

Schroders

Economic and Strategy Viewpoint

Keith Wade

Chief Economist and Strategist
(44-20)7658 6296

Azad Zangana

European Economist
(44-20)7658 2671

Tina Fong

Analyst, Multi-Asset
(44-20)7658 3278

Harish Vekaria

Quantitative Analyst
(44-20)7658 2722

Global: Upgrading global growth (page 2)

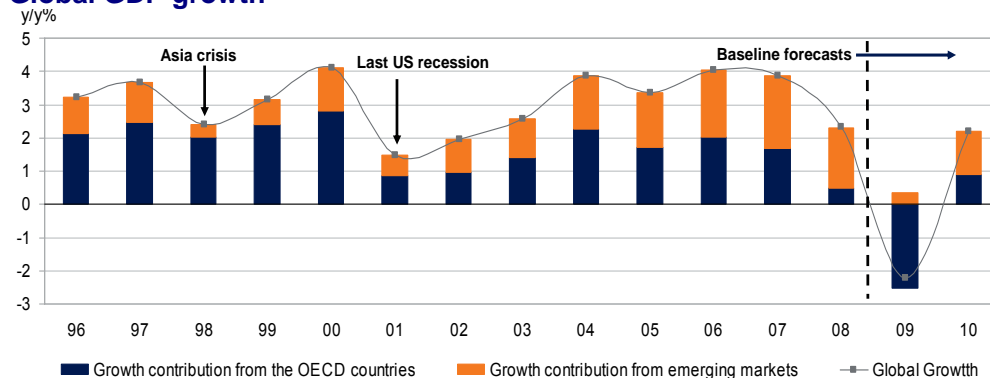
- Better than expected figures for the second quarter combined with evidence of a further improvement in the third have led us to upgrade our growth forecasts for the world economy. We now expect the world economy to contract by 2% this year before growing at just over 2% in 2010. These figures are about one percentage point stronger than expected three months ago.
- Underlying this is a turn in the inventory cycle with industrial production expected to pull the world economy out of recession in the second half of the year. Fiscal policy should also add support, however the world economy will still face headwinds in 2010 putting pressure on consumer spending and final sales and tempering the upswing. The path of recovery is more “W” than “V”.
- Against this backdrop, we would expect central banks to keep policy loose with the first rate hikes expected in June next year. Nonetheless, as growth expectations continue to firm in coming months, investors are likely to question whether interest rates need to be at levels set for an emergency which has now largely passed. The debate on policy tightening has already begun in Asia and is likely to head west in coming months.

Eurozone: Recovery underway (page 7)

- Normal service is resumed in France and Germany as the two largest Eurozone economies emerge from recession much earlier than expected. Early indicators suggest improved net trade and firmer government and household spending helped lift the pair out of recession in the second quarter.
- Is this just a blip? The evidence so far suggests not. Exports and industrial orders are on the up, while expansive fiscal policy seems to be working a treat. We believe that the drivers of the recovery can continue to run over the next 6-12 months, with Eurozone growth progressing at a considerable pace.
- However, the factors that led us to believe the Eurozone would lag behind the rest of the advanced world remain. Low capacity utilisation as well as falling productivity and profitability mean that capital investment is set to remain anaemic. Moreover, as the effects from fiscal stimulus fade and unemployment continues to rise, we expect domestic demand to retrench and activity to slow in 2010.
- The good news is that the hurdles to a sustainable recovery will lead the European Central Bank to keep monetary policy loose and there is upside risk from stronger demand for exports. The key downside risks are two fold. Firstly, the Euro continues to appreciate and Eurozone exporters lose some of their export market share. The second and perhaps bigger risk is that European leaders tighten fiscal policy too soon and cause the slowdown that we expect in 2010 to become a second outright recession.

Forecast summary (page 12)

Global GDP growth



Source: IMF, Consensus Economics, Schroders, August 2009



Global

The world economy returned to growth in the second quarter

Upgrading global growth

The past month has been characterised by increasing confidence in the world economy with economists moving to upgrade their forecasts for global growth. Talk of another Great Depression has faded as economic data and corporate earnings reports have beaten expectations. On our estimates G7 GDP was flat in the second quarter as increases in output in Japan, France and Germany outweighed falls in the US, UK and Italy. Given the strength of China and many of the emerging economies during the period, it is likely that the global economy grew in the second quarter.

In response, risk assets have rallied with the S&P breaking through 1000 and credit markets performing strongly. High yield bonds have staged a phoenix like recovery with the renamed US benchmark, the Barclays Capital index, now back to its pre-Lehman Brothers level (see chart 1).

Chart 1: Back from the brink: High yield prices return to pre-Lehman levels

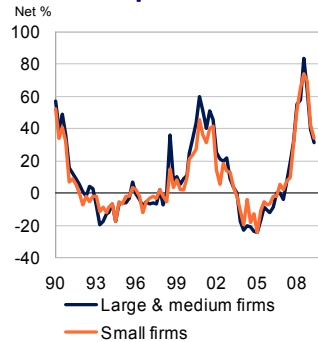


Source: Thomson Datastream, 19 August 2009

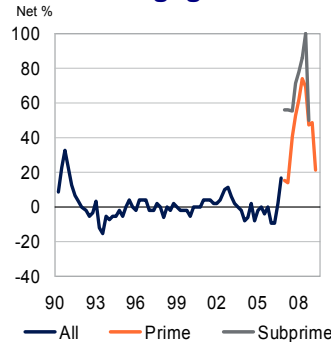
Rising purchasing managers indices signal recovery...

