charges to make them more competitive.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

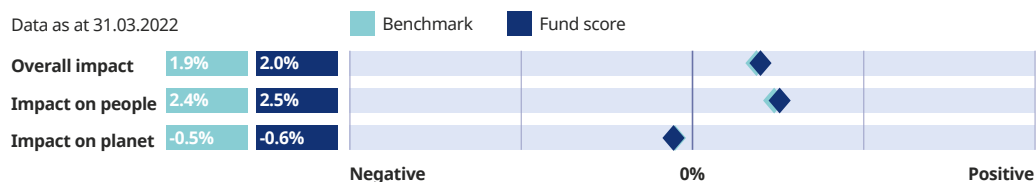
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Global Cities Real Estate Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** UK CPI + 3% lagged

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.90%**

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

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

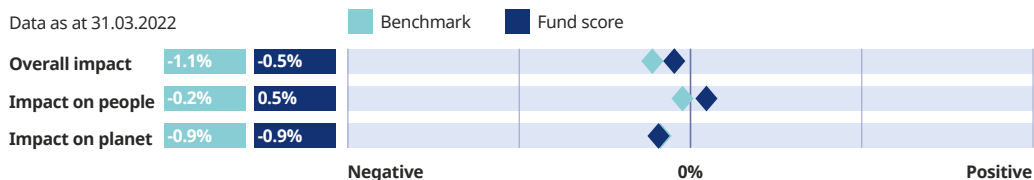
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (FTSE EPRA/NAREIT Developed) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Cities Real Estate Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** UK CPI + 3% lagged

## 1. Performance

### Performance Commentary:

The portfolio underperformed because of its exposure to high dividend yield value stocks. These were out of favour during the period, particularly those exposed to retail and office real estate. In the former category, Riocan and Newriver underperformed while in the latter category Stockland detracted from gains. Among other underperformers, TPG, a mortgage real estate investment trust also lagged, as did Times China, an urban property developer, which suffered investor concerns regarding policies followed by the Chinese government. Befimmo, a Belgian property investor and operator, also underperformed due to market concerns about its dividend outlook. Finally, the decision not to hold outperforming Prologis, the industrial warehouse provider, also detracted from relative value.

### Remedial Actions:

The portfolio is being restructured into the Schroder Digital Infrastructure Fund after a successful unitholder vote. We believe this will give unitholders exposure to a portion of the real estate market offering structural growth and the potential for strong total returns over the long term. Our proposal to discontinue the Global Cities Real Estate Income strategy is driven by our belief that finding an attractive level of income yield (the annual rental income expressed as a percentage of the total property value) in the real estate market has become increasingly difficult. Over many years, even decades, yields have fallen across all markets and the highest yields today represent a level of risk that we are increasingly uncomfortable taking. We believe that the Digital Infrastructure strategy with its focus on total return will generate stronger performance over the long term than the current income-driven strategy followed by the fund.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.95%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

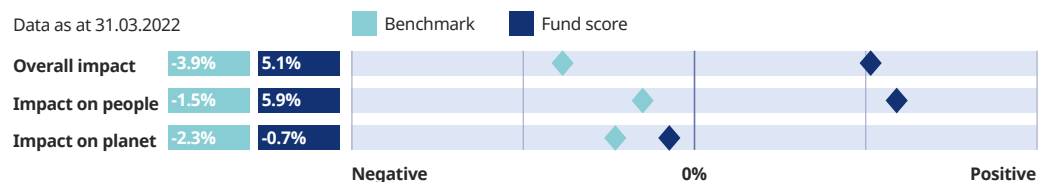
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund has restructured since 31 December 2021 and now has a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Diversified Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** 3% to 5% income per year

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.17%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

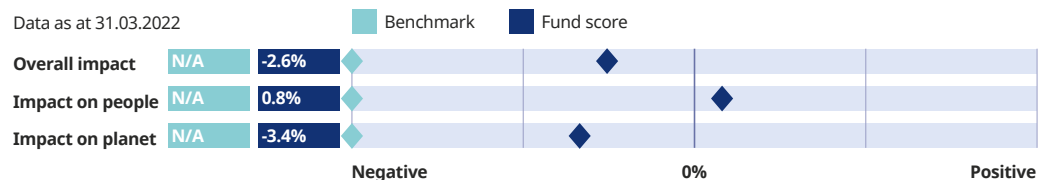
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value. There is currently no designated benchmark to use as a comparator for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Global Emerging Markets Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI Emerging Markets Index GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.97%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

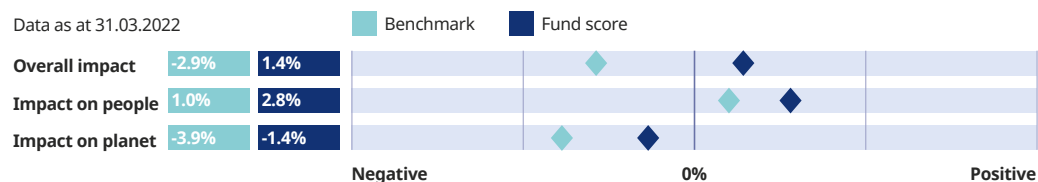
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Energy Transition Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Comparator benchmark:** MSCI Global Alternative Energy NR

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.95%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

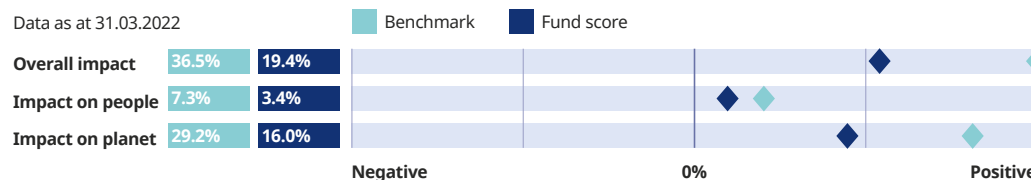
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI World NR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.60%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

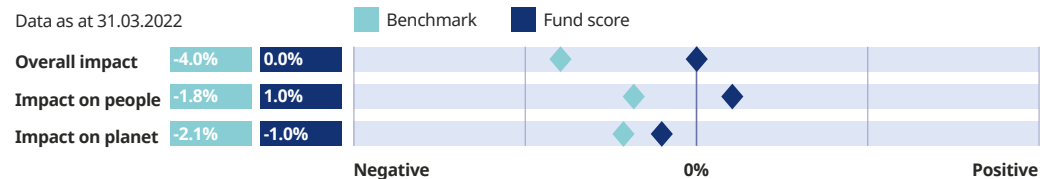
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Global Equity Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently in the Performance area. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** MSCI World NR GBP

## 1. Performance

Performance Commentary:

The fund is managed in a value style. This means seeking out good quality companies that we believe have been overlooked by the market and are trading at a significant discount to their true value.

There is strong evidence from many decades of data that investing in value companies delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by technology stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic, was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months.

There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

Remedial Actions:

We increased the number of holdings significantly in 2020 after the broad stock market collapse opened up a large number of compelling valuation opportunities.

During this period of underperformance we re-examined all of the positions in the fund and reviewed the consistency of our investment style. It is our firm belief that we hold a basket of companies with some of the most attractive risk / reward profiles currently available, and that those clients who choose to stay the course will be potentially well-rewarded for their patience.

Performance over the past 12-months has improved (2nd quartile) as the value investment style became more favoured when compared to the previous decade. If the valuation gaps that we see today are to return to something more like normal in the context of long-term history, this value recovery has a long way to go.

Our robust product governance framework ensures that we review our funds regularly and challenge any underperformance on an ongoing basis. More detail on our fund governance processes can be found at the front of this report.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.95%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

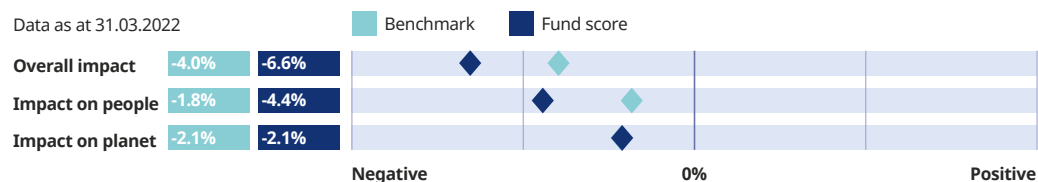
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Healthcare Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Comparator benchmark:** MSCI ACWI/Health Care GR USD

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.92%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

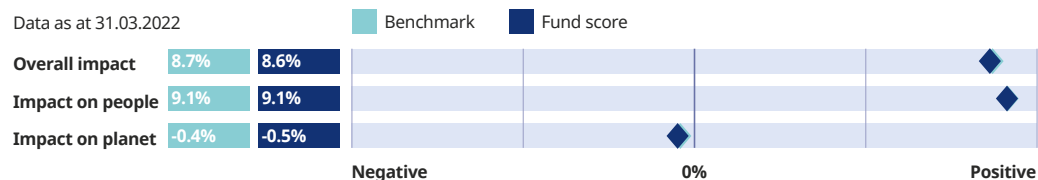
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Recovery Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI World NR GBP

## 1. Performance

### Performance Commentary:

The fund is managed in a value style. This means seeking out good quality companies that have been overlooked by the market and are trading at a significant discount to their true value. There is strong support from many decades of data that investing in value shares delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than on distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic, was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months. There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

### Remedial Actions:

We increased the number of holdings significantly in 2020 after the broad stock market collapse opened up a large number of compelling valuation opportunities. During this period of underperformance we also re-examined all of the positions in the fund and reviewed the consistency of our investment style. It is our firm belief that we hold a basket of companies with some of the most attractive risk / reward profiles currently available, and that those clients who choose to stay the course will be potentially well-rewarded for their patience.

Performance over the past 12-months has improved (1st quartile) as the value investment style has become more favoured compared to the previous decade. If the valuation gaps that we see today are to return to something more like normal in the context of long-term history, this value recovery has a long way to go.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.92%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

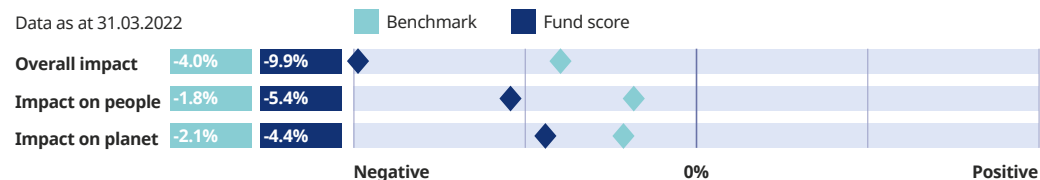
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Global Sustainable Growth Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI ACWI NR USD

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.84%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

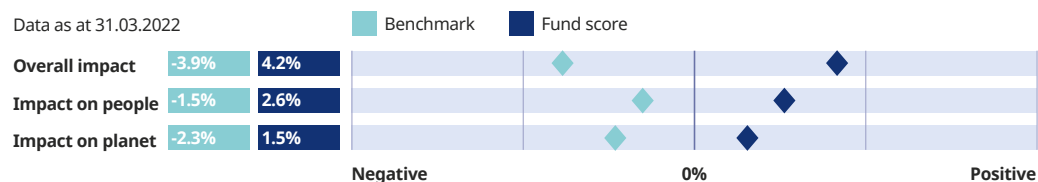
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Global Sustainable Value Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI World NR GBP

## 1. Performance

### Performance Commentary:

The fund is managed in a value style. This means seeking out good quality companies that have been overlooked by the market and are trading at a significant discount to their true value. There is strong support from many decades of data that investing in value shares delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than on distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic, was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months. There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

### Remedial Actions:

In August 2021, we changed the investment approach and geographical focus of the fund. Refocusing from a UK to global mandate significantly increases the opportunity set, which offers the possibility of superior returns, and enables clients to gain exposure to global leaders in environment, social and governance (ESG).

Adopting a revised investment policy ensured existing clients continue to benefit from the value style and superior investment returns the fund has delivered in the past.

The Schroder Global Value Team explicitly only invests in undervalued ESG leaders. These are companies that must score positively in terms of society and the environment and be best-in-class vs peers. We engage with every company in the portfolio to improve ESG outcomes over time.

