



# Schroder ISF<sup>1</sup> Sustainable Multi-Asset Income

Schroders Investment Conference

19–23 October

Remi Olu-Pitan

Marketing material for professional investors or advisers only.

Head of Multi-Asset Growth and Income

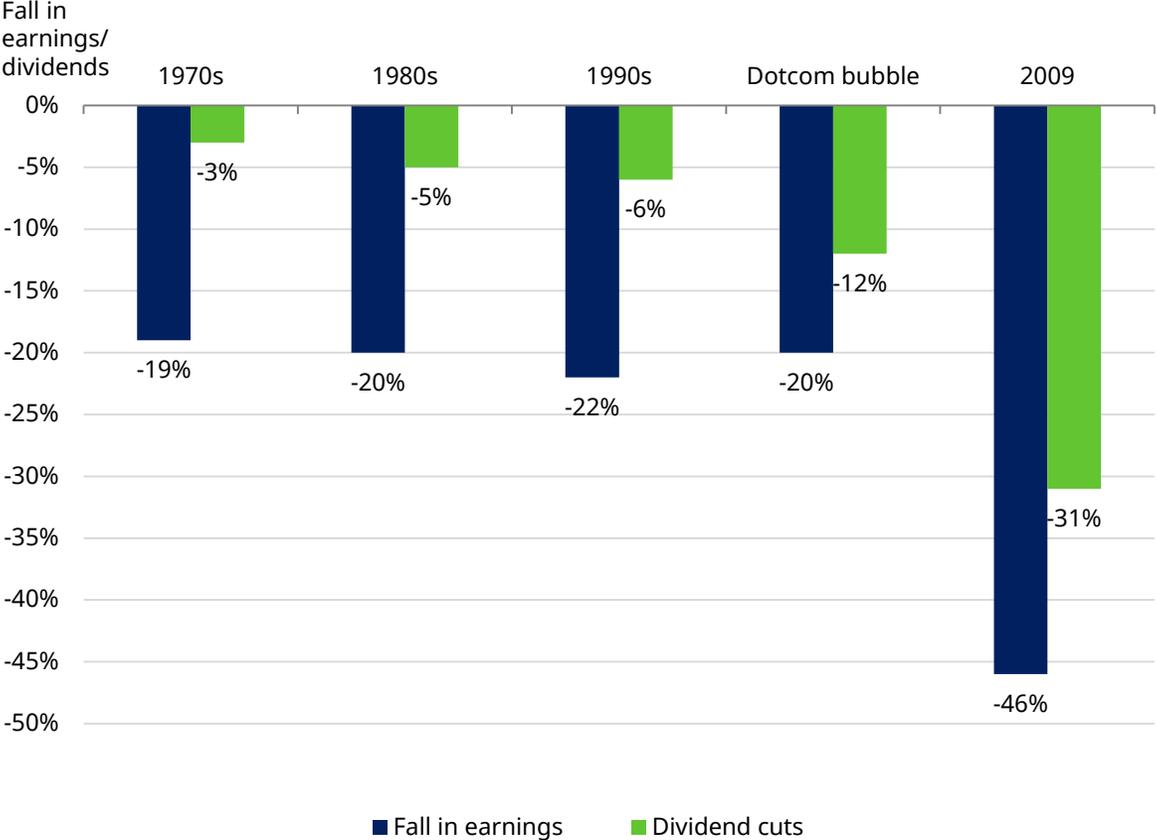
<sup>1</sup>Schroder International Selection Fund is referred to as Schroder ISF.



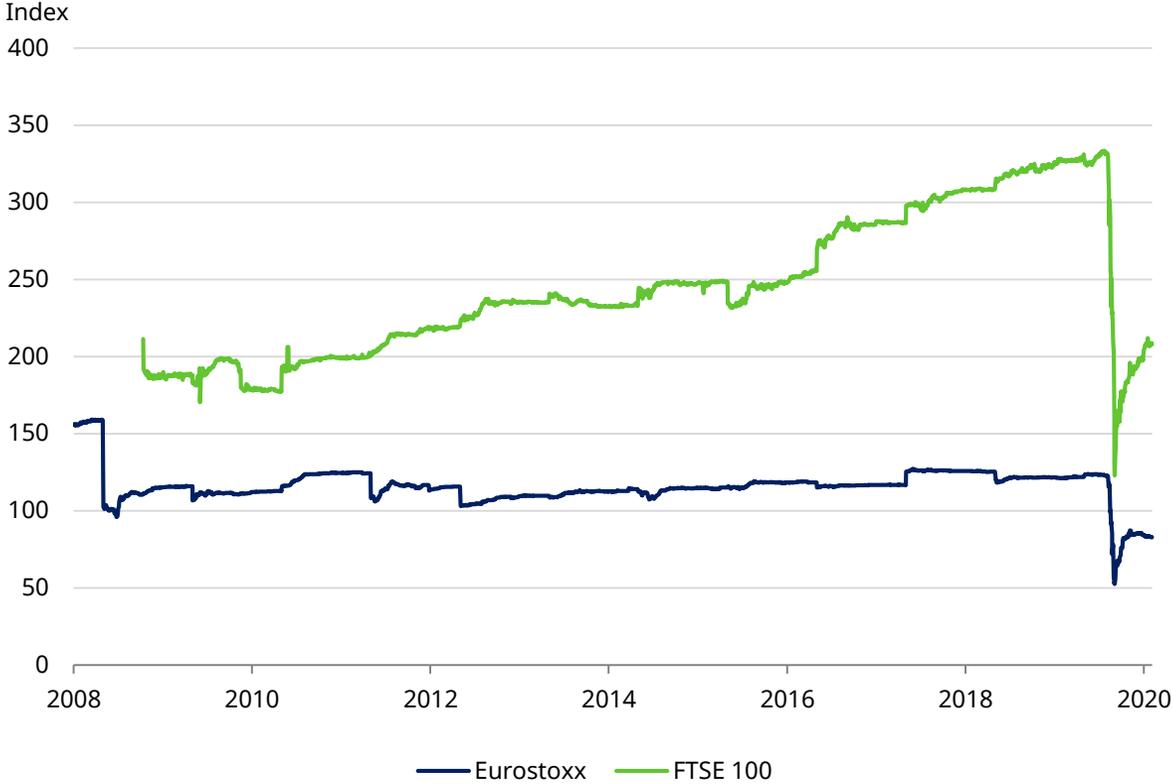
# Covid-19 has made the hunt for income even more difficult