Most significant in terms of the macro releases have been the battery of rising purchasing managers indices (PMIs), signs of recovery in US and UK housing and news that US firms are easing off in their efforts to cut labour costs. On the corporate earnings side, the improvement in bank profitability has been important both to the market and to the economy as a signal that the worst of the crisis is now behind us. The August Senior Loan Officer survey reported a further fall back in the number of banks tightening conditions for loans. Although overall conditions are tight, the survey is moving in the right direction (see chart 2 over page).

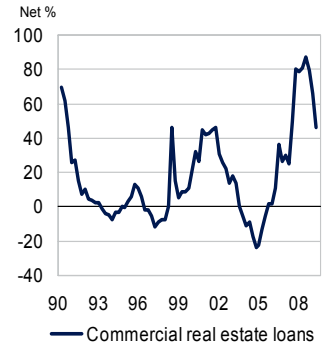
Chart 2: US banks – less are tightening
Corporates



Mortgages



Real estate

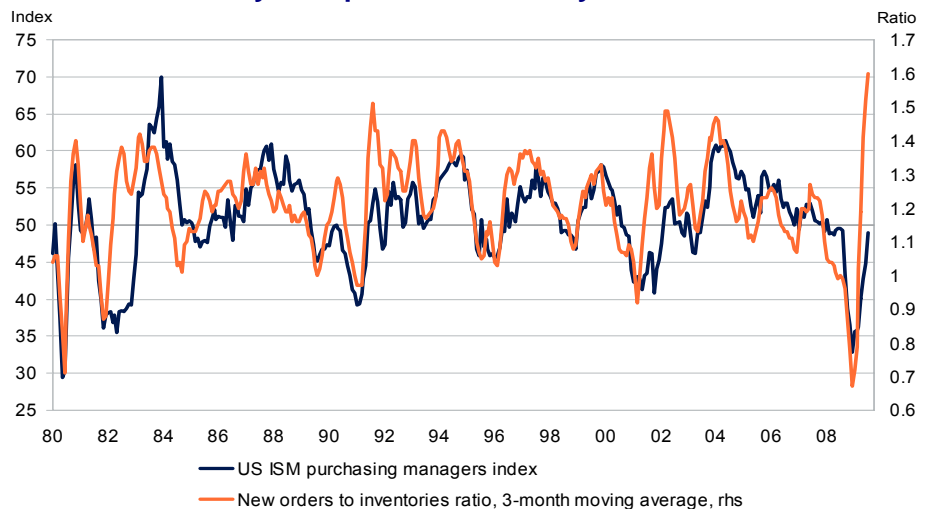


Note: Balance tightening lending conditions by sector. Source: Federal Reserve, Thomson Datastream, 19 August 2009

...led by the emerging markets

On the business surveys, the global manufacturing PMI is now at 50, a level which indicates stable output. Gains have been led by the emerging markets of China, India and Turkey, but have been broad based with three quarters of countries reporting a rise in output in July. The ratio of orders to inventory indicates that we will see further gains as we move into the autumn with the key US ISM index set to move well above the critical 50 level (chart 3). Industrial production will add to global growth in the second half of the year, pulling the world economy out of recession.

Chart 3: US ISM survey to improve as inventory turns



Source: Thomson Datastream, 19 August 2009

An earlier undershoot in global GDP is now resulting in a bounce back

It would seem that the macro story of 2009 is one where, having axed output, capital expenditure and jobs earlier in the year, firms realised that the world economy was not about to plunge into a 1930s style slump. This resulted in an undershooting of activity around the turn of the year with OECD GDP recording its steepest decline in the post war era, a move which is now being corrected. Companies are putting restructuring plans on hold and raising output as profitability recovers. The moderation in job losses in the US Employment report and better tone to orders suggest companies are less pessimistic.

The credit for this must lie with a mixture of policy action, massive fiscal and monetary stimulus and the rescue of the banking system, as well as the fall in commodity prices, particularly oil in the second half of last year. The re-opening of the financial markets has also helped by giving companies access to capital at a time when the banks are restricting lending.

