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| Schroder ISF\* Global Multi-Asset Income  Fund Managers: Remi Olu-Pitan, Dorian Carrell | Fund update: August 2022 |

Performance overview

* Equity markets drifted higher over the first 2 weeks of the month despite the ongoing energy crisis in Europe, and an eagerly awaited speech in Jackson Hole from the US Federal Reserve chairman Jerome Powell.
* While much of Powell's speech was not new, he re-emphasised the determination of the Fed to bring inflation under control - 'we must keep at it until the job is done' and monetary policy would be tight 'for some time'.
* Markets bristled at the hawkish tone with equity and bond indices ending the month in negative territory.
* Despite broad market weakness, the Fund’s positioning provided some insulation from market declines across equity and credit markets.

Drivers of fund performance

* The Fund was weaker in what was a challenging month for markets.
* Equities were the largest detractor, with economically sensitive areas such as technology, industrials and consumer discretionary lagging most.
* Income generating assets were mixed. Preferred securities ended flat, providing useful diversification over the month, where investment grade and high yield corporates fell in line with broader markets.
* Equity and duration hedging positions were also able to provide a cushion to broader market falls.

Portfolio activity

* From an asset allocation perspective, we shifted some of our core global equity strategy into the US, and reduced the portfolio’s sensitivity to interest rates, with duration lower at 2.0 years.

Outlook/positioning

* It is often said 'Don't Fight the Fed' and Jerome Powell's statement at Jackson Hole should no longer leave us in any doubt; global central banks, led by the Fed, will continue raising rates until inflation is under control.
* This was consistent with our view, and had led to our cautious positioning, particularly with regards to duration.
* Despite the wider US economy remaining robust for now, we are becoming increasingly concerned about recessionary risks, recognising that for the Fed to deliver a significant reduction in inflation there will most likely need to be a significant fall in growth. Elsewhere, the outlook for Europe appears to hinge upon an easing of the energy crisis and the political will to cushion consumers from sharp price increases.
* Overall we remain defensively positioned. Asset allocation was broadly unchanged over the month, however at the margin we have tilted our equity exposure in favour of areas where we see a window of opportunity. This has led us to favour the US as we believe it could be more resilient to recessionary fears in the near term.

Calendar year performance (%)

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| Year | Fund Net  A Acc | Fund Net  C Acc | Comparator |
| 2021 | 4.6 | 5.2 | 7.1 |
| 2020 | 2.8 | 3.4 | 10.0 |
| 2019 | 12.2 | 12.9 | 17.5 |
| 2018 | -5.4 | -4.8 | -2.9 |
| 2017 | 5.5 | 6.1 | 10.5 |
| 2016 | 7.4 | 8.1 | 10.0 |
| 2015 | -6.9 | -6.3 | -0.6 |
| 2014 | 2.8 | 3.4 | 6.7 |
| 2013 | 5.8 | 6.4 | 9.0 |
| 2012 | - | - | - |

Source: Schroders, Thomson Reuters, 31 December 2021, A Acc & C Acc $ share class, net of fees. Please see factsheet for other share classes.

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Comparator benchmark: 30% MSCI AC World Index (USD), 40% Barclays Global Aggregate Corporate Bond Index (USD) and 30% Barclays Global High Yield excl CMBS & EMG 2% index (USD).

The investment manager invests on a discretionary basis and there are no restrictions on the extent to which the fund's portfolio and performance may deviate from the benchmark. The investment manager will invest in companies or sectors not included in the benchmark in order to take advantage of specific investment opportunities.

Investment Objective

The Fund aims to deliver an income of 3-5% per annum and capital growth over a three to five year period after fees have been deducted by investing in a diversified range of assets and markets worldwide.

Risk considerations

ABS and MBS risk: The fund may invest in mortgage or asset-backed securities. The underlying borrowers of these securities may not be able to pay back the full amount that they owe, which may result in losses to the fund.

Capital risk / distribution policy: As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.

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

Credit risk: A decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless.

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

Currency risk / hedged shareclass: The hedging of the share class may not be fully effective and residual currency exposure may remain. The cost associated with hedging may impact performance and potential gains may be more limited than for unhedged share classes.

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

Emerging Markets & Frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.

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

IBOR risk: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Sustainability risk: The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

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