The virus has caused a dividend crisis

## Dividend cuts typically follow a fall in earnings



## Dividend futures<sup>1</sup> have fallen sharply

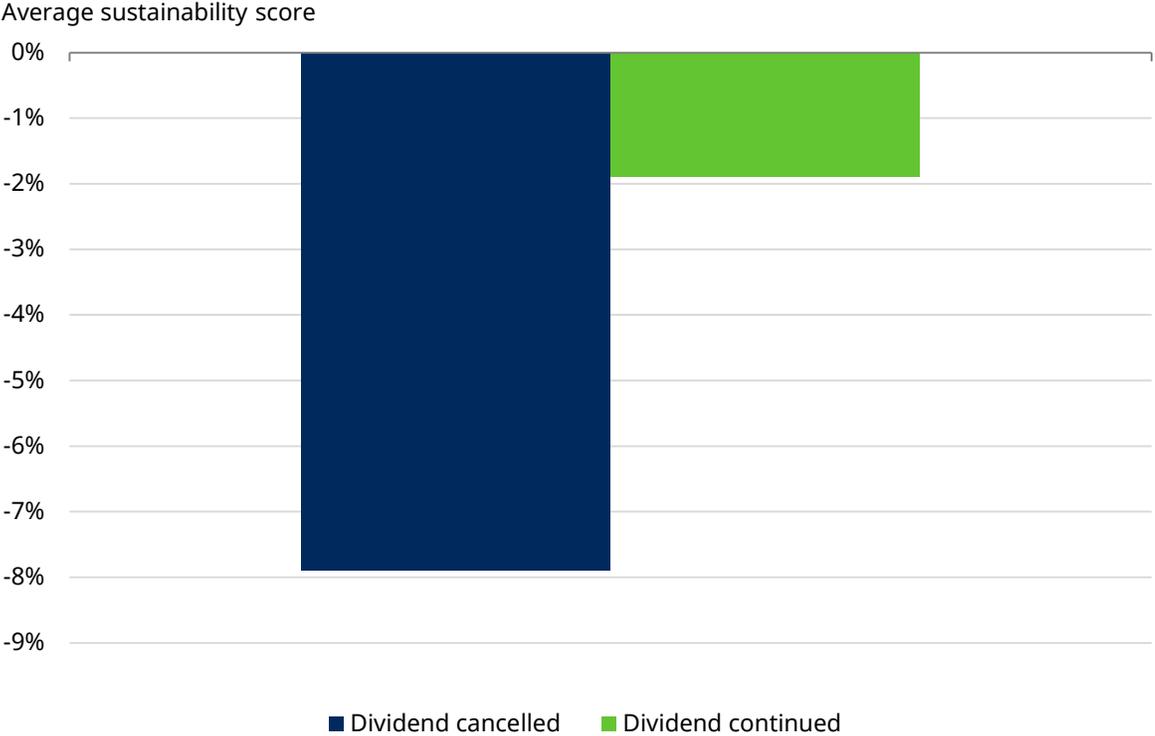


Source: Schroders. Datastream, UBS 31 August 2020. <sup>1</sup>A dividend future is an exchange-traded derivative contract that allows investors to take positions on future dividend payments.

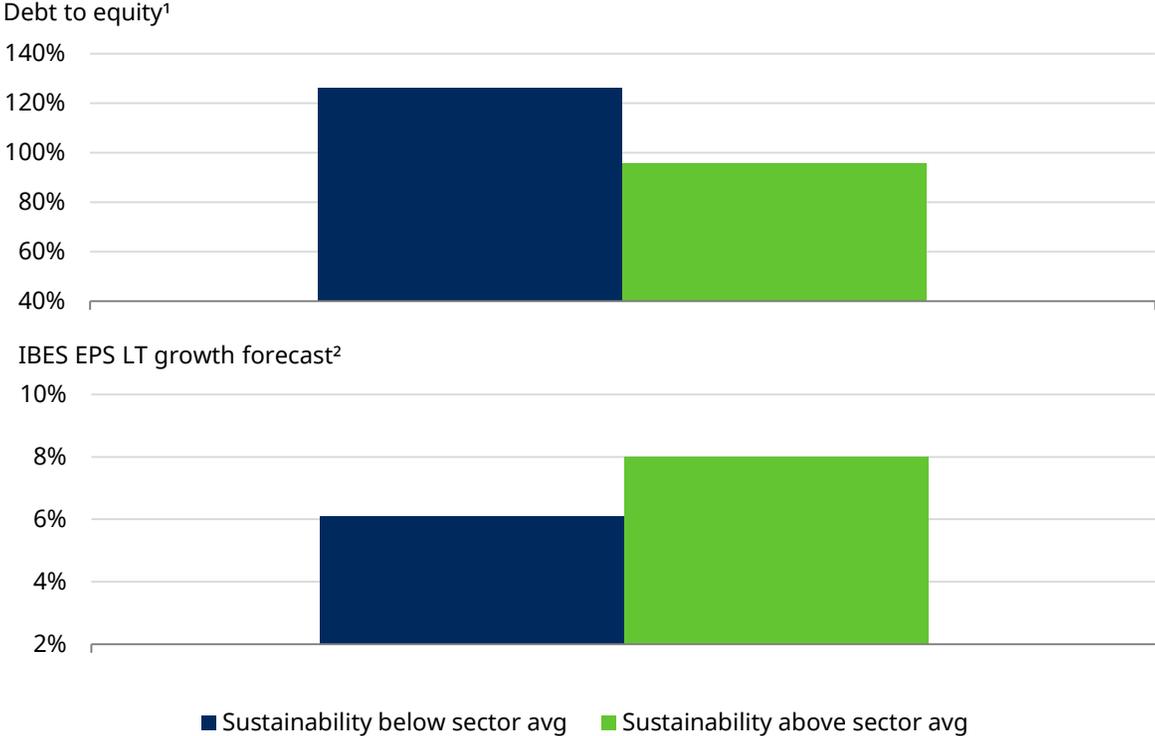
# Incorporating ESG can help

Income from sustainable companies might be less at risk of impairment

## Companies that cancelled dividends have worse sustainability scores



## Companies with good sustainability tend to have lower leverage and stronger long-term growth



Source: Schroders, as at 31 May 2020. The universe is MSCI World Index. Sustainability score is based on our proprietary tool, SustainEx. SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits. LHS: the average sustainability score of companies with cancelled dividends is worse than the average for those who have continued their dividend. RHS: <sup>1</sup>Debt to equity is debt as a percentage of equity. <sup>2</sup>IBES EPS LT growth is a forecast of the long term growth in earnings per share. Companies that are less sustainable than their sector average have higher debt to equity and lower growth forecasts in earnings per share than more sustainable companies.