We have confidence in the fund's investment strategy and on Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.79%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

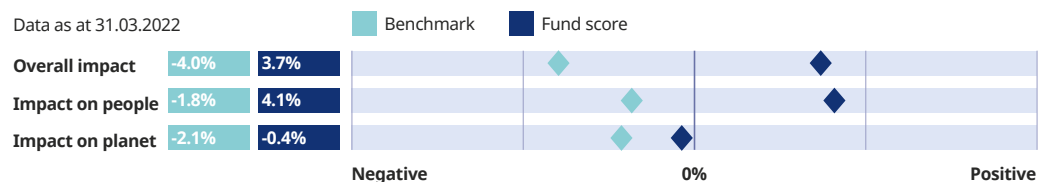
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder High Yield Opportunities Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** income and capital growth target of between 4.5% and 6.5% per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

**Ongoing Charges Figure (OCF) compared to peer group**



**Ongoing Charges Figure: 0.72%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

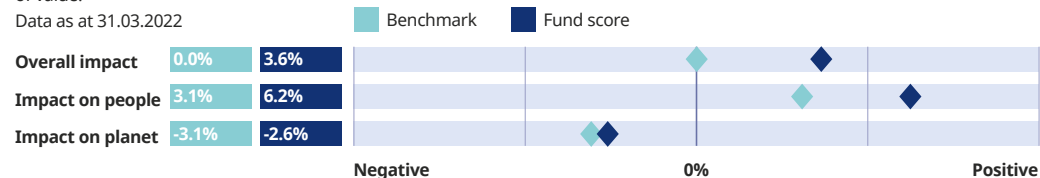
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative benchmark (ICE BofAML European Currency High Yield Constrained hedged) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The fund is managed in a value style. This means seeking out good quality companies that have been overlooked by the market and are trading at a significant discount to their true value. There is strong support from many decades of data that investing in value shares delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called “bond proxies” (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than on distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic, was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months. There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

### Remedial Actions:

For the last five years, we have been focused on the balance sheet strength of companies. This is because we believed risk appetites broadly in the market were too high and valuations didn't compensate us for the risk of an unknowable future. On the basis that no-one ever knows what risks are coming, we always test our balance sheets versus very poor expectations. Every company we are invested in has been stress-tested, and we believe that as such our clients are more than compensated for most risks to come by the potential upside on offer.

During this period of underperformance we have continued to re-examine all of the positions in the fund, reviewed fund turnover and assessed the consistency of our investment style. It is our firm belief that we hold a basket of companies with some of the most attractive risk / reward profiles currently available, and that those clients that choose to stay the course will be well-rewarded for their patience.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.89%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

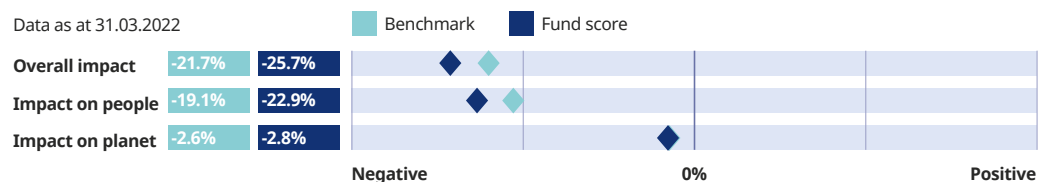
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Income Maximiser Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** 7% income per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.91%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

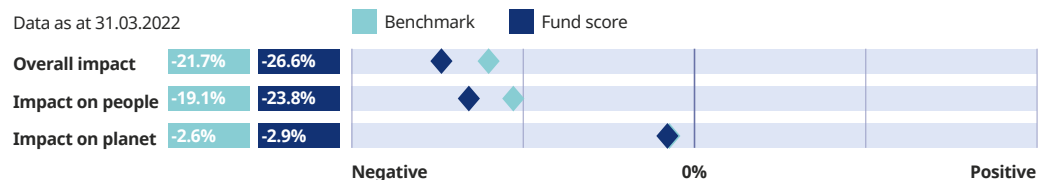
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (FTSE All-Share) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Income Portfolio

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** 4% income per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report. Please note that the fund's investment objective, policy and benchmarks were changed on 12 November 2021 from an income target of 4% to an income target of 3-5% per year.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.55%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

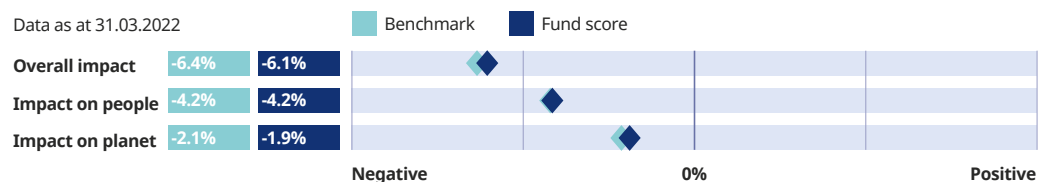
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Income Portfolio composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder India Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** MSCI India NR USD

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.95%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

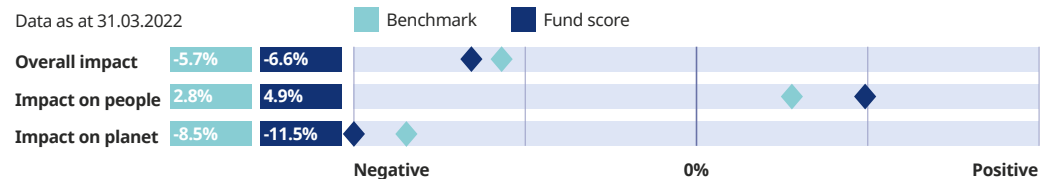
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Institutional Pacific Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** MSCI Pacific Free Ex Japan GR LCL

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.52%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

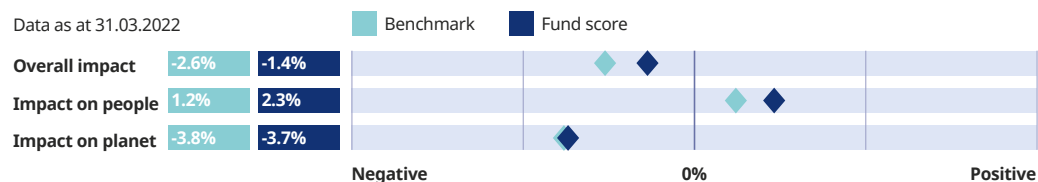
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Institutional UK Smaller Companies Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** FTSE Small Cap Ex Invest Trust TR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.51%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

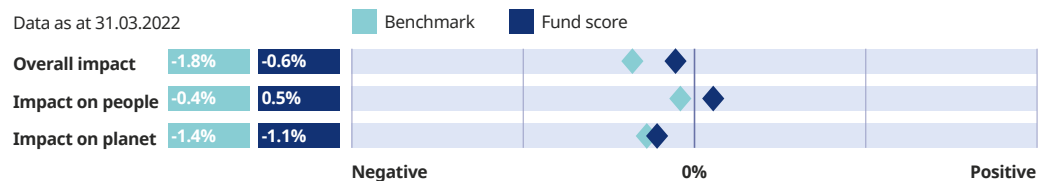
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Islamic Global Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Constraining benchmark:** Dow Jones Islamic Market World Index

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.55%

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

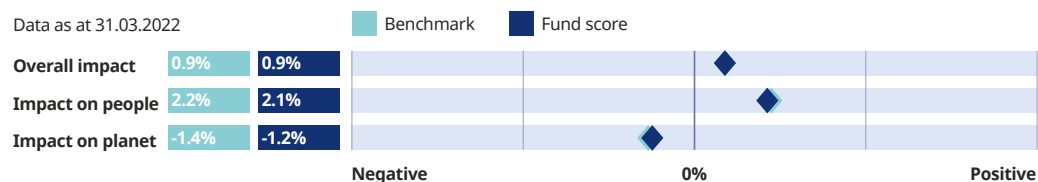
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Long Dated Corporate Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** ICE BofA 15+Y Sterling Non-Gilt TR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.27%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

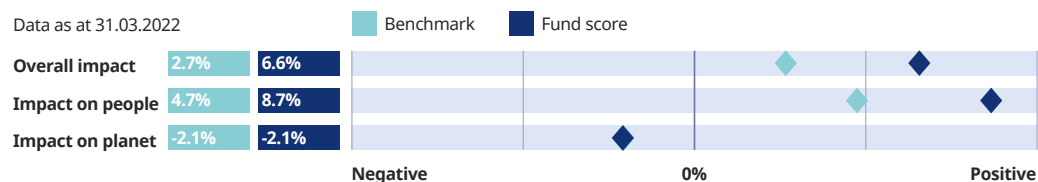
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Managed Balanced Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently. We have completed a further review and shared the outcomes of this review below.

**Comparator benchmark:** IA Mixed Investment 40-85% Shares

## 1. Performance

This fund has outperformed its primary benchmark and its peers as per the performance methodology however the A share class underperformed the target benchmark.

### Performance Commentary:

This is a fund of Schroder funds and the period of underperformance toward the beginning of the measured period in 2018 was driven by a few key components. UK equities form a significant part of the benchmark and the Schroder UK Income Fund and Alpha Plus were key holdings. Both of these underperformed. Several of the component funds, namely Schroder UK Income, Schroder QEP GAV and Schroder European Fund (the latter has since changed to a blend style), had a value style tilt which was a key driver of underperformance. While the Fund had been a beneficiary of this value bias as part of a wider pro-cyclical tilt established back in 2016, relative underperformance of the style was evident in 2018. The value bias was soon addressed with the reduction of value components and the addition of new quality/growth components to balance exposures, for example the Schroder Global Equity Fund. During this period of underperformance asset allocation decisions were a positive contributor, offsetting some of the component underperformance. Moving from an overweight

to underweight equity position in 2018, and being consistently underweight the UK, has contributed positively. An overweight fixed income position, particularly through corporate debt, was additive.

### Remedial Actions:

Performance for this fund has been positive over the last 24 months and the fund retains a positive performance profile long term. In addition, fees for the A share class are under review.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.95%

Our assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result we conducted further analysis of our pricing and concluded that these charges are no longer providing value consistently. We are therefore in the process of reducing our charges to make them more competitive.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

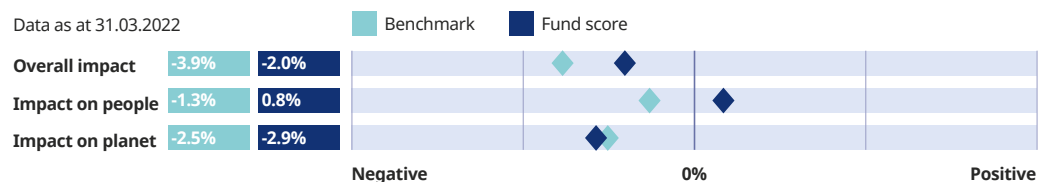
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative benchmark (Managed Balanced composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's 'Impact on People' and its 'Impact on Planet' as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Managed Defensive Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** ICE BofA Sterling 3-Month Government Bill Index plus 2%

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

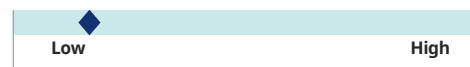
We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.26%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

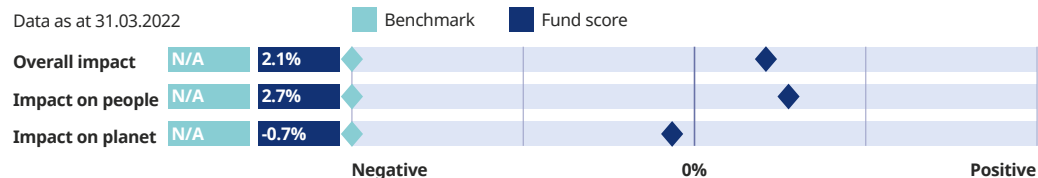
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value. There is currently no designated benchmark to use as a comparator for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder MM Diversity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** UK CPI Lagged

## 1. Performance

Performance Commentary:

For the 5-year period ending December 2021, the MM Diversity Fund outperformed its target benchmark (UK Core CPI), returning 16.8% vs. the benchmark's return of 12.9%.

Over the same period, the Fund underperformed the IA Mixed Investment 20-60% Shares sector, which returned 26.9%. Although the Fund resides within this sector, it's structure is very different to that of the average sector constituent. Specifically, the Diversity Fund has a maximum exposure to underlying Equity funds of 33.3%, significantly below the maximum 60% exposure permitted for other sector constituents. This structural underweight moderated performance relative to peers over the period, with the MSCI World Index of global Equities returning 88.4%.

Calendar-year 2017 was a particularly poor year for the Diversity Fund. Although the strategy didn't lose money, an emphasis on capital preservation saw the Fund deliver a flat return vs. its target benchmark up 3% and a sector return of 7.2%. Being overweight the 'value' investment style (buying shares trading at a perceived discount to their fair value) relative to the 'growth' style (where investors pay a premium for perceived future growth prospects) was a particular headwind during the year. Indeed, the underperformance of the 'value' style has been a persistent feature of the investment landscape in recent years.