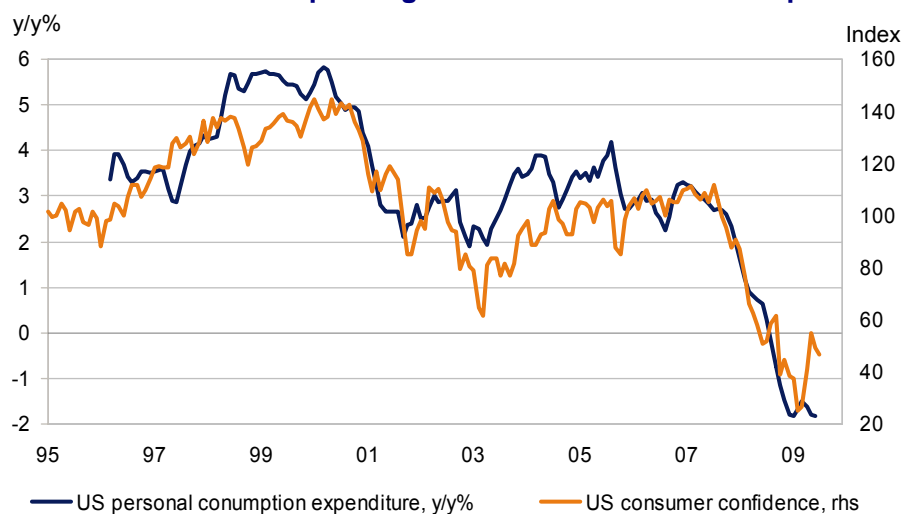
Does this mean that the credit crunch is over and that we can look forward to a “V” shaped recovery? Given the trends described above, it will be difficult to tell in coming months. Output will recover rapidly as the inventory cycle and fiscal stimulus kick in. There could then be second round effects to employment and consumption thus prolonging the upswing.

But recovery is still likely to be weak

However, before buying into a “V” shaped upswing, it is worth recalling the IMF analysis of the behaviour of economies after past financial crisis. As highlighted in previous Viewpoint’s a comparison of recessions and recoveries following a banking crisis shows that the downturn is deeper and recovery weaker than in conventional cycles¹. Having had the deeper downturn, we are now likely to experience the weak recovery.

The key will be consumer spending as a recovery in final sales will be needed to extend the inventory bounce into a sustainable upswing. At this stage, there is little evidence that US households have been able to overcome the headwinds of falling wealth, credit constraints and the threat of unemployment with spending and consumer confidence remaining weak (see chart 4).

Chart 4: US consumer spending and confidence remains depressed



Source: Thomson Datastream, 19 August 2009

¹ See Economic Viewpoint July 2009.

Forecast changes

Pulling all this together means that we are upgrading our forecasts for global activity. We now look for a pick-up in US GDP to 2% (annualised) in the second half of this year, resulting in less severe fall in GDP for 2009 (now -2.7% compared to -3.1%). We have also upgraded 2010, increasing growth to 1.5% from 0.8%. On a global basis our forecasts for this year and next are -2% (previously -3%) and 2.2% (previously 1.3%) – see table 1.

Table 1: Forecast comparison

Real GDP, %	2009			2010		
	Previous	New	Difference	Previous	New	Difference
OECD	-4.4	-3.5	0.9	0.4	1.3	0.9
Emerging*	0.8	1.5	0.7	3.6	4.5	0.9
World	-3.0	-2.1	0.9	1.3	2.2	0.9
CPI, %						
OECD	0.2	0.4	0.2	0.7	1.5	0.8
Emerging*	2.8	3.0	0.2	3.3	4.0	0.7
World	1.0	1.2	0.2	1.5	2.2	0.7
Interest rates (end of the year), %						
US	0.25	0.25	0.0	0.75	1.5	0.8
UK	0.50	0.50	0.0	1.00	2.0	1.0
Eurozone	1.00	1.00	0.0	1.25	2.0	0.8
Japan	0.10	0.10	0.0	0.25	0.3	0.0

Previous: Last Quarterly forecast June 2009

Source: Schroders

More a “W” than a “V”

Such an outcome would be relatively tame by the standards of past recoveries, an acknowledgment that the headwinds created by the banking crisis will still be a constraint on growth. In terms of shape, we would describe it as a “W” rather than a “V” as we would expect the recovery to falter in the first half of next year as the boost from the inventory cycle fades.

When combined with a benign backdrop for inflation this outlook suggests that central banks are likely to keep monetary policy loose for most of the forecast period. We continue to look for the first tightening in policy to come next year, but have brought this forward from September to June in the US and UK. We now have US rates rising to 1.5% by the end of 2010 (75 basis points higher than previously expected). Central banks in Europe are expected to follow with the Bank of England and ECB both raising rates to 2% by the end of next year.

Near term risks are skewed toward stronger growth and higher rates

The risks to these forecasts are currently skewed toward the upside. The boost from the inventory cycle and fiscal policy could prove greater than expected and some economists are looking for the US to record growth rates of the order of 3.5% (annualised) in the second half of 2009.

An end to emergency monetary policy?

We would doubt that such strength could be maintained, but recognise that this risk outweighs concerns about a renewed slump. Against this backdrop, markets are likely to focus on whether interest rates need to remain at emergency levels. The danger of a meltdown of the financial system may now have passed and as growth returns investors will look for hints of higher rates.

Thus far, the major central banks have signalled no change. However, looking further a field, there have been clear indications that policy will be tightening. The governor of the Reserve Bank of Australia said in recent testimony that the central bank now had a tightening bias. The Norges bank also said at its August policy meeting that it would expect to raise rates earlier than previously expected.

Arguably, both are special cases having enjoyed the benefit of rising commodity prices as a cushion against the credit crunch. Nonetheless, there are several Asian and emerging market banks in a similar position – concerns of policy tightening have also arisen in China, for example, and if this is not a straw in the wind for more general tightening we could at the very least be moving into a phase where monetary policy begins to diverge from region to region.