# Schroder ISF Sustainable Multi-Asset Income

Income and sustainability are equally important



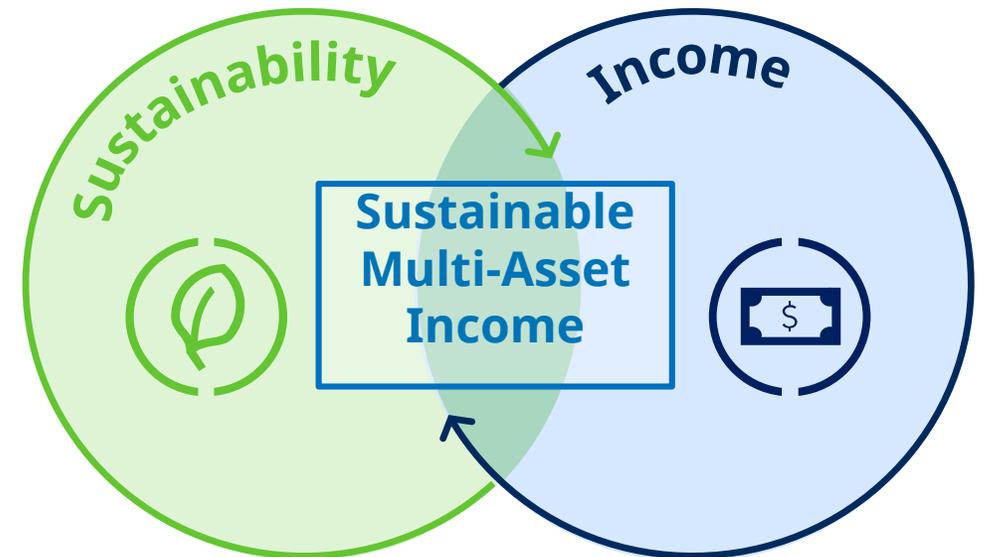
Aims to provide an **income of 3–5% p.a.** by investing in a diversified range of securities that meet our **environmental, social and governance** criteria



**Impact reporting** to show the difference that investors make to the planet and people

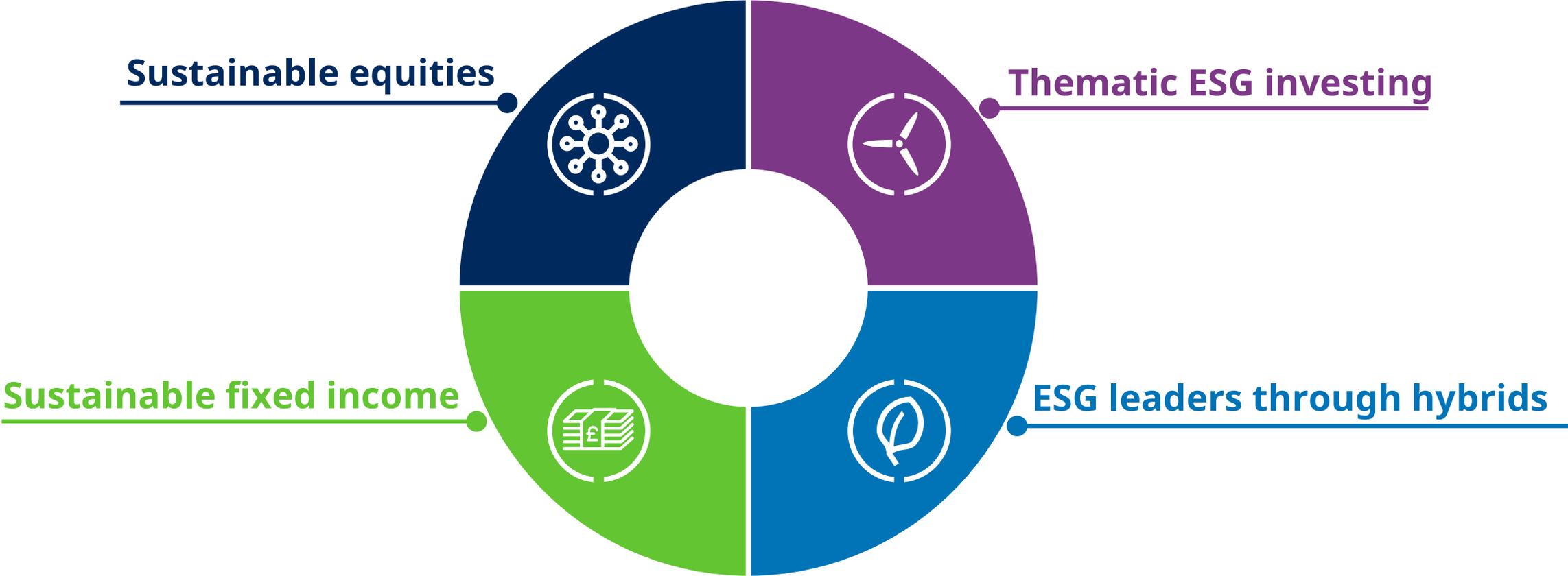


**100%** of investment assets **analysed from a sustainability perspective**



# Sustainable income derived from a broad range of assets

Diversification across asset classes, regions and themes



Source: Schroders. Diagram for illustrative purposes only.