Following a lead-manager change at the end of April-2019, the Fund has done a better job of

compensating for an ongoing overweight to the 'value' style. For the period since the manager change took effect to the end of 2021, the Fund has returned 17.5% vs. its target benchmark return of 6.9%. The sector return over the same period was 16.7%.

### Remedial Actions:

As mentioned above, a lead-manager change for the Diversity Fund was carried out at the end of April-2019. A number of subtle changes have since been made to the investment process, with improved performance having been achieved in the subsequent period.

Strong returns of late have been driven by a combination of long-standing positions such as Majedie Tortoise, alongside newer holdings including Kopernik Global All-Cap Equity and GAM UK Equity Income.

Importantly, the risk profile of the Fund remains unchanged. The manager continues to believe its structural one-third allocation to Equity Funds, Alternative Funds and Cash & Fixed Income Funds respectively, represents a relatively low-risk, differentiated way of outperforming the Fund's target benchmark over the long-term.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 1.35%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

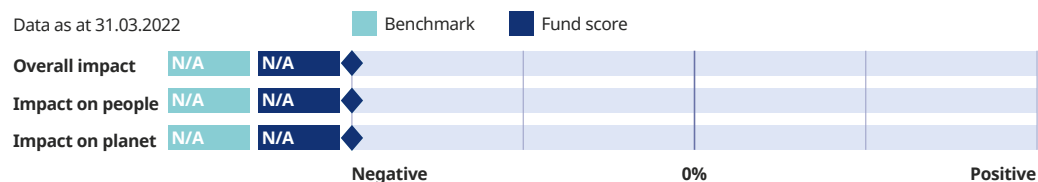
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment therefore the fund is not managed to any binding environmental or social criteria, however due to the fund's underlying holdings there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Monthly Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** 5% income per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

**Ongoing Charges Figure (OCF) compared to peer group**



**Ongoing Charges Figure: 0.91%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

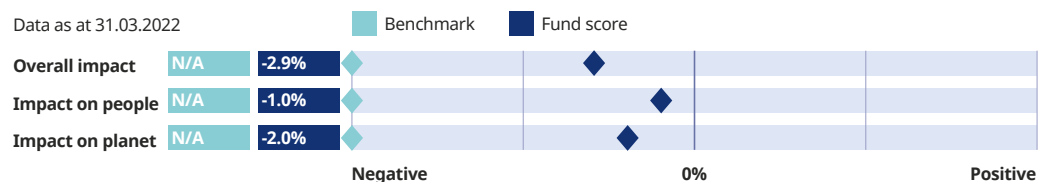
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value. There is currently no designated benchmark to use as a comparator for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Moorgate I Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The fund is managed in a value style. This means seeking out good quality companies that we believe have been overlooked by the market and are trading at a significant discount to their true value. There is strong support from many decades of data that investing in value shares delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than on distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months.

There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

### Remedial Actions:

For the last five years, we have been focused on the balance sheet strength of companies. This is because we believed risk appetite broadly in the market was too high and valuations didn't compensate us for the risk of an unknowable future. On the basis that no-one ever knows what risks are coming, we always test our balance sheets versus poor expectations. Every company we are invested in has been stress-tested, and we believe that as such our clients are more than compensated for most risks to come by the potential upside on offer.

During this period of underperformance we have continued to re-examine all of the positions in the fund, reviewed fund turnover and assessed the consistency of our investment style. It is our firm belief that we hold a basket of companies with some of the most attractive risk / reward profiles currently available, and that those clients who choose to stay the course will be well-rewarded for their patience.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.78%

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

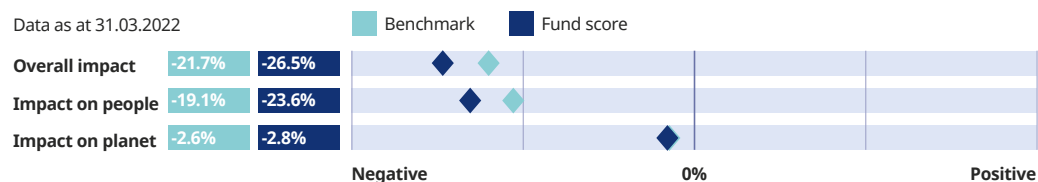
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder Multi-Asset Total Return Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** ICE BofA Sterling 3 Month Government Bill Index plus 4%

## 1. Performance

### Performance Commentary:

The fund has two objectives. The first is to produce returns (before fees) of 4% per annum above cash, as measured by the ICE Bank of America Sterling 3 Month Government Bill Index. The second is for volatility (the fluctuations of performance) to be between 4% and 8% per annum. The timescale we measure this on is a rolling three year period. Because of these dual objectives, when global shares were returning less than 4% above cash during the first quarter of 2020, it becomes inevitable that the fund will have periods when it too will underperform that target.

Performance was also affected by our bias towards investing in value stocks, in both security selection and our quantitative alternative risk premia strategies in the first quarter of 2020. Value investing involves buying what we believe are good quality assets that have been overlooked by the market and are trading at a significant discount to their true value. Investors over this period instead favoured so-called quality growth assets. These are assets perceived as offering stable growth that investors are willing to pay a premium for on the basis of their future growth prospects. The value style of investing has underperformed the growth style over the period under review as investors have been prepared to pay ever-higher prices for growth assets.

The fund has met its volatility objective over the full period. The fund also met the performance objective in 2019 and following a disappointing first quarter of 2020, there was an improvement in the fund's

performance over the subsequent three quarters of 2020.

Strong performance continued over 2021, with our preference for return seeking equities and commodities contributing positively. The longer term numbers continue to improve and the fund has delivered a positive absolute return over 3 years.

### Remedial Actions:

We have made a number of enhancements to our process in recent years, while adhering to our core philosophy. In particular, we have taken advantage of our ability to conduct more sophisticated quantitative analysis (used to identify and target the underlying factors responsible for the outperformance of some financial assets over others) and sought to improve the implementation of portfolio decisions. We have also recently taken action to enhance our stock selection process, allowing us more effective control over our exposure to investment styles. For example, we have added high conviction strategies to identify growth stocks underpriced by the market as well as thematic approaches to profit from global megatrends – the transformative forces shaping how people work and live, such as climate change, urbanisation and technological breakthroughs.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.91%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

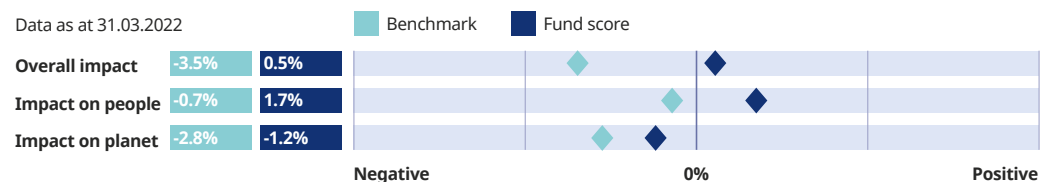
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder Prime UK Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.30%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

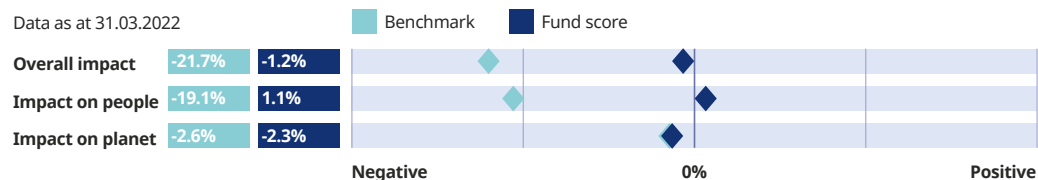
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder QEP Global Active Value Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI ACWI NR USD

## 1. Performance

### Performance Commentary:

The market environment since 2017 has proved challenging to our diversified, valuation focused approach. However, the market environment has now changed and in 2021 the strategy outperformed its reference index.

We have seen a change in which sectors are leading the market since November 2020 as the roll-out of Covid-19 vaccines spurred a rally in companies most sensitive to the economic cycle (something that has significantly benefitted the wider QEP strategy range). However, this rotation has much further to run until we return to a more "normal" market environment. Although value stocks (good quality companies trading at a significant discount to their true value) performed broadly in line with growth stocks in 2021, over the past five years they continue to trade at a significantly wider discount to growth than would normally be expected. Given the value focused nature of our approach, the underperformance of value is a reason for the fund's overall underperformance.

Over the past five years investor preference has been for a small number of growth stocks (companies that are perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects), specifically a small cohort of growth stocks within the US technology sector, which have become increasingly large components of the reference index (the so-called FANMAG stocks, which comprises Facebook, Amazon, Netflix,

Microsoft, Apple, and Google). This leads the impact of their performance to be exacerbated. Due to their high valuations, we either do not own or are underweight in these stocks. This has also led to a very narrow market and has had a negative impact on the performance of funds such as ours. However, it is important to note that the strategy performed extremely well in 2021 and was in the top quartile compared with its peers.

### Remedial Actions:

We are integrating growth stocks into our selection process alongside thematic stocks, most of which have a sustainability focus. We are also focussing on detailed industry analysis as we believe that the next few years will be different from the recent past. However, we are also maintaining our strategic focus on value and quality stocks (stable businesses with a strong record of returning surplus cash to shareholders). Furthermore, we have continued to prioritise our research agenda with key projects planned in 2022.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.85%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

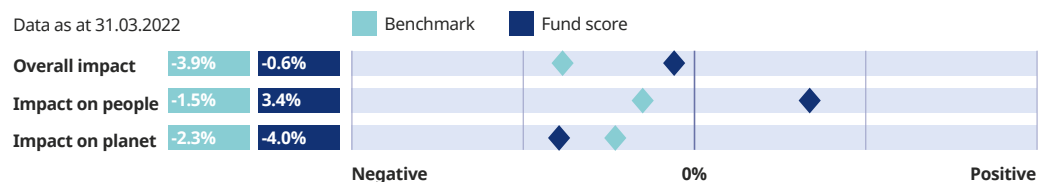
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder QEP Global Core Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Constraining benchmark:** MSCI World NR GBP

## 1. Performance

### Performance Commentary:

The market environment since in 2017 has been challenging to our diversified, valuation aware approach. Our preference has been for a small number of growth stocks (companies perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects). The recent low-growth economic environment has increased the appeal of these stocks as investors seek growth at any cost. At the same time, a broad range of stocks, including many high-quality ones, have been neglected. Since November 2020 there has been a change in the sectors leading the market as effective Covid-19 vaccines spurred a cyclical rally. This has significantly benefitted the QEP Global Core strategy and wider QEP strategy range. The strategy has been a top quartile performer compared to its peers. Over the medium-term, this sector leadership rotation has further to run until we return to a more normal market environment. Although value stocks (good quality companies trading at a discount to their true value) performed in line with growth in 2021 over the past five years they continue to trade at a significantly wider discount than would be expected. Given the value-orientated nature of our approach, this has been a clear headwind given the style's underperformance.

Conversely, investor attention has focused on a small cohort of growth stocks. These are within the US technology and communications sectors and have become increasingly large components of the

reference index, leading their performance impact to be exacerbated. Given their extended valuations, we generally do not own or have been underweight these stocks. This has also led to extremely narrow markets which is a headwind to diversified managers such as us.

### Remedial Actions:

The QEP research agenda over the past year has focused on integrating growth stocks into our selection process alongside thematic stocks most of which have a sustainability focus. We are also focussing on more detailed industry analysis as we believe that the next few years will be very different from the recent past. However, we maintain our strategic focus on value and quality (stable businesses with a strong record of returning surplus cash to shareholders). Furthermore, we have continued to prioritise our research agenda with key projects planned in 2022.

We continue to have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.32%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

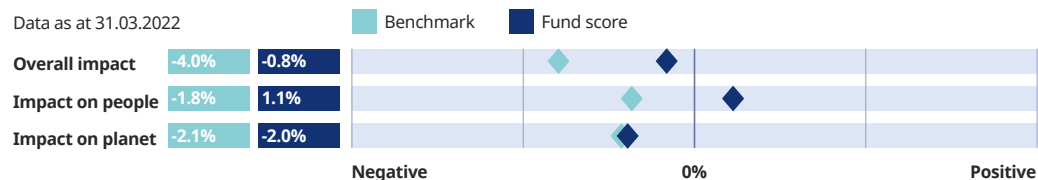
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder QEP Global Emerging Markets Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** MSCI Emerging Markets Index GBP

## 1. Performance

### Performance Commentary:

The QEP Emerging Markets (EM) strategy invests in stocks offering a combination of value (good quality companies trading at a significant discount to their true value) and quality (stable businesses with a strong record of returning surplus cash to shareholders).