Eurozone

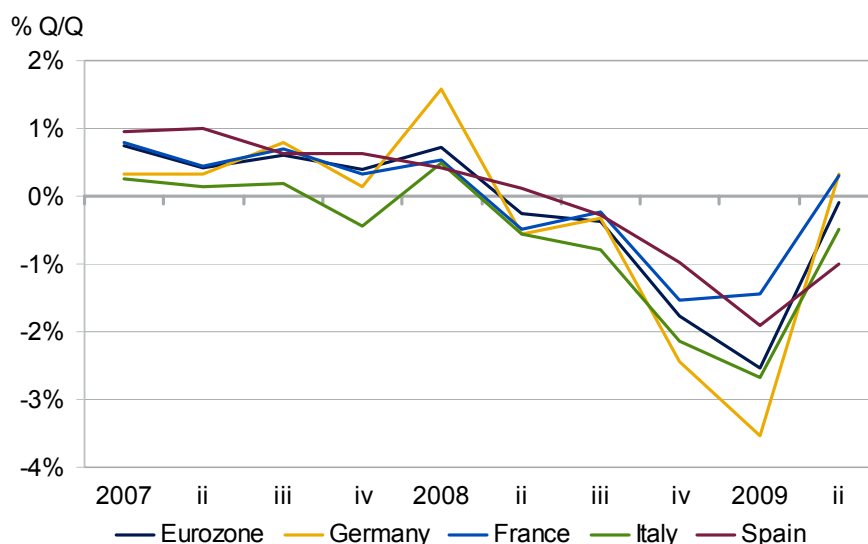
Recovery underway

France & Germany lead Eurozone recovery...

Second quarter estimates for French and German GDP growth surprised most economists (including ourselves) by turning positive and ending the recession in the Eurozone's two largest member states. Most were expecting a modest improvement on the sharp declines posted at the start of the year, but positive growth was deemed unlikely for the second quarter. We only have preliminary estimates at the time of writing though early mutterings suggest overall balances were aided by stronger government and household spending, along with improved contributions from net trade.

In contrast, the Eurozone as a whole contracted by 0.1% (against -2.5% in the second quarter) and as shown in chart 5, Italy and Spain (amongst others) both contributed negatively to that aggregate.

Chart 5: Quarterly GDP growth across the Eurozone



Source: Eurostat, Datastream, 21 August 2009.

...but Weber and Lagarde remain rightly cautious.

The most striking aspect of the above chart is the tremendous improvement recorded in Germany. This leads us to question whether this 'trampoline recovery' is the genuine start of the recovery. Axel Weber, president of the Bundesbank, recently said in an interview with Die Zeit that he's not yet convinced that Germany's recovery from a recession in the second quarter will be sustained, calling for a continuation of fiscal stimulus. Indeed, even French economy minister Christine Lagarde was cautious about a French recovery as she said *that "the data is very surprising... (but) we need to be extremely vigilant and I'm not shouting victory. I think that we need to be extremely cautious, we need to continue supporting, we need to be extremely attentive."*

External demand is recovering...

Does it have legs?

There are two key drivers to this recovery. The first is the recent upturn in exports which appears to have helped lift the contribution from trade in the second quarter. In particular, German exports of goods contracted by 2.8% in the three months to June - a substantial improvement compared on the 12% fall in the three months to February. Observers have pointed to increased demand from China, and this has been evident in recent data. Chart 6, which provides a breakdown of German goods export growth, shows how exports to China have held up while exports to the US, UK and the rest of the Eurozone have plunged.

Chart 6: German export growth by destinations

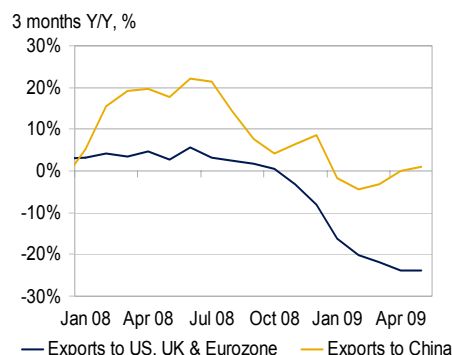
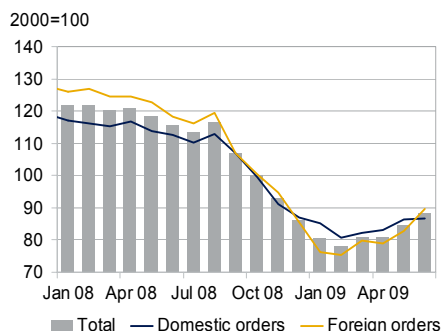


Chart 7: German industrial orders



Source: Eurostat, Datastream, 21 August 2009.

...as fiscal stimulus gains traction.

Looking ahead, chart 7 shows the recent improvement has not been exclusive to external demand. Domestic industrial orders have also been rising, providing a good signal that the recent bounce in production could run for some time.

The second driver of the recovery has been the swift action by governments in injecting additional fiscal stimulus, particularly through government spending. The European Commission estimates that 70% of the fiscal stimulus planned by the French government is expenditure related (table 2), with Nicolas Sarkozy's government opting to focus on new investment in educational institutes. Meanwhile, Germany has focused efforts on *Kurzarbeit*, the scheme which allows employers to move full-time employees to part-time hours, with the government making up on average 60% of the loss in income. This has been particularly successful in slowing the rise in unemployment in Germany, with some 1.4 million workers estimated to be on the scheme currently.