# Sustainable investing is not a 'box-ticking' exercise

Active approach generating positive ESG impact alongside financial returns



100% of the fund's holdings are analysed from a sustainability perspective

# Proprietary ESG toolkit

Investing in the future; identify and understand unpriced future risks

Business activities with measurable social costs or benefits

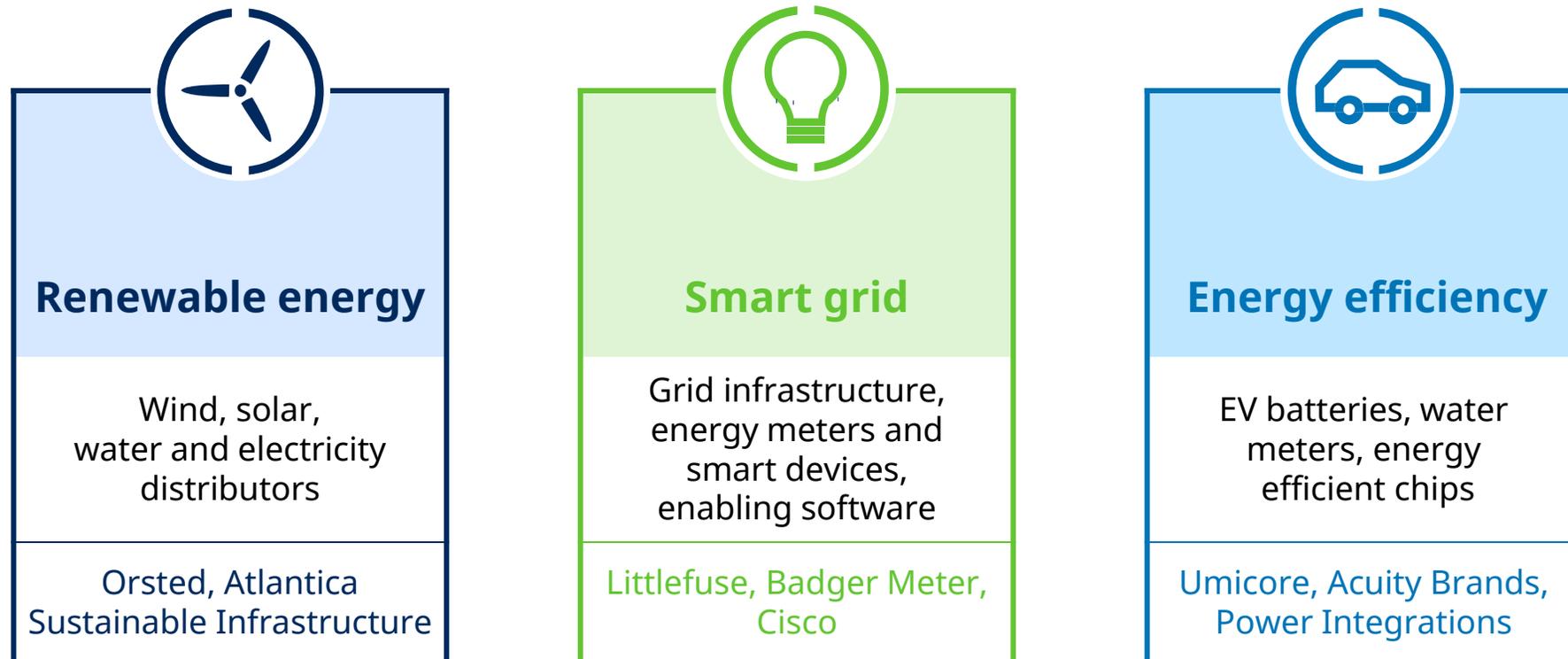


## Forward looking measure of ESG impacts not yet reflected on financial statements

Source: Schroders. Proprietary ESG tool, SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits.

# Thematic investing – carbon neutral equities

Translation of the theme – three broad groups

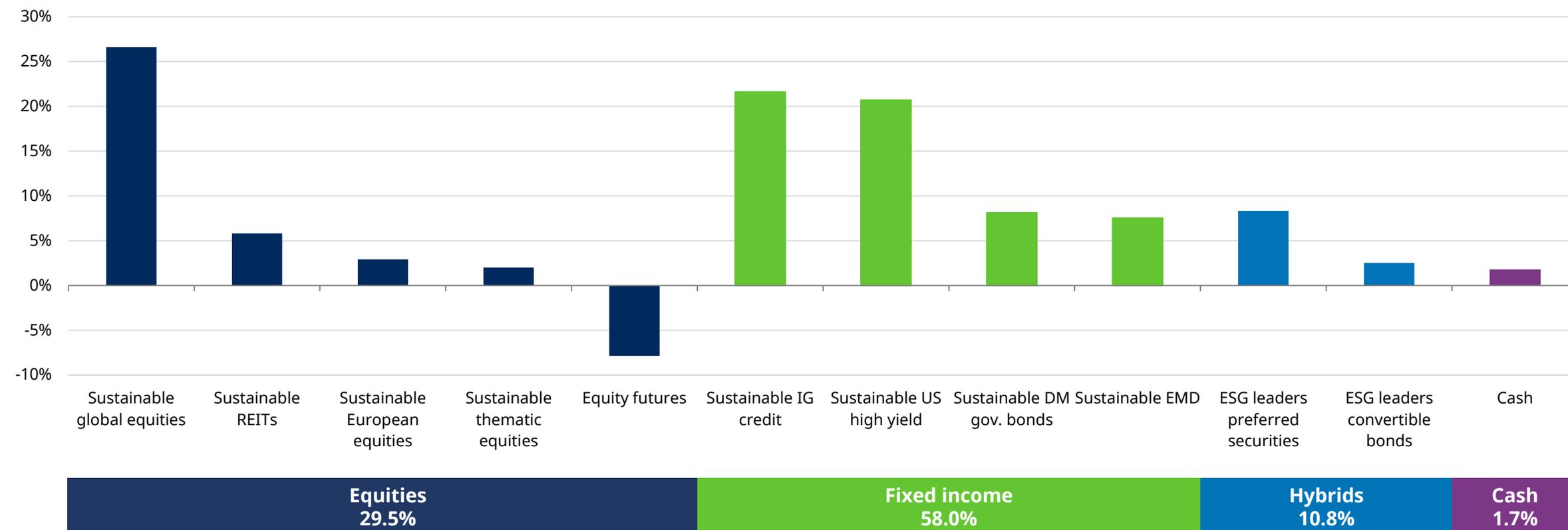


Source: Schroders, as at 30 June 2020.  
For illustrative purposes only, it does not represent any recommendation to invest in the above mentioned securities.