The main headwind to performance over the past five years has been the strong performance of several perceived growth stocks, most notably technology companies Tencent and Alibaba, but also shopping platform Meituan, telecommunications firm Samsung and semiconductor manufacturer TSMC. These stocks were already highly represented in the index which has become even more concentrated. Given their high valuations and large size, we do not generally own these stocks, or own them at a lower weighting than the benchmark index.

Related to this has been the fact that cheaper stocks have been neglected. The MSCI EM Value index has significantly lagged the broader MSCI Emerging Markets index over the past five years while lagging the growth index by even more in the same period. However, in 2021 we have seen the valuations of many of these previous winners come under serious pressure and stock prices consolidating heavily. This has been particularly noticeable in China due to higher levels of governmental intervention. Amongst this backdrop, the MSCI EM Value index comfortably outperformed its growth counterpart in 2021 by

12.4%, while also outperforming the broader MSCI EM index. With this, market breadth in EM has also increased and this has created an environment more favourable to our diversified, valuation-aware approach. The strategy also significantly outperformed its reference index in 2021 and was in the top 5% of actively managed EM funds according to Morningstar peers.

### Remedial Actions:

We are integrating growth stocks into our selection process alongside thematic stocks. We are focussing on more detailed industry analysis as we believe that the next few years will be very different from the recent past. However, we are maintaining our strategic focus on value and quality stocks (stable businesses with a strong record of returning surplus cash to shareholders). Furthermore, we have continued to prioritise our research agenda with key projects planned in 2022.

We continue to have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.85%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

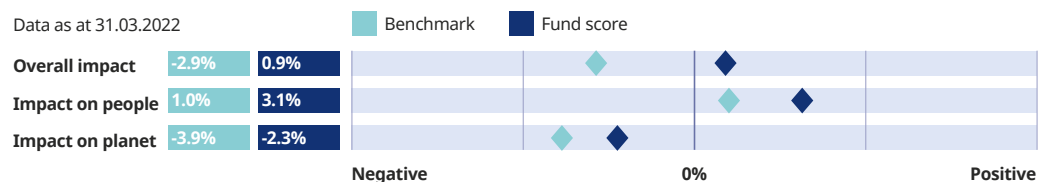
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



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# Schroder QEP US Core Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Constraining benchmark:** S&P 500 NR USD

## 1. Performance

### Performance Commentary:

The market environment since 2017 has proved challenging to our diversified, valuation-aware approach. Our preference for a small number of growth stocks (companies perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects). The lower-growth economic backdrop has increased their appeal as investors chase any growth at any cost. At the same time, a broad range of stocks, including many high-quality ones, have been neglected. We have seen a change in which sectors are leading the market since November 2020 as Covid-19 vaccines spurred a cyclical rally. This significantly benefitted the US Core strategy and wider QEP strategy range. The strategy was a top quartile performer compared with its peers in 2021. Over the medium term, this rotation has longer to run before we return to a more "normal" market environment. Although value stocks (good quality companies trading at a significant discount to their true value) performed in line with growth stocks in 2021, over the past three years they continue to trade at a much wider discount to growth than would normally be expected. Given the value orientated nature of our approach, this has been a clear reason for the fund's overall underperformance.

Conversely, investor attention has been focused on a small number of growth stocks, within the US technology and communications sectors, which

have become increasingly large components of the reference index. This has led to the impact of their performance being exacerbated. Given their high valuations, we do not generally own or have been underweight these stocks. This has also led to extremely narrow markets, which is a further headwind to diversified managers such as us.

### Remedial Actions:

Over the past year, the QEP research agenda focused on integrating growth stocks into our selection process. Alongside this, we continue to focus on longer term thematic stocks, most of which have a sustainability focus. We also focus on more detailed industry analysis as we believe the next few years will be very different from the recent past, whilst maintaining our strategic focus on value and quality stocks (stable businesses with a strong record of returning surplus cash to shareholders). Furthermore, we have continued to prioritise our research agenda with key projects planned in 2022.

We continue to have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.33%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

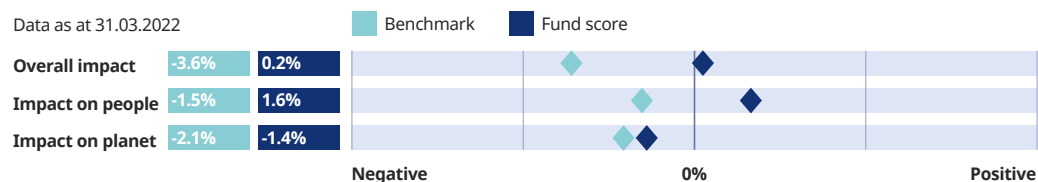
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Recovery Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The fund is managed in a value style. This means seeking out what we believe to be good quality companies that have been overlooked by the market and are trading at a significant discount to their true value. There is strong support from many decades of data that investing in value shares delivers strong outperformance and helps to protect capital. However, in the past few years, value style portfolios have underperformed those dominated by growth stocks or so-called "bond proxies" (shares regarded as defensive, which show some of the characteristics of bonds such as a steady stream of income).

The onset of the Covid-19 pandemic exacerbated the headwind faced by value investing. For much of 2020, the market's focus was on short-term profitability alone, rather than on distinguishing between companies with differing balance sheet strength. This negatively impacted the short-term performance of the funds run by Schroders' Value Equity team.

The stock market sell-off in March 2020, as nervous investors sought to cash in their positions amid the Covid-19 pandemic was particularly challenging for value-oriented portfolios. However, global equity markets have since staged a remarkable recovery, and while value shares lagged initially, they have significantly outperformed over the past 12-months. There have been a small number of stock-specific issues in the portfolio over the past three years. In particular, energy company Centrica has continued

to underperform but as a long-term investor we are prepared to wait for what we believe to be an attractively valued company to recover.

### Remedial Actions:

For the last five years, we have been focused on the balance sheet strength of companies. This is because we believed risk appetite broadly in the market was too high and valuations didn't compensate us for the risk of an unknowable future. On the basis that no-one ever knows what risks are coming, we always test our balance sheets versus very poor expectations. Every company we are invested in has been stress-tested, and we believe that as such our clients are more than compensated for most risks to come by the potential upside on offer.

During this period of underperformance we have continued to re-examine all of the positions in the fund, reviewed fund turnover and assessed the consistency of our investment style. It is our firm belief that we hold a basket of companies with some of the most attractive risk / reward profiles currently available, and that those clients who choose to stay the course will be well-rewarded for their patience.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.89%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

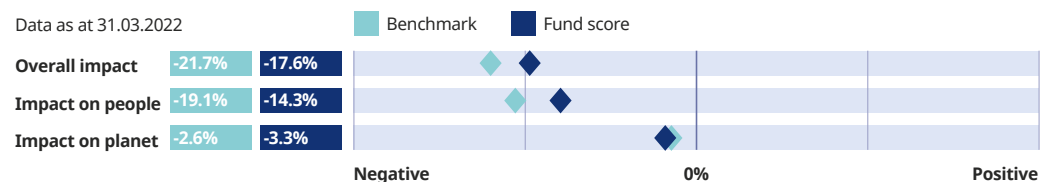
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Small Cap Discovery Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** a blend of the MSCI Small Cap indices (Emerging Markets, Hong Kong, Singapore).

## 1. Performance

### Performance Commentary:

In the five-year period, the fund has underperformed its target benchmark, returning 8.4% per annum vs the benchmark's 8.6% per annum. If we break down the period into calendar years the fund has outperformed in the last 3 calendar years (2019, 2020 and 2021) but it underperformed in the first two calendar years of this period (2017 and 2018).

Those two years of underperformance coincided with the MSCI EM Small Cap Value index outperforming the MSCI EM Small Cap Growth. This was unfavourable to the fund, which has a bias to growth equities (companies that investors are willing to pay a premium for on the basis of their future growth prospects), rather than value equities (companies that are believed to be trading at a discount to their true value).

So against the fund's broader benchmark (which incorporates both growth and value investment styles) this was a headwind for the fund. In the subsequent three-year period, growth has outperformed value in the emerging markets (EM) small cap space and this has been a period where the fund has also outperformed the benchmark.

The fund has also generally had a bias towards Asian markets and less exposure to Latin American markets. In the two-year period to the end of 2018 when the fund underperformed the index, Latin America outperformed EM Asia which weighed on the fund's relative performance. In the subsequent

three year period to December 2021, EM Asia has outperformed Latin America meaning our lower than benchmark exposure to the latter has not been a drag on relative performance.

### Remedial Actions:

Since its inception in 2012, the fund has significantly outperformed its benchmark, having returned 138.4% (Z Acc) on a cumulative basis compared to the benchmark return of 89.4%. However, it has slightly underperformed during the five-year performance period in question.

We do not believe any changes in process or strategy are necessary. This is because when the fund was set up we expected performance to vary quite widely against the index given the unconstrained and unique nature of the fund. The fund focuses on growth and quality opportunities which the fund managers believe are mispriced. In times when value stocks outperform growth stocks the fund may lag the broader benchmark as was evident in 2017 and 2018.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.95%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

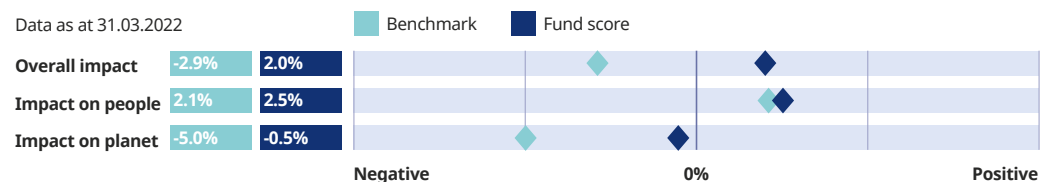
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Sterling Broad Market Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** composite of 50% of the iBoxx GBP Gilts Total Return and 50% of the iBoxx GBP Non-Gilts (Gross Total Return) index.

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.33%

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

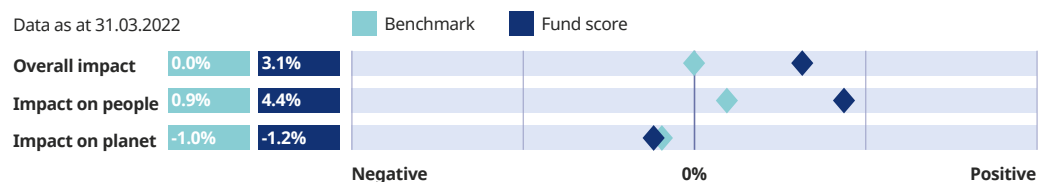
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Sterling Corporate Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** ICE BofAML Sterling Corporate & Collateralised TR

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

**Ongoing Charges Figure (OCF) compared to peer group**



**Ongoing Charges Figure: 0.60%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

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

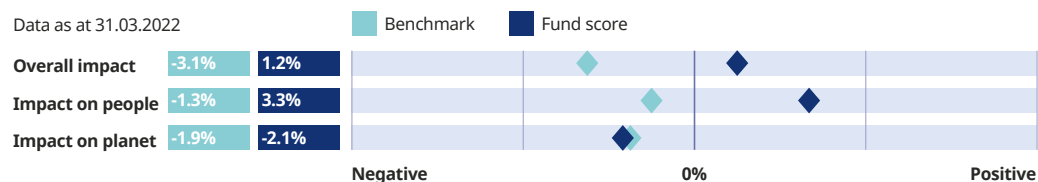
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Sterling Short Dated Broad Market Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** BofAML Sterling Agg 3-5 Y TR GBP

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.24%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

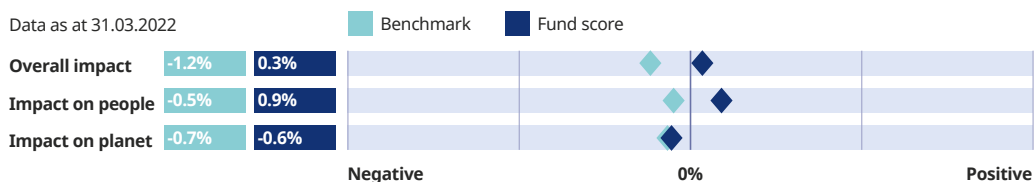
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Strategic Bond Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** income and capital growth target of between 2.5% and 4.5% per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.70%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

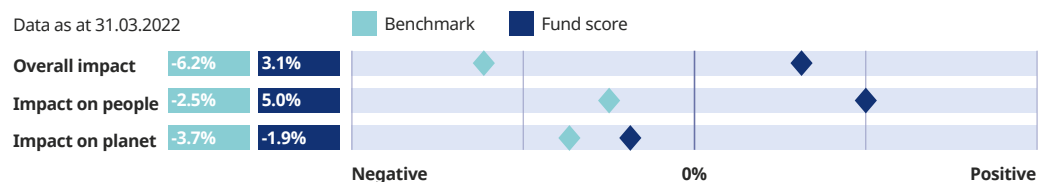
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative benchmark (Bloomberg Multiverse x Treasury (A+ to B-)) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Strategic Credit Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** ICE BofA Sterling 3-Month Government Bill Index

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.77%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

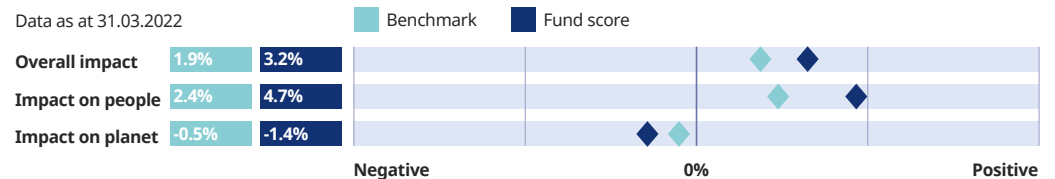
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Sustainable Multi-Factor Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** MSCI ACWI NR GBP

## 1. Performance

### Performance Commentary:

This fund was launched in September 2018 and experienced a challenging period of performance which lasted until the end of 2020. During this period, the best returns in the market came from a small number of large cap growth stocks. Growth stocks are companies perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects.