Table 2: Fiscal stimulus measures in 2009 and 2010 (% of GDP)

	2009			2010
	Total	Expenditure	Revenue	
France	1.0	0.7	0.2	0.1
Germany	1.4	0.6	0.9	1.9
Italy	0.0	0.2	-0.2	0.0
Spain	2.3	1.0	1.3	0.6
UK	1.4	0.4	1.2	0.0

Source: European Commission Public finances in EMU – 2009

In addition, France, Germany and the UK have been successful in boosting purchases of new vehicles through car scrappage schemes, whereby old vehicles are traded in for a part-government part-manufacturer discount off new vehicles. The impact of these schemes can be seen in Chart 8, with orders in Germany up 37% compared to a year ago – the biggest jump since reunification. Car scrappage schemes are set to continue until the end of the year, with additional spending projects planned for 2010, as shown in table 2.

Chart 8: Volume of new car registrations

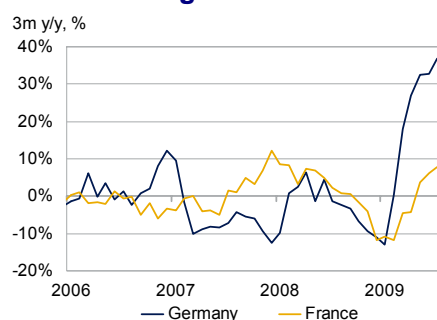
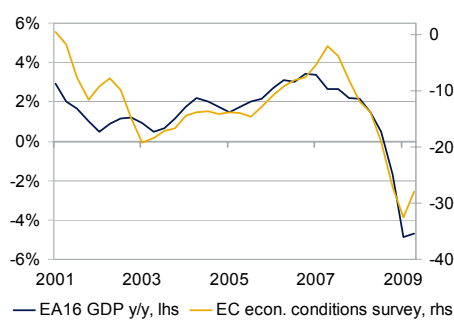


Chart 9: GDP improvement set to continue



Source: Eurostat, European Commission, Datastream, 21 August 2009.

Growth to continue in short-run...

Taking the support from the ongoing fiscal stimulus together with rapidly improving state of the global economy, we believe that there is enough momentum and political will for these drivers to continue working over the next 6-12 months. Indeed the majority of forward looking surveys agree. Chart 9 shows the European Commission’s economic conditions indicator signalling continued improvement in annual Eurozone growth.

We expect the German and French economies to lead the majority of Eurozone countries out of recession.

Skeletons in the cupboard

While the Eurozone is on the up, the underlying problems that led us to expect a weak recovery are still present. Capacity utilisation has nosedived as European manufacturers have been slow to remove capacity in response to the falls in demand and output. Charts 10 and 11 provide a powerful reminder that as capacity utilisation drops, falls in employment growth are inevitable. In this case, the falls have been so large, that both France and Germany are expected to experience negative employment growth over 2009 and potentially 2010.

Chart 10: French capacity utilisation and employment growth

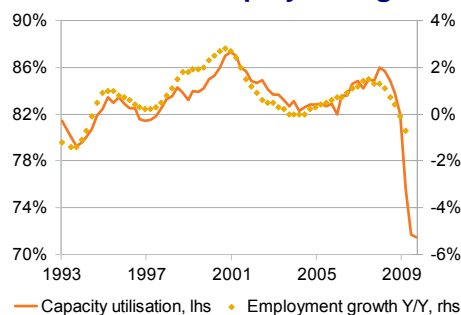
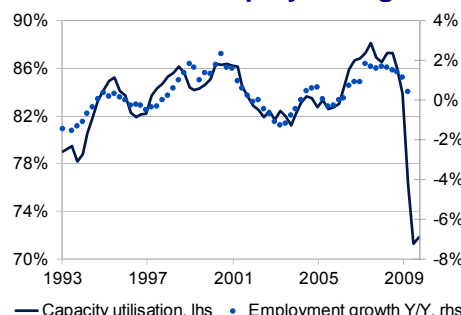


Chart 11: German capacity utilisation and employment growth



Source: INSEE, IFO, Datastream, 21 August 2009.

Strong unionisation in France has limited the impact on jobs in the past, and has helped limit the secondary impact on household consumption during this recession. Peak to trough, French output has fallen just 3.7% while German output fell 6.7%. However, this comes at a cost. Chart 12 shows labour productivity growth in the Eurozone as a whole and a breakdown between the heavily unionised production sector, and the far less unionised financial and real estate services sector. It becomes apparent that though productivity in the former had been growing faster over recent years, during this crisis, productivity amongst manufacturers has collapsed, while the opposite is true for more flexible sectors.