# Schroder ISF Sustainable Multi-Asset Income

Portfolio of high yielding securities, active in all areas of ESG

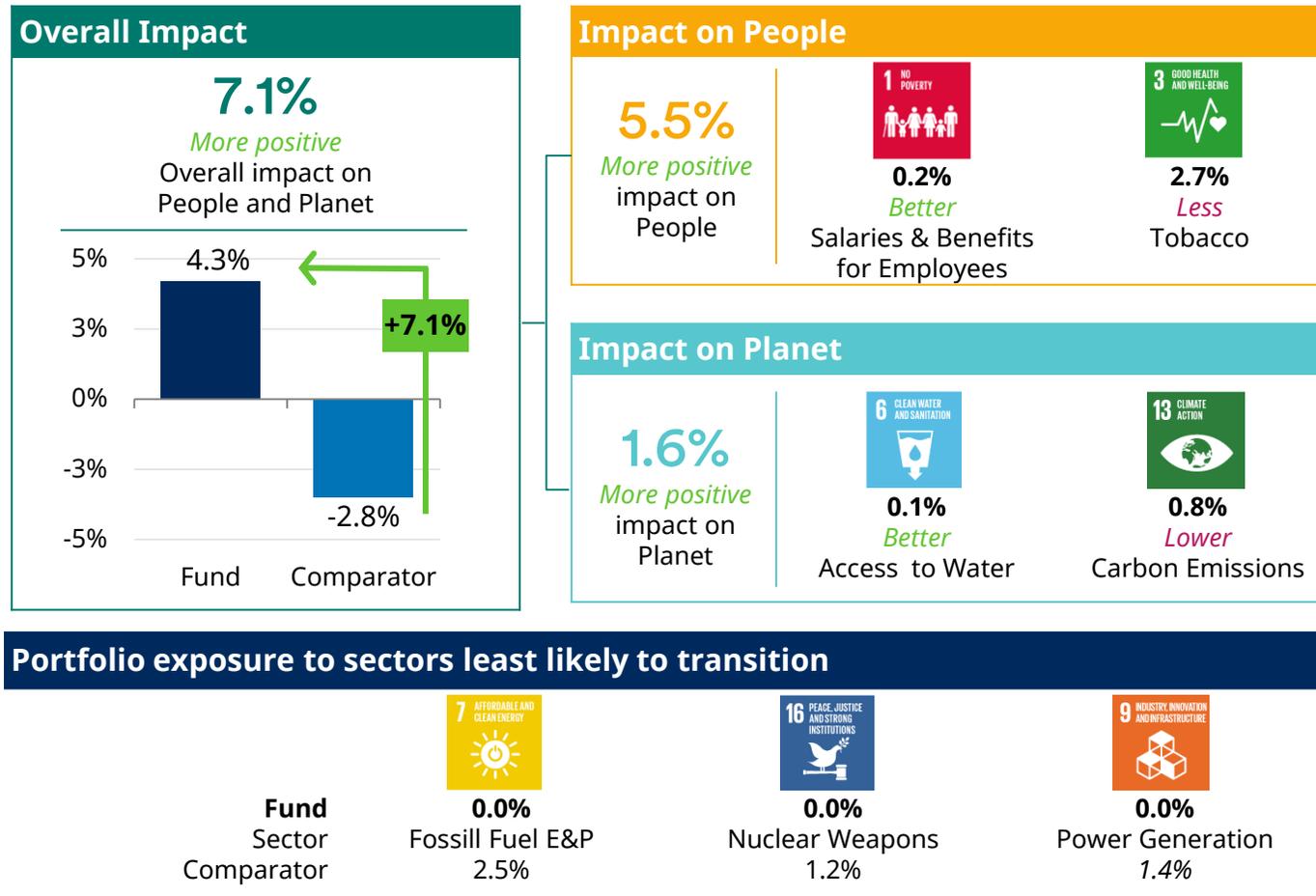
## Asset allocation



Source: Schroders, as at 30 September 2020.  
For illustrative purposes only and not to be viewed as a recommendation to buy/sell securities.

# Transparent impact reporting

Make a lasting impact with your investment choices



Source: Schroders as of 30 September 2020. The overall impact score, impact on people and impact on planet is calculated using our proprietary tool SustainEx. SustainEx measures the net benefits or harms to society that companies create per \$100 of revenue they produce, expressed as a percentage. For example, a SustainEx score of +2% means that the aggregated companies in the portfolio adds \$2 of benefits to society for every \$100 of sales. Comparator represents by 30% MSCI AC World Index + 70% Barclays Global Aggregate Corporate Index.

# Income and impact. Sustainably.

## Schroder ISF Sustainable Multi-Asset Income

**1** Targets a stable natural base level of income of 3-5% p.a.

**2** 100% analysed from a sustainability perspective

**3** Proprietary ESG toolkit for best-in-class ideas

**4** Transparent reporting for measurable positive impact

**5** Expertise of Schroders multi-asset and ESG teams



Source: Schroders.

# Schroder ISF Sustainable Multi-Asset Income

## Risk considerations

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

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.

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

If a bond held in the portfolio defaults, this may reduce interest payments and could result in the capital value of the fund at maturity being lower than the initial investment.

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

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.

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.

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

Derivatives are used to generate income (which is paid to investors) and to reduce the volatility of returns but they may also reduce fund performance or erode capital value.

As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested

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

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.



## Appendix

# Schroder ISF Sustainable Multi-Asset Income

## Term sheet

<b>Investment objective</b>	The fund aims to provide an income of 3-5% per annum by investing in a diversified range of assets and markets worldwide which meet the investment manager's sustainability criteria. This is not guaranteed and could change depending on market conditions.		
<b>Risk profile</b>	The Fund aims to provide a risk profile comparable to a portfolio of 30% equities and 70% fixed income.		
<b>Asset class ranges</b>	Equities 10%-50% High Yield 0%-50% Investment Grade 0%-60% Green Bonds 0%-5%	Government Bonds 0%-50% EM Hard Currency 0%-30% EM Local Currency 0%-30%	Hybrids 0%-25% Alternatives 0%-20% Cash 0%-20%
<b>Inception date</b>	21 January 2020		
<b>Liquidity</b>	Daily		
<b>Domicile and regulatory regime</b>	Domicile: Luxembourg; Regulatory regime: UCITS V		
<b>Base currency</b>	Euro		