Growth's outperformance led to significant underperformance in the value investment style. This style involves buying what we believe to be good quality companies that have been overlooked by the market and are trading at a significant discount to their true value. The fund invests in a number of other quantitative factors, and many performed poorly alongside value during this period. These include governance, profitability and momentum, all of which failed to perform their usual diversifying role. Finally, the unusual focus of growth on large cap stocks led to them outperforming small caps to an extent not seen since the financial crisis.

In 2021, the market environment for factor investing improved, with growth becoming less dominant and a recovery in the quantitative factors. In this more moderate environment, the fund comfortably outperformed its benchmark last year and as a result has narrowed the relative performance gap since inception.

### Remedial Actions:

The fund's performance improved in recent periods due to a more favourable environment for stock selection.

The investment philosophy employed on this fund is that factor investing is a scientific endeavour. We therefore seek to apply a scientific method to investing, basing our investment decisions on the empirical analysis of data rather than relying on intuition.

We continue to look for ways to construct diversified and differentiated portfolios. To help us achieve our objectives, our research efforts focus on ways of enhancing our exposure to a set of diversifying factors while also creating new ways to express those factors.

We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its investment objective in the future.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.22%**

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

## 5. Economies of scale

Your fund's assets under management are greater than £1 billion and therefore it is achieving meaningful economies of scale. Your fund does not contain any retail share classes as it is only available to institutional investors. These investors are already offered a scale discount in the form of lower management fees or rebates which reflect the longevity of their investment.

## 6. Comparable services

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

## 7. Classes of shares or units

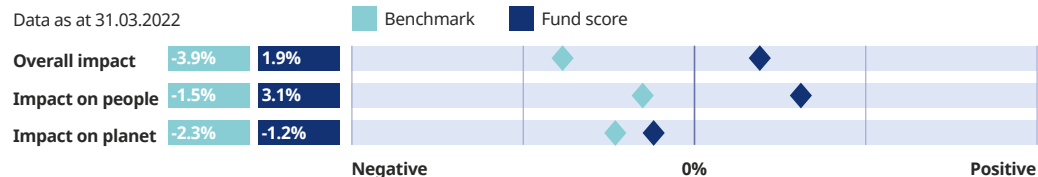
We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Sustainable UK Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

A challenging year for the fund's holdings in equities in 2021 weakened the portfolio's overall performance in the period under review.

At the sector level, our zero-weight exposure to oil majors and lower allocation to banks weakened returns. The composition of the portfolio is quite different to the reference FTSE All Share index so short-term relative performance can be volatile.

The fund's underperformance can be attributed to several positions. These include professional services company Capita, chemicals and technology company Johnson Matthey, hospitality firm Whitbread, serviced office provider IWG and train services company Trainline.

### Remedial Actions:

Considering the fund's longer term investment performance, we have undertaken a detailed review of the fund and its investment strategy. The fund name was changed from Schroder Core UK Equity Fund to the Schroder Sustainable UK Equity Fund in May 2021. The investment policy was also changed.

The portfolio manager has adjusted the fund's positioning towards businesses operating in attractive industry segments with strong sustainability credentials. We expect relative performance to differ from the benchmark due to the focused nature of the portfolio and because the fund contains many stocks not included in the benchmark. We remain confident in the fund's investment strategy and in Schroders' ability to deliver on its investment objective.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.81%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

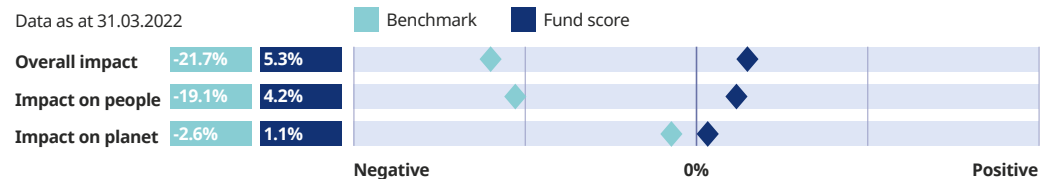
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have a sustainable investment objective. More information on the sustainability characteristics for this fund can be found [here](#). The Schroders Impact score is shown below. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Tactical Portfolio 3

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 0-35% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.28%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

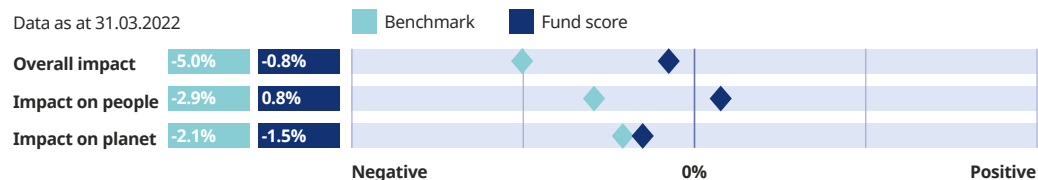
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Tactical Portfolio 3 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Tactical Portfolio 4

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 20-60% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.28%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

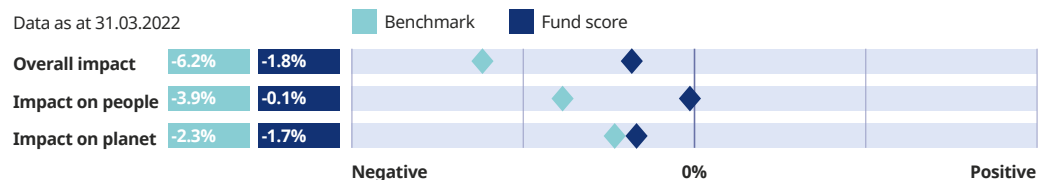
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Tactical Portfolio 4 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Tactical Portfolio 5

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 20-60% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.28%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

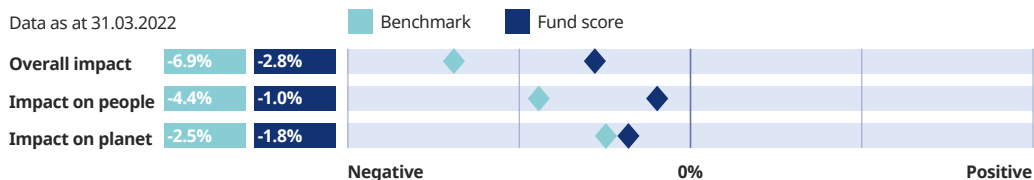
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Tactical Portfolio 5 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Tactical Portfolio 6

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 40-85% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.28%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

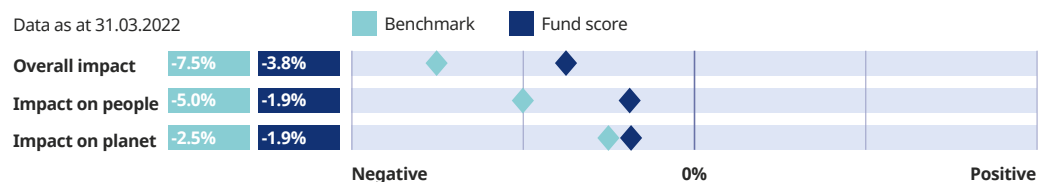
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Tactical Portfolio 6 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder Tactical Portfolio 7

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Comparator benchmark:** IA Mixed Investment 40-85% Shares

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.28%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

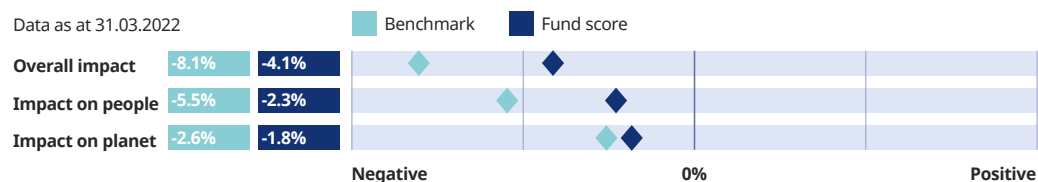
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's benchmark, it is not appropriate to use for a comparison, therefore an alternative asset-weighted benchmark (Tactical Portfolio 7 composite) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder Tokyo Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** TOPIX TR JPY (GBP)

## 1. Performance

### Performance Commentary:

Our investment process has always resulted in a moderate, but consistent bias toward value stocks (what we believe to be good quality companies trading at a discount to their true value). In the past, the Japanese equity market has rewarded value investors. However, in recent years (until late 2020), this style bias has hampered performance as investors persistently favoured stable growth stocks (companies perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects) in an era of zero interest rates. At the same time, geo-political and macro factors has decreased the magnitude of contributions from stock selection in the period until early 2021. As a result, investment style had a greater impact on performance than any risk models had predicted. Analysis of our performance data has consistently shown no significant outliers among individual detractors. Instead, underperformance over five years has been generated by minor detractors across a wide range of stocks in the fund, supporting our view that style was the dominant influence for most of the period. These trends accelerated dramatically from March 2020 and persisted throughout the second and third quarters of 2020. As a result, the fund underperformed for much of 2020, leading to further deterioration in long-term relative returns. Although many markets saw some style reversal towards the end of 2020, this effect was initially very muted in Japan. However, the fund did recover some of this performance in the fourth quarter

of the year. During 2021, there was a clearer change in the stocks leading the market and a stronger stock-specific element in returns. As a result, we have seen an improvement in short-term relative performance and the rolling one-year figure is well ahead of the benchmark at the end of December 2021.

### Remedial Actions:

Given the extreme range in valuations within the market, which had built up by the end of 2020, we believed there was no reason to reverse the fund's overall style bias. However, during 2020 we ensured that the fund was more exposed to stocks where action by the management of companies could lead to a higher valuation and moved away from some long-established positions that we felt could become so-called "value traps" (a stock that has been trading at low valuation metrics, which looks set to recover but instead falls further). As a result, style factors now contribute a smaller proportion of total risk and stock specific risk has risen. This ensured that the fund fully reflects our level of conviction on individual stocks, driven by research and this helped to support improved performance in 2021. We have also reduced the total number of positions in the fund, to just below 70 stocks from 84 previously.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.92%**

Our assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result we conducted further analysis of our pricing and concluded that these charges are no longer providing value consistently. We are therefore in the process of reducing our charges to make them more competitive.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

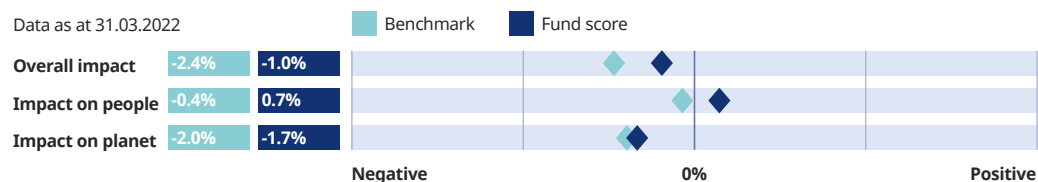
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Alpha Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The fund's aim of achieving a high level of income has affected our ability to outperform the FTSE All Share index. For context, the MSCI UK High Dividend index (a proxy for high income stocks) has generated an annualised return of 2.9% over the five-year period.