Chart 12: Labour productivity by sector

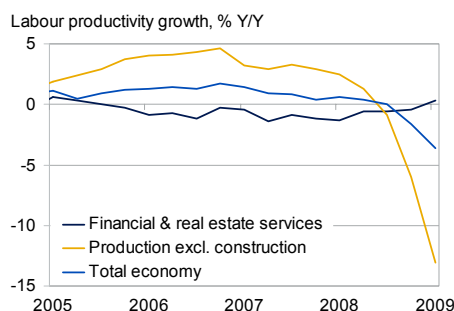
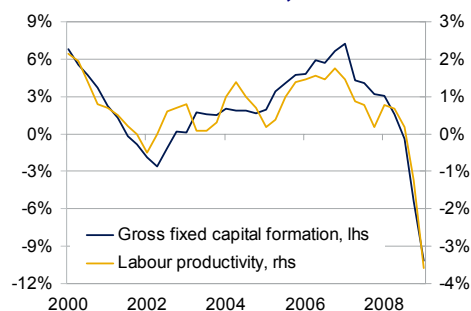


Chart 13: Productivity & investment, Y/Y



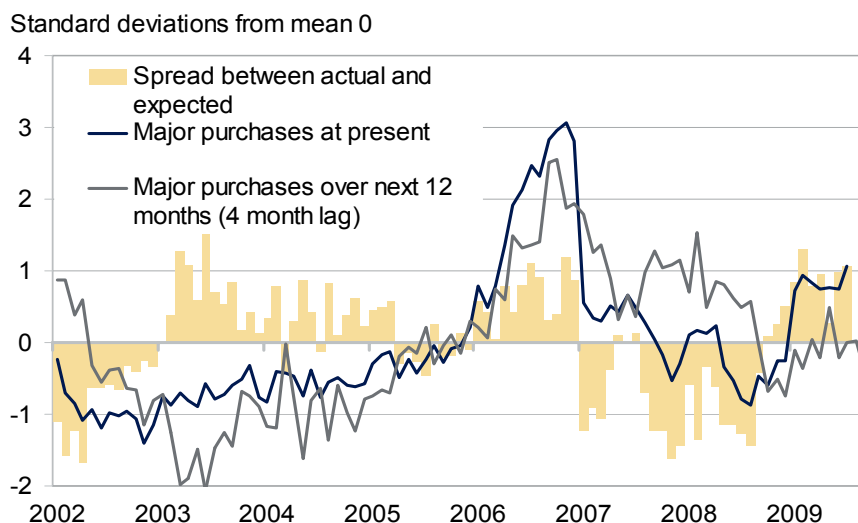
Source: Eurostat, Datastream, 21 August 2009.

Economic theory tells us that as productivity falls, so does profitability as the marginal gain from increasing output decreases. As a result, new capital investment decreases as firms look to consolidate. This has been prevalent in the Eurozone with real gross fixed capital formation falling 10% in the first quarter compared to a year earlier (chart 13) – a fall which will undoubtedly be higher in the manufacturing sector. **Until job cuts rise significantly and output recovers, productivity growth and more importantly profitability will continue to indicate falls in investment.**

Consumer consolidation

...but medium-term outlook is less rosy.

At a time when unemployment is rising and wages are under pressure, we would expect consumption, particularly of large ticket items to fall. Negative inflation in the Eurozone has helped household spending power, and the car scrappage schemes mentioned earlier have seen strong take up. Unfortunately, when purchases of durable goods surpasses expected purchases (i.e., they are unexpected), this tends to be caused by consumers bringing forward consumption, causing a pullback in the future. Chart 14 on the next page shows how this has occurred historically in Germany. Given the similar recent rises of unplanned large purchases, we expect households to tighten their belts in 2010, especially as unemployment continues to rise and car scrappage schemes come to an end.

Chart 14: Actual vs. expected purchases of major items

Source: GfK consumer survey, Datastream, 21 August 2009.

Conclusion

The surprise end to the recessions in Germany and France can be attributed to improved external conditions, and effective fiscal policy. We expect the recovery to continue at a considerable pace throughout 2009, providing a welcome boost to risk assets, and Angela Merkel who ahead of German elections next month.

The medium-term outlook is however less rosy. Rising unemployment, weak wage growth and a potential pullback from consumers caused by a large rise in unexpected purchases, will probably cause activity to slow again. The good news is that while the hurdles to sustainable recovery remain, the European Central Bank will continue to be supportive by keeping monetary policy loose.

The key upside risk to our forecast is very large increase in demand for exports as discussed in the Global section of this note.

The key downside risks are two fold. Firstly, the Euro continues to appreciate and Eurozone exporters lose some of their export market share. The second and perhaps bigger risk is that European leaders tighten fiscal policy too soon and cause the slowdown that we expect in 2010 to become a second outright recession.

Forecast Summary

Real GDP

y/y%	Wt (%)	2008	2009	Consensus	2010	Consensus
US	28.9	0.4	-2.7	-2.6	1.6	2.3
UK	5.8	0.7	-4.5	-4.3	0.7	0.9
Eurozone	25.5	0.6	-3.9	-4.3	1.0	0.6
Japan	9.2	-0.7	-5.0	-6.1	1.3	1.3
Australia	1.9	2.5	0.3	-0.1	1.8	1.5
OECD	71.4	0.4	-3.5	-3.7	1.3	1.4
China	7.1	9.0	8.0	8.3	8.8	9.3
Emerging*	28.6	6.3	1.5	0.5	4.5	4.7
World	100.0	2.1	-2.1	-2.5	2.2	2.4