	Class	Dis or acc	Currency	ISIN	Bloomberg	Management fee	Estimated OGC
<b>Share class</b> <b>Currency</b> <b>ISIN</b> <b>Bloomberg ticker</b> <b>Management charge</b> <b>Estimated on-going charge</b>	A	Acc	EUR	LU2097343110	SCSMAEA LX	1.25%	1.60%
	A	Dis	EUR	LU2097343540	SCSMIAE LX	1.25%	1.60%
	B	Acc	EUR	LU2097343201	SCSMBEA LX	1.25%	2.20%
	B	Dis	EUR	LU2097343979	SCSMIBE LX	1.25%	2.20%
	A1	Dis	EUR	LU2097343623	SCSMIA1 LX	1.25%	2.10%
	A1	Dis	EUR	LU2097343896	SCSMA1E LX	1.25%	2.10%
	C	Acc	EUR	LU2097343383	SCSMICE LX	0.75%	1.00%
	C	Dis	EUR	LU2097344191	SCSMCEI LX	0.75%	1.00%
	IZ	Acc	EUR	LU2097343466	SCSMIIE LX	Up to 0.75%	0.85%
	IZ	Dis	EUR	LU2097344274	SCSMIZE LX	Up to 0.75%	0.85%
	I	Acc	EUR	LU2191331540	SSMIIEA LX	0.00%	0.88%
	A	Acc	USD hedged	LU2097344357	SCSMIAU LX	1.25%	1.64%
	A	Dis	USD hedged	LU2097344431	SCSMAUI LX	1.25%	1.64%
	A	Acc	AUD hedged	LU2191331623	SSMIAAA LX	1.25%	1.60%
	A	Dis	AUD hedged	LU2191331896	SCSMIAA LX	1.25%	1.60%
	A	Dis	HKD hedged	LU2191332357	SCSMIAH LX	1.25%	1.60%
A	Acc	SGD hedged	LU2191332431	SSMIASA LX	1.25%	1.60%	
A	Dis	SGD hedged	LU2191332514	SCSMIAS LX	1.25%	1.60%	

Source: Schroders. The OGC (ongoing charges figure) shown here is an estimate of the charges because the fund was launched recently and did not have a year's expenses upon which to calculate the figure.

# Schroder ISF Sustainable Multi-Asset Income

Sustainability and income matters

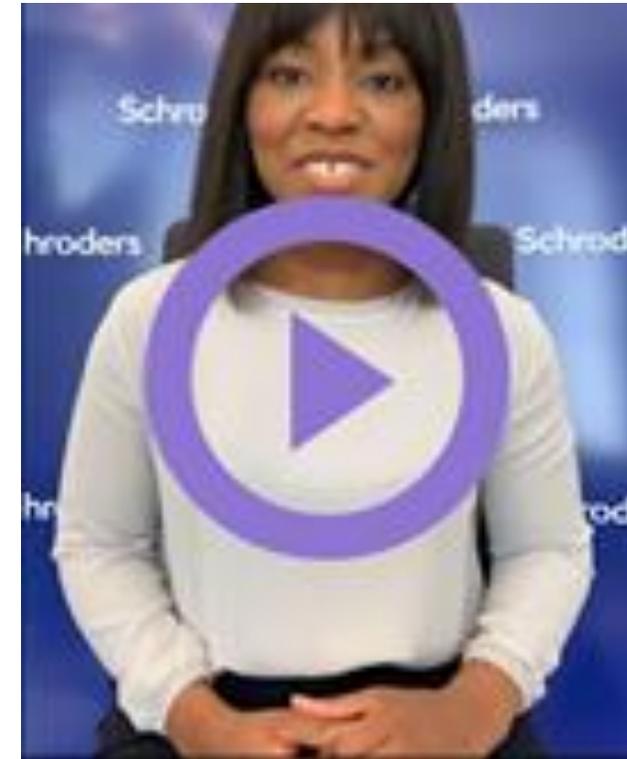
## Thought piece:

**Can you really invest sustainably and still get a good income?**

Outlines why income and sustainability in the same portfolio might seem unlikely but how we believe how this can be achieved

## Video:

**Remi Olu-Pitan talks about the new Sustainable Multi-Asset Income fund**



Source: Schroders.

Please refer to the disclaimer for details on European SRI Transparency and Schroders Screened Integrated Sustainable accreditation.

# The experience and expertise to deliver

Experienced team well integrated with Schroders' global resources

## Multi-Asset Income team

**Remi Olu-Pitan**  
Head of Multi-Asset  
Growth and Income

**Dorian Carrell**  
Fund Manager

**Jingjing Cui,**  
Fund Manager

Supported by the global multi-asset team of over 100 professionals including:

**Economists**  
Team of 6  
London

**Multi-Asset risk**  
Team of 6  
London

**Portfolio implementation**  
Team of 6  
London

## Sustainable investment team

**Andrew Howard**  
Global Head of Sustainable Investment

**Corporate  
governance  
analysts**  
Team of 4

**Product  
managers**  
Team of 5

**Sustainable  
investment  
analysts**  
Team of 10

**Integration  
manager**  
1 member

**Data analyst**  
1 member

## Security specialists

**Fixed Income  
teams**

**Global credit**  
Team of 50+  
London and  
New York

**Asian credit**  
Team of 12  
Singapore and  
Hong Kong

**Emerging market  
debt**  
Team of 21  
London, New York  
and Buenos Aires

**Equity teams**

**Global**  
Team of 100+  
across 11 countries

**Europe**  
Team of 45<sup>1</sup>  
London

**Asia**  
Team of 60  
across 6 offices

**QEP**  
Team of 33 London,  
New York and  
Sydney

**Alternative teams**

**Catastrophe  
bonds**  
Team of 25<sup>1</sup>  
Zurich

**Securitised debt**  
Team of 14  
New York

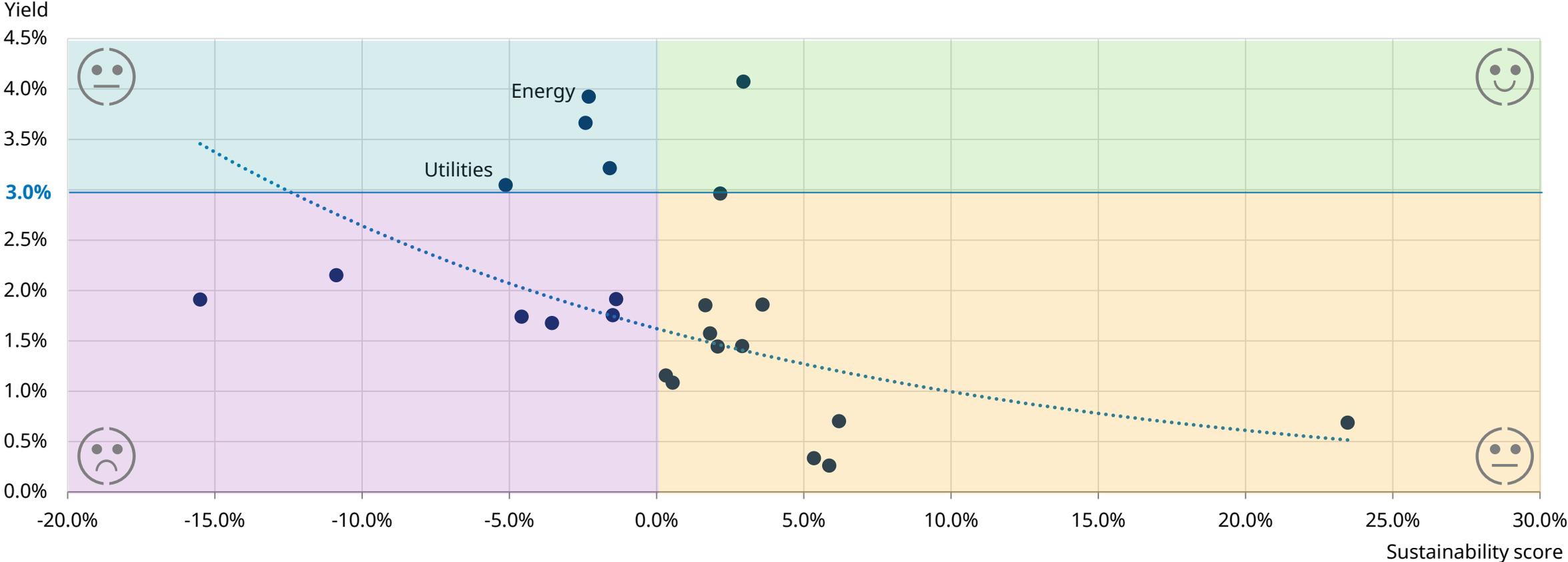
**Manager selection**  
Team of 4  
London

Source: Schroders as of June 2020. <sup>1</sup>As of May 2020.

# Key features

Top down approach can be suboptimal

## Yield vs. sustainability score by industry groups



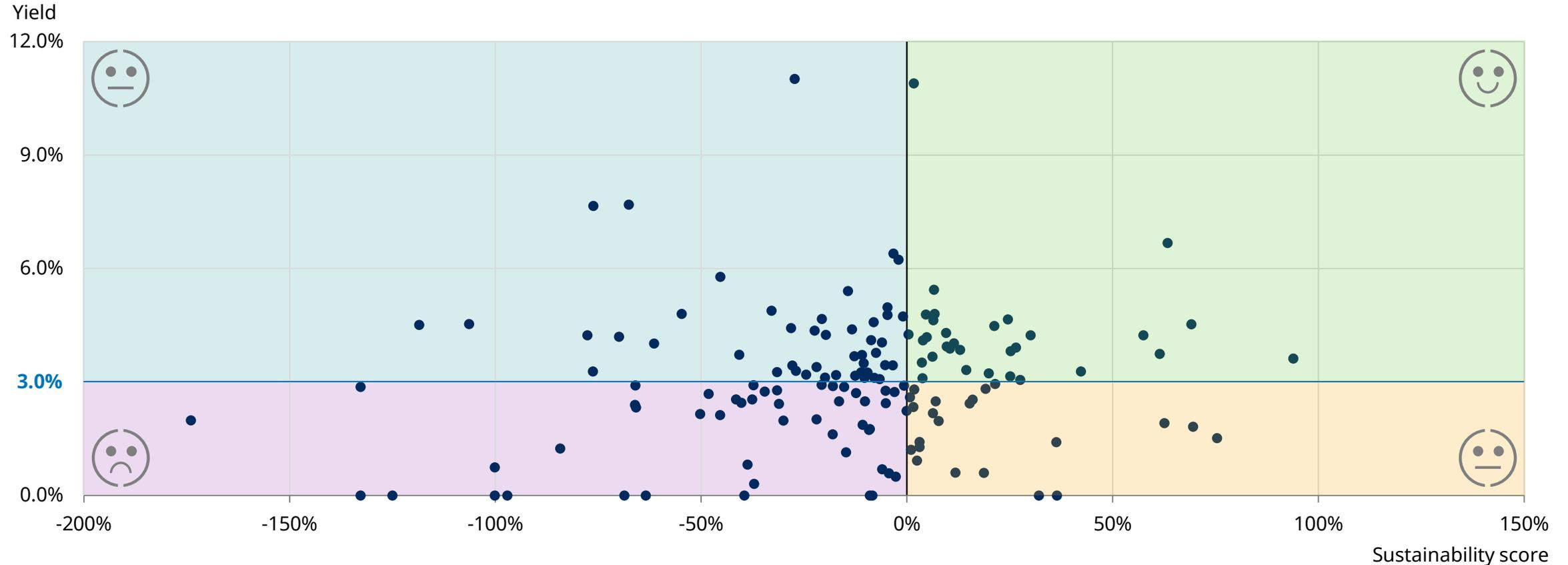
**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.**

Source: Schroders, DataStream, at 31 January 2020. Median yields and median sustainability score (measured by SustainEx) for the constituents of the MSCI AC Utilities sector. Sustainability score uses SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits.

# Key features

A bottom up approach to selecting high yielding sustainable securities

## Yield vs. sustainability score within the utilities sector



**Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.**

Source: Schroders, DataStream, at 31 January 2020. Median yields and median sustainability score (measured by SustainEx) for the constituents of the MSCI AC Utilities sector. SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits.