A low interest rate environment and a relatively benign inflationary setting has not been helpful for traditional low-valued high income stocks during a period of weaker momentum in earnings growth. The portfolio also had insufficient exposure to resilient growth businesses at the lower end of the market cap scale which are less influenced by market factors such as GDP growth, or commodity prices.

Weaker growth from holdings such as tobacco group Imperial Brands, lender Provident Financial, retailer Marks & Spencer and financial broker TP Icap all affected relative performance.

### Remedial Actions:

Since February 2020, fund managers Sue Noffke and Matt Bennison have applied the investment approach used on Schroder Income Growth Fund plc, an investment trust. The fund was previously managed on a business cycle approach. This meant identifying stock opportunities on a so-called "top-down" basis and adjusting the portfolio depending on the phase of the economic cycle. However, the managers are now adopting a low turnover approach to stock selection. This focuses on a so-called "bottom-up", balanced stock picking approach to generating income. We remain confident that this investment strategy will deliver on the fund's 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.75%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

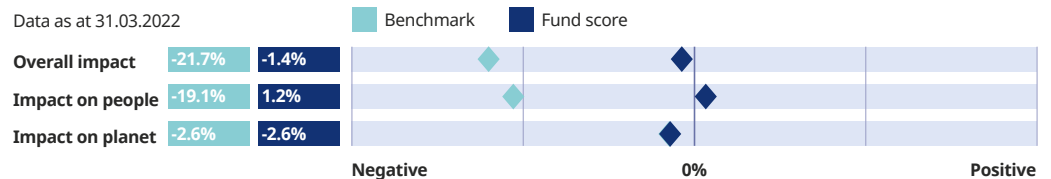
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Alpha Plus Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The portfolio has performed broadly in line with the benchmark index over the five-year period. The past 12 months has proved challenging, with both positioning and stock specifics weighing on returns. For example, not owning large oil companies (which outperformed) or large cap bank stocks have weakened relative returns.

At the stock level, our holding in cinema owner Cineworld has been a poor investment, with many cinemas forced to close during the Covid-19 crisis. Furthermore, a Canadian court recently ordered Cineworld to pay C\$1.23 billion (\$957 million) to rival Cineplex in damages for abandoning a planned takeover in 2020. We have now taken the difficult decision to exit the position.

### Remedial Action:

The focused nature of the portfolio (which contains fewer than 35 stocks), with many stocks not included in the benchmark, means we must be prepared for periods of underperformance. We have not adjusted the shape of the portfolio and are sticking to our QARP (Quality at a Reasonable Price) philosophy. Quality companies are typically sector-leading companies with a strong record of returning surplus cash to shareholders and which are led by management teams with a sensible strategy for creating shareholder value. We also apply a disciplined valuation process to ensure that we are not overpaying for such characteristics.

We are confident in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.80%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

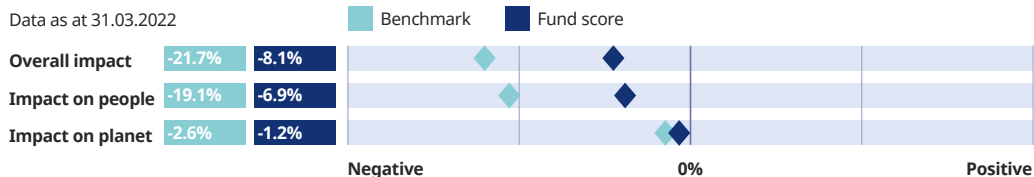
We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder UK Dynamic Absolute Return Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** Absolute return

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.91%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

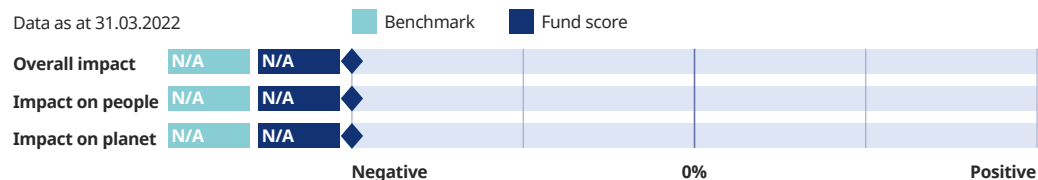
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment therefore the fund is not managed to any binding environmental or social criteria. Due to the fund's underlying holdings there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Dynamic Smaller Companies Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE Small Cap Ex Invest Trust TR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.92%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

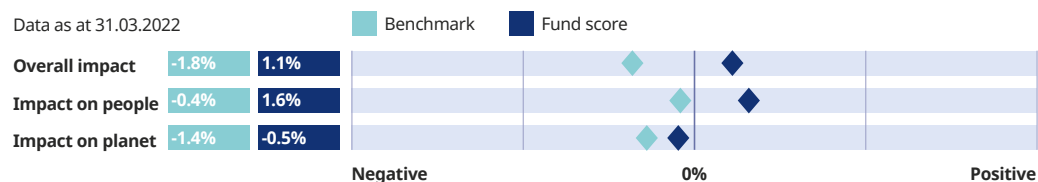
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Equity Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently in the Performance area. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

Performance Commentary:

The fund's underperformance is primarily due to its bias to value shares for most of the period under review. Value shares are those companies that we believe have overcome past challenges, which have been overlooked by the market and are trading at a significant discount to their true value. This is an investment style that has been out of favour during the period under review. The weak performance can be attributed to several underperforming shares. These include financial services firms Standard Chartered, Lloyds Banking Group and Provident Financial, Imperial Tobacco, and BP.

The past six months have proved challenging, with both positioning and stock specifics weighing on returns. Cinema owner Cineworld was a particularly poor investment, not helped by a challenging market environment for cinemas. A Canadian court also recently ordered Cineworld to pay C\$1.23 billion (\$957 million) to rival Cineplex as damages for abandoning a planned takeover in 2020. We have now taken the difficult decision to exit the position.

Remedial Action:

Considering the fund's underperformance, we have undertaken a detailed review of the fund and its investment strategy. As part of this, portfolio management responsibilities were formally transferred to Bill Casey and Nick Kissack on the 1st May 2021. Bill and Nick are established UK equity portfolio managers and have managed the Schroder UK Alpha Plus Fund since March 2018.

Further to this, in May 2021, it was decided that the Schroder UK Equity Fund should be merged into the Schroder UK Alpha Plus Fund. The merger has taken effect on 2nd March 2022.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.80%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

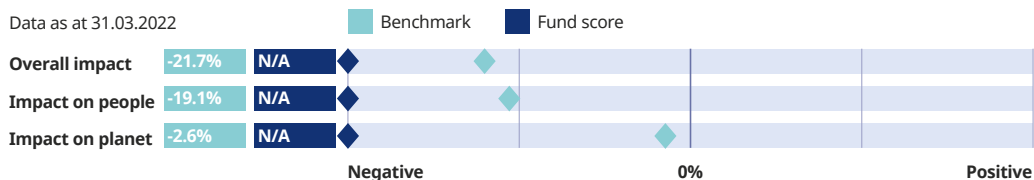
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value. Due to the recent fund merger into the Schroder UK Alpha Plus Fund, there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Mid 250 Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE 250 Ex Investment Trust TR GBP

## 1. Performance

This fund has outperformed its primary benchmark and its peers as per the performance methodology. However the A share class underperformed the target benchmark.

### Performance commentary:

Stock specific issues alongside a challenging market environment for cyclically exposed industrials holdings combined to impact returns, most notably with Fischer & Sons where sustained poor momentum has driven profit downgrades.

The fund's underperformance can be attributed to several positions. These include Petrofac, Ted Baker, SSP Group and International Personal Finance. SSP Group for example is a food services company operating retail units at airports and railways. The company has consequently experienced severe disruption and losses in recent years due to the pandemic.

With hindsight, the portfolio returns would have been improved by greater exposure to healthcare and technology centred businesses where valuations were higher but where disruptive events perhaps accelerated the demand for their products and services.

### Remedial Actions:

Remedial action has been a mixture of exiting names like SSP Group where conviction waned.

Portfolio performance has improved over the last 24 months with larger positions such as Pets at Home, Frasers and Games Workshop proving themselves to have resilient business models in the face of a challenging market environment as a consequence of the Covid-19 pandemic.

We continue to maintain our simple long term focused investment philosophy. This is to invest in businesses with proven entrepreneurial management teams exposed to niche growth areas, and the potential to expand sustainably whilst not overpaying for these characteristics.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.89%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

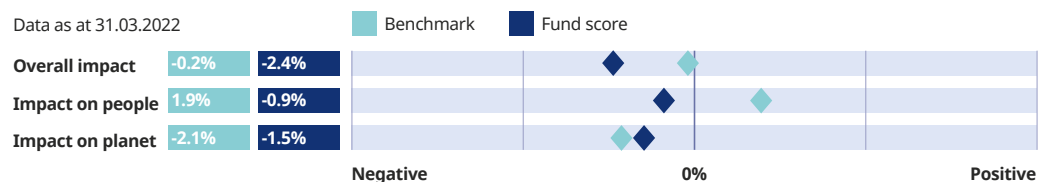
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder UK Multi-Cap Income Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The fund previously had a bias towards the value investment style (being what we believe to be good quality companies that have been overlooked by the market and are trading at a significant discount to their true value). This style of investing underperformed the growth investment style for much of the period. Growth investing involves buying companies perceived as stable growers that investors are willing to pay a premium for on account of their future growth prospects.

### Remedial Actions:

In light of the fund's investment performance and small size, we have undertaken a detailed review of the fund and its investment strategy. As part of this, portfolio management responsibilities formally transferred to Graham Ashby and Duncan Green from 6 September 2021 onwards. Graham and Duncan are established UK equity portfolio managers.

The fund's name and investment objective have been adjusted. The fund is now called the Schroder UK Multi-Cap Income Fund (previously it was Schroder MM UK Growth Fund). The fund now targets a distribution yield of 5% per annum as well as outperformance of the FTSE All Share index.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund. This issue was addressed appropriately and we have remediated our controls. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.75%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

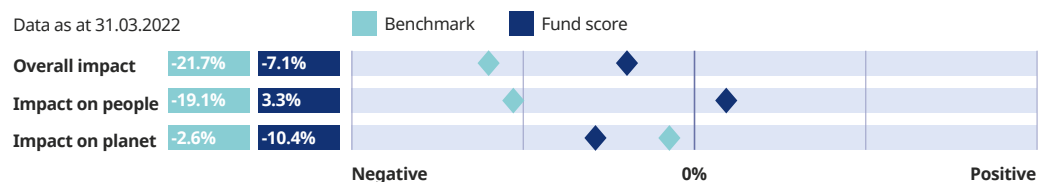
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Opportunities Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we recognise that the fund is not demonstrating value consistently in the Performance area. We have completed a further review and shared the outcomes of this review below.

**Target benchmark:** FTSE AllShare TR GBP

## 1. Performance

### Performance Commentary:

The underperformance is primarily due to the fund's bias to value for the majority of the period in question. Value shares are those companies that we believe are good quality, but which have been overlooked by the market and are trading at a significant discount to their true value. This is an investment style that has been out of favour during the period under review. The weak performance can be attributed to a number of underperforming shares, namely financial services firms Capita, Standard Chartered, Provident Financial and TP Icap and oil company BP.

The most recent six months have proved challenging. At the stock level, we should highlight cinema owner Cineworld as a poor investment, not helped by a challenging market environment for cinemas. However, the firm suffered further difficulty recently when a Canadian court ordered it to pay C\$1.23 billion (\$957 million) to Cineplex as damages for abandoning a planned takeover in 2020. We have taken the difficult decision to exit the position.

### Remedial Actions:

In light of the fund's challenging investment performance, we have undertaken a detailed review of the fund and its investment strategy. As part of this, portfolio management responsibilities formally transferred to Bill Casey and Nick Kissack on the 1st May 2021. Bill and Nick are established UK equity portfolio managers and have managed the Schroder UK Alpha Plus Fund since March 2018.