Inflation CPI

y/y%	Wt (%)	2008	2009	Consensus	2010	Consensus
US	28.9	3.8	0.4	-0.5	2.0	1.8
UK	5.8	3.6	2.0	1.8	1.7	1.7
Eurozone	25.5	3.3	0.7	0.3	1.3	1.2
Japan	9.2	1.7	-1.5	-1.2	-0.6	-0.6
Australia	1.9	4.5	1.7	1.7	2.2	2.2
OECD	71.4	3.3	0.4	-0.1	1.4	1.3
China	7.1	5.9	-0.5	-0.3	2.0	1.7
Emerging*	28.6	7.9	3.0	4.1	4.0	4.7
World	100.0	4.7	1.2	1.1	2.1	2.3

* Emerging markets: Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, South Africa, Russia, Czech Rep., Hungary, Poland, Slovakia, Romania, Turkey, Ukraine, Bulgaria, Croatia, Estonia, Latvia, Lithuania

Interest rates

%	Wt (%)	Dec-08	Dec-09	Market	Dec-10	Market
US	28.9	1.00	0.25	0.56	1.50	2.05
UK	5.8	2.00	0.50	0.80	2.00	2.71
Eurozone	25.5	2.50	1.00	0.92	2.00	2.18
Japan	9.2	0.10	0.10	0.48	0.25	0.59
OECD	69.5	1.52	0.53	0.71	1.56	1.96

Market data as at

20/08/2009

Key variables

FX	Current	Dec-08	Dec-09	y/y%	Dec-10	y/y%
USD/ GBP	1.65	1.49	1.65	11.0	1.55	-6.1
USD/ EUR	1.42	1.35	1.35	-0.2	1.45	7.4
JPY/ USD	94.2	91.1	97.5	7.0	92.0	-5.6
GBP/ EUR	0.86	0.91	0.82	-10.1	0.94	14.3
Brent crude	73.6	40.5	72.2	78.1	78.3	8.5
US output gap %GDP	-6.3	-4.1	-7.9		-8.1	
Unemploy. %	8.1	6.9	9.6		10.2	

Source: Schroders, Datastream, IMF, Consensus Economics (August 09)

Our forecasts for global growth have been raised since the last CMF with the world economy now expected to contract by 2% this year before growing at just over 2% in 2010. These figures are about 1 percentage point stronger than forecast at the last CMF. The upgrade has largely been driven by a better than expected GDP performance in the second quarter and an improvement in business surveys. The biggest forecast increases have been made in Europe and Japan.

Forecasts for the emerging markets have also been raised in response to the upgrade to OECD growth and the continued strength of China which has continued to enjoy upgrades as fiscal policy has boosted activity.

The recovery is expected to be driven by the industrial sector as the inventory cycle turns and stronger government spending kicks in. The main impact of this will be felt in the second half of 2009 and we would look for growth to fade in 2010 as consumer spending and final sales are constrained by ongoing de-leveraging in the household sector, tax increases and higher commodity prices.

Inflation is forecast to fall sharply in 2009 helped by lower commodity prices and the slack created by the downturn. In 2010, inflation moves up again as a result of higher energy prices, however deflationary pressures persist and the US is expected to experience a decline in core inflation (CPI ex. food and energy) through 2010.

Interest rates are now expected to rise slightly earlier in 2010 as the central banks bring an end to the ultra-loose period of monetary policy. By historical standards though, rates stay very low through out the forecast period.

Growth

- US GDP forecast raised to -2.7% for 2009 from -3.1% with the economy returning to growth in the second half of the year. In 2010 we now look for growth of 1.6% compared to 0.8% at the last CMF.

- Amongst the OECD, despite an upgrade, Japan is still forecast to experience the greatest fall in GDP this year, a reflection of the hit to global trade. Forecasts for the UK and Eurozone have also been raised.

- OECD activity now forecast at -3.5% in 2009 compared to a previous estimate of -4.4%.

- Emerging market growth has been hit by weaker external demand and pressures on those economies with balance of payments deficits particularly in Central and Eastern Europe. However, the emerging markets are expected to accelerate to 4.5% in 2010.

Inflation

- The combination of a significant output gap and lower energy prices push inflation forecasts for 2009 down to 0.4% for the OECD and 3% for the EM, taking global inflation to 1.2% (after nearly 5% in 2008). These forecasts are a little higher than 3 months ago to reflect higher commodity prices.

- Inflation picks up in 2010 in line with commodity prices, however core rates drift lower as slower growth creates slack and squeezes pricing power.

(Note. We use forward futures rates for commodity price assumptions).

Monetary policy

- Central banks are expected to leave rates at current levels until the middle of next year with the Bank of England and the Fed continuing with quantitative easing. Despite low inflation, the continuing recovery means that central banks decide to end the period of ultra-loose policy put in place following the collapse of Lehman and the seizing up of the financial system. The forecast of weak growth and low inflation means policy in the US and Europe is still considered to be loose by historic standards.

Currency

- Following its recent decline we see scope for the USD to appreciate as evidence of recovery builds and the Fed upgrades its assessment of the economy. However, looking further out we expect the twin deficits to push the USD lower against the EUR and JPY.

- The GBP is expected to be relatively firm in the near term and move in line with the USD. Next year we expect underperformance as markets focus on the fiscal position and political risk in the run up to a general election.