Further to this, in May 2021, it was decided that the Schroder UK Opportunities Fund should be merged into the Schroder UK Alpha Plus Fund. The merger has taken effect on 2nd March 2022.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.92%

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

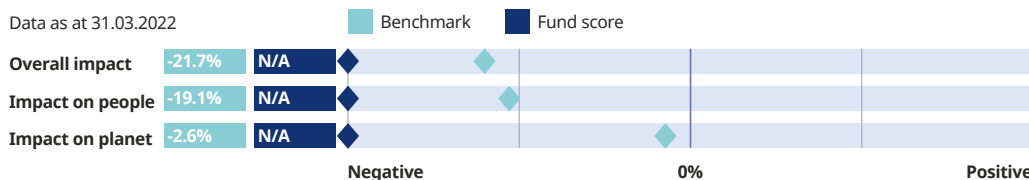
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value. Due to the recent fund merger into the Schroder UK Alpha Plus Fund, there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Real Estate Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** AREF/IPD UK Qua Pro-All bal fd-WA

## 1. Performance

### Performance Commentary:

The principal reason for the Fund's underperformance has been its underweight exposure to the Industrial sector which has been the main driver of the benchmark's overall absolute performance over the last few years.

The recent, and currently ongoing, property market bubble in the UK is being primarily driven by yield compression (the re-rating in the price of an asset upwards) in the industrial property sector. A combination of factors, such as constrained supply (particularly in town centres) and growing demand (driven by the surge in e-commerce during the Covid-19 pandemic), have caused yields to tumble from already low levels.

Nevertheless, we believe that the current rate of rental growth being priced into assumptions underlying such low yields/returns is unsustainable for the tenant base over the long-term and further short-term acquisitions at current market pricing to re-balance the portfolio are not justifiable.

We believe it is therefore important to acknowledge that differing valuation approaches and market views are playing a key role at present, with some valuers more optimistic on prospects for the industrial,

retail warehousing and office segments than others. Most of the fund's asset portfolio (around 95%) is valued by BNP Paribas. BNP has tended to adopt a more conservative approach for the fund, meaning our investors should experience less volatility in capital value returns as market conditions evolve.

### Remedial Actions:

While the fund's underperformance has been driven by its underweight position to the Industrial sector, we have a robust investment process based on ensuring that any acquisitions or disposals will be accretive to the fund's returns. The fund has made considerable progress in increasing its exposure to the industrial sector. For example, the significant asset swap transaction we undertook with Segro in October last year. However, rotating a fund of this size takes time. We are therefore focussing on several large opportunities within the fund to develop out and create further industrial exposure for the long-term, rather than buying in at current pricing levels.

As highlighted above, as and when the Industrial sector re-prices to reflect more realistic rental growth, BNP's valuation approach will benefit the fund.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. As part of this we identified an operational issue within your fund related to untimely distribution payments. This issue was addressed appropriately and we have since remediated our controls. The client has been fully compensated. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.75%**

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

## 5. Economies of scale

Your fund's assets under management are greater than £1 billion and therefore it is achieving meaningful economies of scale. Your fund does not contain any retail share classes as it is only available to institutional investors. These investors are already offered a scale discount in the form of lower management fees or rebates which reflect the longevity of their investment.

## 6. Comparable services

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

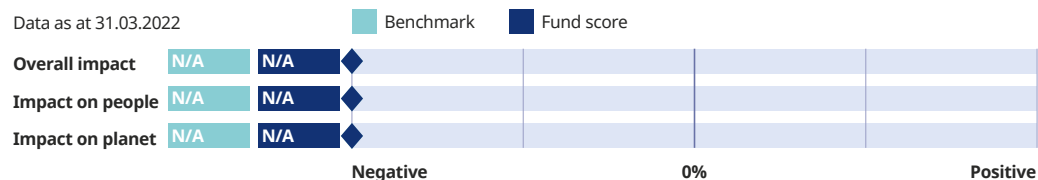
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment or binding environmental or social characteristics, however due to the nature of the asset class there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK Real Estate Fund Feeder Trust

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** AREF/IPD UK Qua Pro-All bal fd-WA

## 1. Performance

### Performance Commentary:

The main reason for the fund's underperformance over the review period has been its underweight exposure to the industrial property sector, which has been the main driver of the benchmark's overall absolute performance over the last few years.

The recent, and currently ongoing, property market bubble in the UK is being primarily driven by yield compression (the re-rating in the price of an asset upwards) in the industrial property sector. A combination of factors, such as constrained supply (particularly in town centres) and growing demand (driven by the surge in e-commerce during the Covid-19 pandemic), have caused yields to tumble from already low levels.

We believe that the current rate of rental growth being priced into assumptions about such low yields/returns is unsustainable in the long-term and further short-term acquisitions at current market prices (to re-balance the portfolio) are not justifiable.

We believe it is therefore important to acknowledge that differing valuation approaches and market views are playing a key role at present, with some valuers more optimistic on prospects for the industrial, retail warehousing and office segments than others. Most of the fund's asset portfolio (around 95%) is valued by BNP Paribas. BNP has tended to adopt a more conservative approach for the fund, meaning our investors should experience less volatility in capital value returns as market conditions evolve.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

### Remedial Actions:

While the fund's underperformance has predominantly been driven by its underweight position to the industrial property sector, we have a robust investment process which is designed to ensure that any acquisitions or disposals will be accretive to the fund's returns. The fund has made significant progress in increasing its exposure to the industrial property sector. For example, the significant asset swap transaction we undertook with property investment company Segro in October 2021. However, rotating a fund of this size takes time. We are therefore focussing on several large opportunities within the fund to develop out and create further industrial exposure for the long-term, rather than buying in at current pricing levels.

As highlighted above, we believe that as and when the industrial property sector re-prices to reflect more realistic rental growth, BNP's valuation approach will benefit the fund.

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

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



Ongoing Charges Figure: 0.75%

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

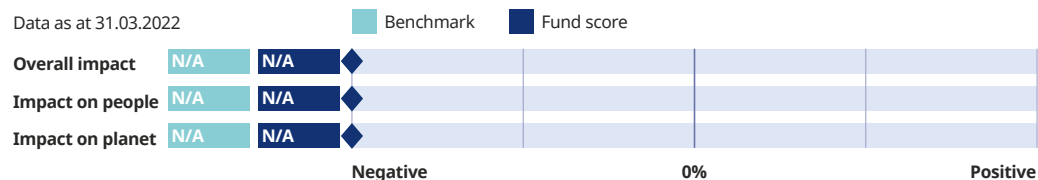
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does have the objective of sustainable investment or binding environmental or social characteristics, however due to the nature of the asset class there is no SustainEx score available for this fund.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder UK Smaller Companies Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** FTSE Small Cap Ex Invest Trust TR GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.91%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

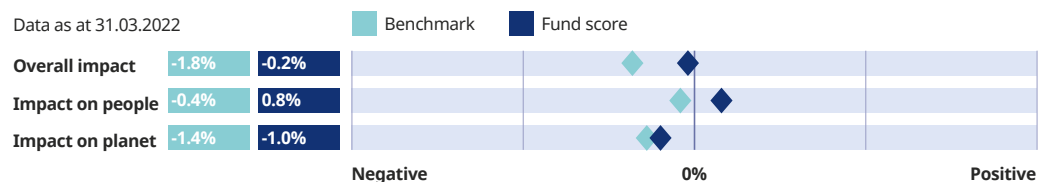
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder UK-Listed Equity Income Maximiser Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** 7% income per year

## 1. Performance

As the fund has not reached its minimum recommended performance period, it cannot be used as an accurate measure of performance. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.44%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

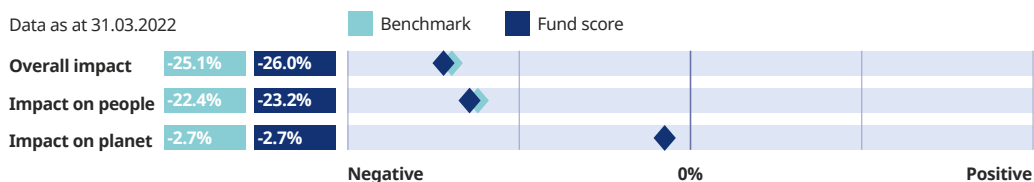
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (FTSE 100) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's 'Impact on People' and its 'Impact on Planet' as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder US Equity Income Maximiser Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below.

**Target benchmark:** 5% income per year

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.49%**

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

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

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

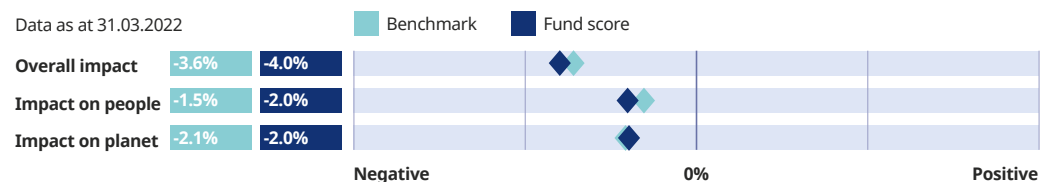
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (S&P 500) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's 'Impact on People' and its 'Impact on Planet' as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Schroder US Mid Cap Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** Russell 2500 TR (Lagged) GBP

## 1. Performance

Performance Commentary:

The fund outperformed its benchmark in 2017-2019. The dramatic market sell-off during the Covid-19 pandemic of 2020 is the primary reason for the fund underperforming in 2020 and also drove our five year underperformance. That was our worst year of relative performance in the history of the strategy. The economic shutdown in Q1 2020 crippled our positions in companies normally perceived as defensive due to their ability to generate stable revenue streams. As this was not possible during an economic shutdown, this group fell along with the rest of our holdings.

This was amplified by the fund's performance lagging the benchmark in Q2 and Q4 that year. These were the two strongest quarters in the history of the benchmark. Our defensive style results in us tending to capture approximately 85% of a market rise, so the lag in these two quarters was consistent with our pattern.

In addition, we entered 2020 with a higher than benchmark exposure to consumer stocks, which we adjusted to a lower than benchmark position as the pandemic took hold. We did this by selling, for example, retailers Nordstrom and Brixmor Property Group and the airline company Spirit Airlines. We also continued to hold some stocks that performed very poorly in 2020, in particular Hexcel Corporation

(manufacturer of carbon fibre composites used in aircraft construction), Sabre Corp (online travel reservation company) and Kirby Corporation (barge operator). That last position struggled as we underestimated the level of sensitivity to oil shipping.

The fund's overall performance was, however, helped by better returns on some new positions in industrially and technology-oriented companies which we believed would lead the economy out of recession and into recovery. Investment in companies such as Berry Global Group (value added packaging), MSA Safety (manufacturer of personal protection and safety equipment) and 2U Inc (online education provider) helped to counteract the fund's wider underperformance.

**Remedial Actions:**

The fund aims to adhere to a long term investment process. This discipline delivered a strong recovery in performance in 2021.

We have confidence in the fund's investment strategy and in Schroders' ability to deliver on its 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. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

**Ongoing Charges Figure (OCF) compared to peer group**



**Ongoing Charges Figure: 0.89%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

Your fund is larger than £1 billion and is therefore large enough to achieve economies of scale. Schroders has implemented a scale discount of 2 basis points (0.02%) to this fund, so that these savings are passed onto our retail investors\*. Providing your fund remains above this threshold, you will continue to realise these savings.

\*Please see the Economies of Scale section on p13 which highlights which share class this discount is being applied to.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

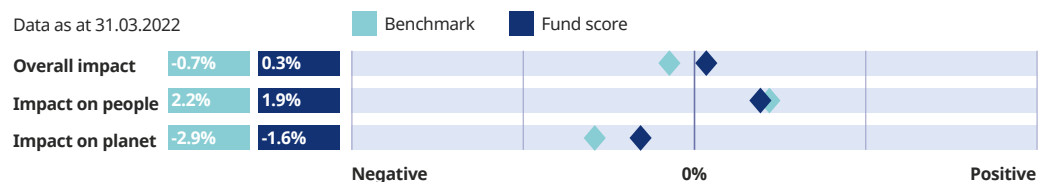
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.



# Schroder US Smaller Companies Fund

## Overall conclusion

Taking into account all seven areas included in the assessment of value, we believe that the fund is demonstrating value overall. We have summarised our assessment of each area as it relates to this fund separately below. Where an area has resulted in an action being taken, we have included the measures we are taking to try and improve this area.

**Target benchmark:** Russell 2000 TR (Lagged) GBP

## 1. Performance

The fund has delivered its investment objective over the recommended performance period and is delivering value. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 2. Quality of service

We have assessed key service areas relating to our fund operations, our investment process and our client experience. External providers concluded that we have a mature and effective framework for fund oversight and reporting of risks. The value of our communications are validated by Research in Finance. The quality of our service is backed up by awards and top ratings. We also looked at our liquidity management process, as well as fund complaints and breaches. Through all our metrics we have concluded that we provide value to our clients. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 3. Authorised fund manager costs

We reviewed every cost component of the Ongoing Charges Figure (OCF) 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. For more detail on how we completed this assessment, please refer to the 'Seven areas' section in the front of this report.

## 4. Comparable market rates

### Ongoing Charges Figure (OCF) compared to peer group



**Ongoing Charges Figure: 0.92%**

Our quantitative assessment found that at least one of the fund's share classes are more expensive than the majority of its peers. As a result, we conducted further analysis of our pricing and concluded that the amount we charge is reasonable and appropriate in light of the fund's investment process. We will continue to monitor this on an ongoing basis.

## 5. Economies of scale

The fund you invest in is currently not large enough (defined as fund assets under management greater than £1 billion) to realise economies of scale. Therefore it does not benefit from meaningful cost savings achieved from size. However, we will continue to assess this and will notify you if the position changes.

## 6. Comparable services

We have reviewed the charges of each share class of your fund against those of other internal non-UK domiciled funds and segregated mandates. At least one share class has fee rates that are higher than these comparable share classes. A further review found these charges are reasonable and appropriate due to the nature of the investor.

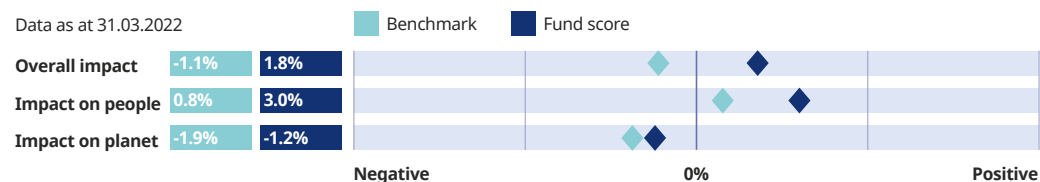
## 7. Classes of shares or units

We have looked at charges across all of the share classes in our funds and converted you to a cheaper share class if appropriate. Where there are no other share classes that broadly serve the same purpose as the one you are currently in, we have not made any changes to your holding.

## The sustainability impact of the fund and its benchmark

This fund does not have the objective of sustainable investment, therefore the fund is not managed to any binding environmental or social criteria. As it is not possible to invest in the fund's target benchmark, the fund's comparator (S&P small cap 600) has been used below. The Schroders Impact score is for information only. It provides an estimate of the fund's "Impact on People" and its "Impact on Planet" as of the date shown and this will change over time. This measure is not part of the fund's assessment of value.

Data as at 31.03.2022



The above Schroders Impact score is generated using Schroders' proprietary tool, SustainEx™ (see Appendix), which provides an estimate of the potential social or environmental impact that a company or other issuer may create. The result is expressed as a notional percentage (positive or negative) of sales. A SustainEx score of +80% means the portfolio adds \$80 of benefit to society for every \$100 of sales. The SustainEx score of the comparator is also shown, even though neither the fund nor the comparator are managed with sustainability objectives or binding environmental or social characteristics.

# Glossary of Terms

## 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.

## 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.

## AFM (Authorised Fund Manager)

The AFM is responsible for the overall management of the fund and invests 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.*

## 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.

## AMC (Annual Management Charge)

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

## Assessment of Value

As a result of new regulations, the FCA now requires managers of UK funds to publish an annual report demonstrating how they are providing value to investors in their funds.

## 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.

## 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.

## Attribution

A sophisticated method for evaluating the performance of a portfolio or fund manager.

## 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.*

## 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).

## Bottom-up (investment style)

Investment based on analysis of microeconomic variables, whereby individual companies' history, management, and potential are considered more important than general market or sector trends (as opposed to top-down investing).

## Brexit

An abbreviation for "British exit," referring to the withdrawal of the United Kingdom (UK) from the European Union (EU).

## Broad-based

Relates to an index or average that is designed to reflect a representation of a group of stocks or an entire market.

## Business cycle

Also referred to as the "economic cycle". Essentially it describes how business activity goes up and down over time. There are four stages of the business or economic cycle: expansion, slowdown, recession and recovery.

## Capital growth

The increase in the value of an asset or investment over time.

## Capital risk

The potential loss of all or part of an investment.

## Cazenove Capital

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

## Conservative (investment style)

Prioritises the preservation of capital over market returns by investing in lower-risk securities.

## Conviction (investment style)

A fund manager's strongly held belief in the view of an investment or investment approach.

## Comparator benchmark

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

## 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.

## Glossary of Terms

### 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.*

### Cyclical stock

A stock where returns are directly affected by changes in the overall economy. Opposite of defensive stocks.

### Defensive stock

A stock which aims to provide consistent dividends and stable earnings regardless of the overall stock market environment.

### Dividend

A payment made by a company to its shareholders. The company decides how much the dividend will be, and when it will be paid.

### 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. Schroders has a range of unit trust funds that are UK-domiciled while the Schroder International Selection Fund range is domiciled in Luxembourg.

### Downside risk

An estimate of the potential decline in value of a given investment.

### Duration

A measure of a bond investment's sensitivity to changes in interest rates. The longer the duration, the more sensitive it is. Calculating duration for a fixed income investment such as a bond is a complicated sum. It takes into account the current value of the bond, the coupon or interest payment, the book cost, and the number of years the bond has left to run. Put simply, the higher the duration number the higher the potential return (and the greater the risk).

### Economic cycle

Also referred to as the "business cycle". *Please also see Business cycle definition.*

### Emerging markets

Countries that have rapidly growing economies and may be going through the process of industrialisation. This is compared to developed markets which have already undergone this process and are considered to be already economically advanced.

### Equities

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

### 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.

### 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.

### Factor (investment style)

An approach that involves targeting specific drivers of return across asset classes.

### 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.

### FTSE All Share

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

### Fundamental analysis

The process of identifying stocks that are undervalued by looking at the underlying investment.

### Gilt

A bond issued by the UK government.

### 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.

### Hedge fund

A collective name for funds targeting absolute returns through investment in financial markets and/or applying non-traditional portfolio management techniques. Hedge funds can invest using a broad array of strategies, ranging from conservative to aggressive.

### IA (Investment Association) sector

As published by the Investment Association, the IA sectors divide the fund universe to reflect the asset type, industry sector, or geographic regions funds are invested in. There are over 35 IA sectors. These are there to help navigate the large universe of funds in the UK and include some offshore (EU) funds. The sectors divide up the funds into smaller groups, to allow like-for-like comparisons between funds in one or more sectors, for instance to look at performance and fund charges.

### Income distribution

The distribution of income to unit holders of pooled funds in proportion to the number of units held.

### Index (investment style)

A passive investment strategy that seeks to replicate the returns of a benchmark index.

### Inflation

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

# Glossary of Terms

## Investment universe

The range of stocks in which a portfolio can invest.

## 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.

## Large cap

*Please see Market capitalisation definition.*

## LIBID (London Interbank Bid Rate)

The average interest rate at which financial institutions in the UK pay for depositing eurocurrency.

## LIBOR

The benchmark interest rate at which global banks lend to one another. Since the end of 2021, LIBOR has been phased out and replaced by the Sterling Overnight Index Average (SONIA) as the industry standard benchmark. *Please see SONIA definition.*

## 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.

## Long/short (investment style)

A strategy, used primarily by hedge funds, that involves taking long positions (buying a holding) in stocks that are expected to increase in value and short positions (borrowing a stock and selling it in the hope of repurchasing it at a lower price to return to the stock lender) in stocks that are expected to decrease in value.

## Macroeconomic

Refers to the behaviour and drivers of an economy as a whole. Factors include inflation, unemployment, etc. as opposed to microeconomic which is the behaviour of small economic units, such as individual consumers or households.

## 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.

## Mid cap

*Please see Market capitalisation definition.*

## MSCI (Morgan Stanley Capital International)

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

## Multi Asset

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

## Nominal return

A value which has not been adjusted for inflation.

## 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.

## Option

Gives the buyer the right (not the obligation) to buy or sell an underlying asset at an agreed price on, or before, a given date in the future.

## Overweight

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

## Passive management

A style of investment management that aims to replicate the performance of a set benchmark.

## 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.

## Performance period

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

## QE (Quantitative Easing)

A tool central banks can use to stimulate an economy by increasing the supply of money. Technically, it involves the central bank printing new money and using this to buy assets from the financial market. This results in more money being in circulation, higher asset prices and lower interest rates (prices and interest rates tend to move in the opposite direction). This combination makes it more attractive for people to invest, borrow and spend more, driving economic growth. This technique has, in recent years, been used by the European Central Bank, the US Federal Reserve and the Bank of England.

## 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.

## 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.

## 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.



## Glossary of Terms

### RDR (Retail Distribution Review)

A Financial Conduct Authority (FCA) initiative that aims to provide greater clarity about different types of financial services available. It also seeks to improve transparency around the costs and fees associated with financial advice. The amount of risk capital set by legislation or local regulators, which companies must hold against any difficulties such as market or credit risks.

### 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%.

### Recovery stock

A stock which has fallen in price but which is believed to have the ability to recover.

### Risk premium/premia

The extra return over cash that an investor expects to earn as compensation for owning an investment that is not risk free, so its value could increase or decrease.

### Risk-adjusted return

A technique to measure the returns from an investment that takes into account the degree of risk that must be accepted in order to achieve it.

### Risk-free rate

The rate of return over a specified period of time on an investment with zero risk.

### 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.*

### S&P 500

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

### Scenario analysis

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

### 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.

### 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.

### 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.

### Small cap

*Please see Market capitalisation definition.*

### SONIA (Sterling Overnight Index Average)

The interest rate paid by financial institutions during periods when the markets are closed.

### Standard deviation

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

### Stress test

The process of testing the resilience of institutions and investment portfolios against possible worst case future financial situations.

### SustainEx

The Schroders in-house research tool which is designed to quantify the positive contributions and negative impacts companies have on society. By examining both current profits and potential externalities through a common monetary lens, SustainEx aligns social and environmental impact with investment risk.

### Target benchmark

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

### TER (Total Expense Ratio)

Following the introduction of KIIDs, TERs have been replaced with OCFs. *Please see OCF definition.*

### Thematic (investment style)

Investing according to a chosen investment theme. For example, an investor with a "health and wellness" focus will likely only consider funds that invest in healthy food brands or those companies focused on developing new vaccines.

### 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).

## Glossary of Terms

### Total return

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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.

### Tracking error

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A measure of how closely an investment portfolio follows the index against which it is benchmarked.

### Underweight

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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.

### Unit class

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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.*

### Unit trust

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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.

### Value (investment style)

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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.

### Volatility

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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.

### Yield

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A measure of the income return earned on an investment. In the case of a share, the yield is the annual dividend payment expressed as a percentage of the market price of the share. For property, it is the rental income as a percentage of the capital value. For bonds, the yield is the annual interest as a percentage of the current market price.

# Appendix

## SustainEx / Schroders Impact scores

These are generated using Schroders' proprietary tool, SustainEx™, which provides an estimate of the potential social or environmental impact that a company or other issuer may create. It does this by using certain metrics with respect to that issuer and quantifying the positive and negative impacts of each of those metrics in economic terms to produce an aggregate measure. Not all of those metrics are represented in the impact scores on 'People' and 'Planet' and how those scores are generated may change over time. It utilises and is reliant on third party data (including third party estimates) as well as Schroders' own modelling assumptions, and the outcome differs from other sustainability tools and measures. Where SustainEx™ relies on data and estimates produced by third parties, Schroders seeks to ensure that such data and estimates are accurate, but Schroders cannot and does not warrant the accuracy, completeness and adequacy of such third party data and estimates. Like any model, SustainEx™ will evolve and develop over time as Schroders continues to assess, refine and add to the metrics and their relative contributions. Generating SustainEx™ scores involves an element of judgment and subjectivity across the different metrics chosen by Schroders, and accordingly

Schroders does not accept any liability arising from any inaccuracy or omission in, or the use of or reliance on, SustainEx™ scores. As the model evolves, changes made to how metrics are applied may result in changes to the SustainEx™ score of any issuer and ultimately the overall fund/portfolio score. At the same time, of course, the issuer's SustainEx performance might improve or deteriorate. Schroders' proprietary tools, including SustainEx, may not cover all of the fund's holdings from time to time, in which case Schroders may use a range of alternative methods to assess the relevant holding. In addition, certain types of assets (such as cash and certain equivalent securities such as gilts) are treated as neutral and are therefore not considered by our proprietary tools. The SustainEx scores show month-end data.



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