21st August 2009

II. Updated forecast charts - Consensus Economics

For the EM, EM Asia and Pacific ex Japan, growth and inflation forecasts are GDP weighted and calculated using Consensus Economics forecasts of individual countries.

Chart A: GDP consensus forecasts

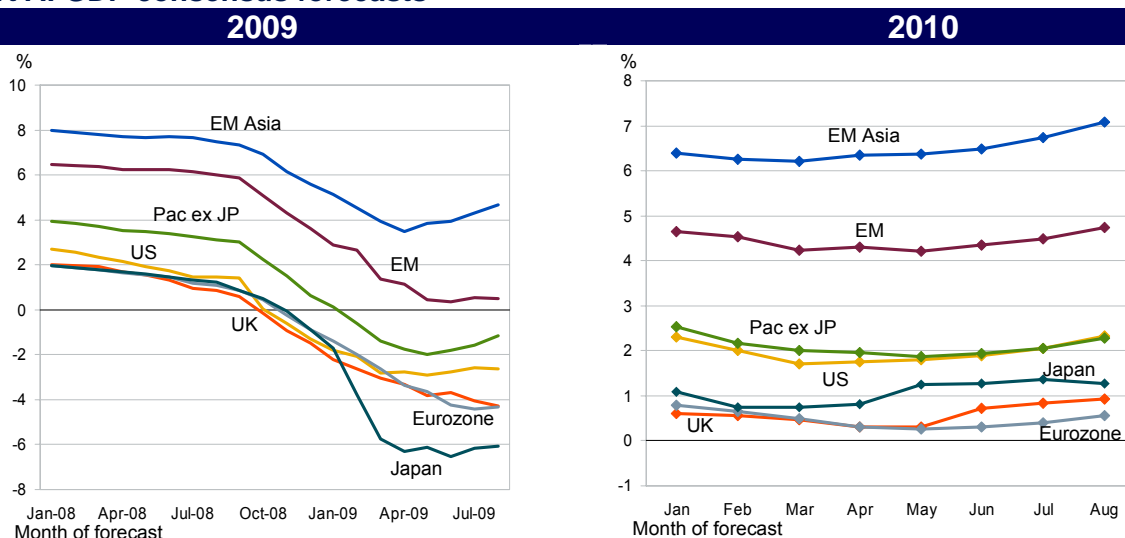
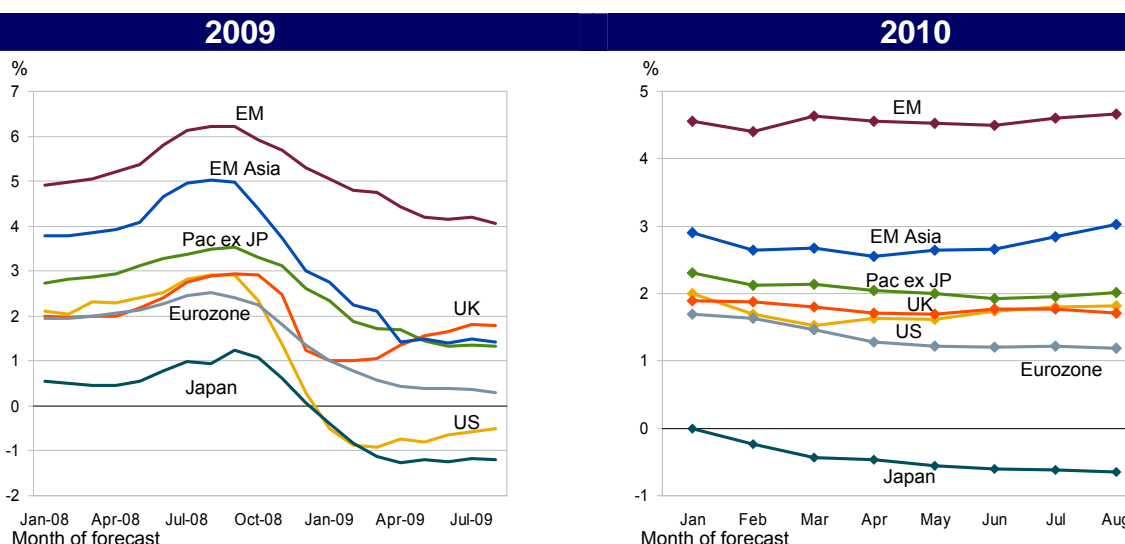


Chart B: Inflation consensus forecasts



Source: Consensus Economics (Aug. 09), Schroders

Pacific ex. Japan: Australia, Hong Kong, New Zealand, Singapore

Emerging Asia: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand

Emerging markets: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Argentina, Brazil,

Colombia, Chile, Mexico, Peru, Venezuela, South Africa, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia,

Turkey, Ukraine, Bulgaria, Croatia, Estonia, Latvia, Lithuania

The views and opinions contained herein are those of Schroder Investments Management's Economics team, and may not necessarily represent views expressed or reflected in other Schroders communications, strategies or funds.

This document does not constitute an offer to sell or any solicitation of any offer to buy securities or any other instrument described in this document. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of fact or opinion. This does not exclude or restrict any duty or liability that Schroders has to its customers under the Financial Services and Markets Act 2000 (as amended from time to time) or any other regulatory system. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions. For your security, communications may be taped or monitored.