# Investment process

Integrating sustainability into every stage of the process

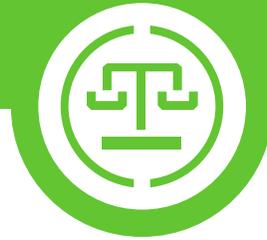
## ESG integrated research



### Over 40 investment professionals

- Analyse long term implications of ESG themes on asset returns
- Integration of ESG tools into all Multi-Asset research groups
- Insights into long term secular changes to build investment themes and identify key risks

## Asset allocation decisions



### Asset allocation committee

- Funnel research into high-conviction asset allocation decisions
- Formal trade proposals and sponsorship to provide accountability and transparency
- Evaluate risk scenarios

## Portfolio construction



### Dedicated portfolio management

- Construct a tailored universe of companies and sovereigns
- Apply negative screening and use proprietary ESG tools to target companies and sovereigns with attractive ESG scores
- Optimise using proprietary risk tools to size positions and balance risks

# Negative screening

## Exclusions for a sustainable universe

Corporate issuers	Sector	Schroder ISF Sustainable Multi Asset Income: Threshold	MSCI ESG Screened Index: Threshold	Example company
Environmental	Thermal coal extraction and production (% of revenue)		>=5% (thermal coal) >=5% (oil sands)	BP
	Unconventional oil and gas extraction and production (% of revenue)	>=5%		
	Conventional oil and gas extraction (% of revenue)			
	Uranium nuclear mining (% of revenue)	>=5%		Corporation Cameco
	Nuclear power generation (% of revenue)	>=5%		Dominion Energy
	Thermal coal power generation (% of revenue)	>=25%		PPL Corporation
	Utility oil and coal power generation (% of power)	>=10%		ENEL
	Utility coal power generation (% of power)	>=10%		CenterPoint Energy
	Utility oil and gas power generation (% of power)	>=30%		OSAKA Gas
	Utility nuclear power generation (% of power)	>=30%		Duke Energy
Social	Alcohol producer (% of revenue)	>=5%		LVMH
	Alcohol total (% of revenue)	>=10%		CK Asset Holdings
	Tobacco total (% of revenue)	>=5%	>=5% (Producer)	Philip Morris
	Gambling (% of revenue)	>=5%		Las Vegas Sands
	Adult entertainment (% of revenue)	>=5%		Scores Holding
	Civilian firearms (% of revenue)	>=5%	>=5%	Olin Corporation
	Weapons (% of revenue)	>=5%		Transdigm
	Nuclear weapons	>0%	All	Berkshire Hathaway
Controversial weapons <sup>1</sup>	>0%	T <sup>2</sup>	Boeing	
UN global compact	MSCI United Nations (UN) Global Compact	Fail <sup>3</sup>	Fail <sup>3</sup>	Walmart
<b>Sovereign issuers</b>				
Exclusion criteria	'Not free' classified countries according to Freedom House			
	Countries that have not ratified the UN Convention on biological diversity			
	Countries that rank in the < 40% of Transparency Internationals Corruption Perception Index			
	Countries who have not signed the Nuclear Non-Proliferation Treaty			
	Countries not legally bound to the Paris Agreement			

Source: Schroders, exclusions applicable as at July 2020. At a firm level, Schroders fully supports the international conventions on cluster munitions and anti-personnel mines (APM). <sup>1</sup>We define controversial weapons as biological and chemical weapons, landmines, cluster munitions and depleted uranium manufacturers. <sup>2</sup>T means any tie to this industry including producer, distributor, retailer, licensor, supplier.

<sup>3</sup>Fail means companies failing to comply with United Nations global compact principles.

# Best in class positive tilting

Using Schroders' proprietary tools

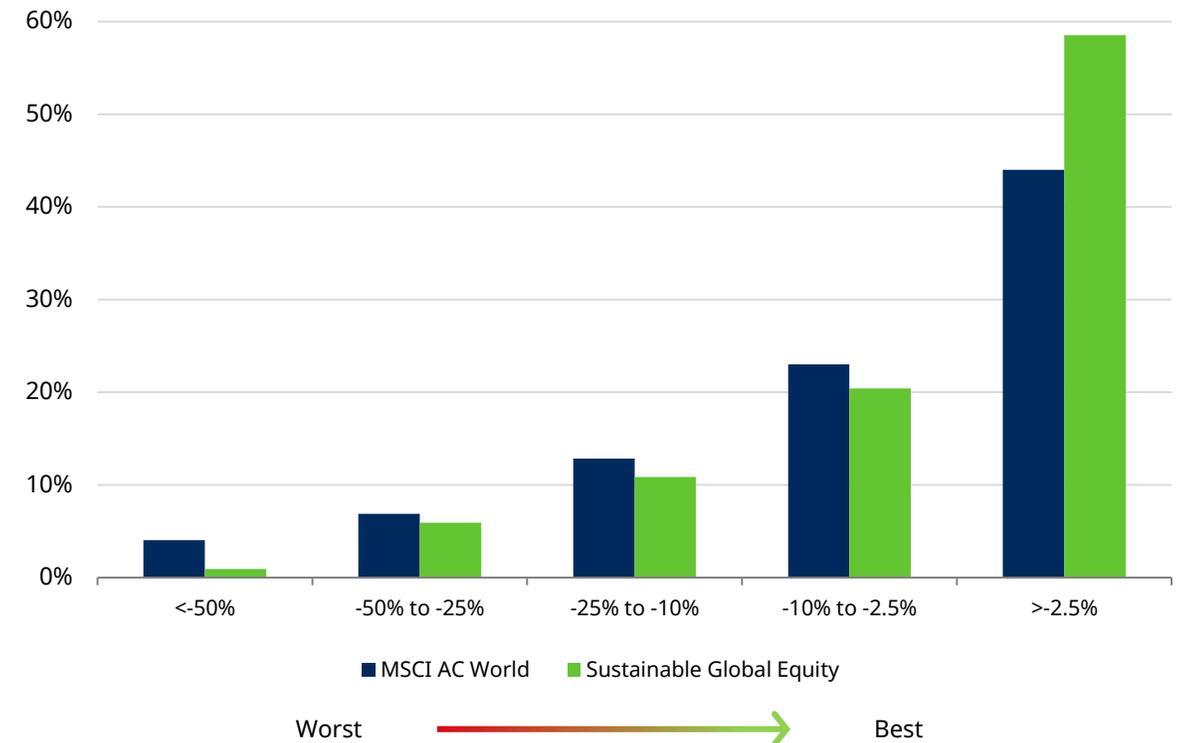
## Tools and models

- **SustainEx**  
Quantifying companies' unpriced environmental and social costs
- **Quantitative Equity Product (QEP) governance scoring**  
Tailored quantitative interactions
- **Carbon Value at Risk (VaR)**  
Quantifying how companies' profitability would be impacted if carbon prices rise to \$100 a tonne
- **CONTEXT**  
Provides a structured and data-driven method for analysts and investors to apply stakeholder analysis to investment research

Source: Schroders, for illustration purposes only.

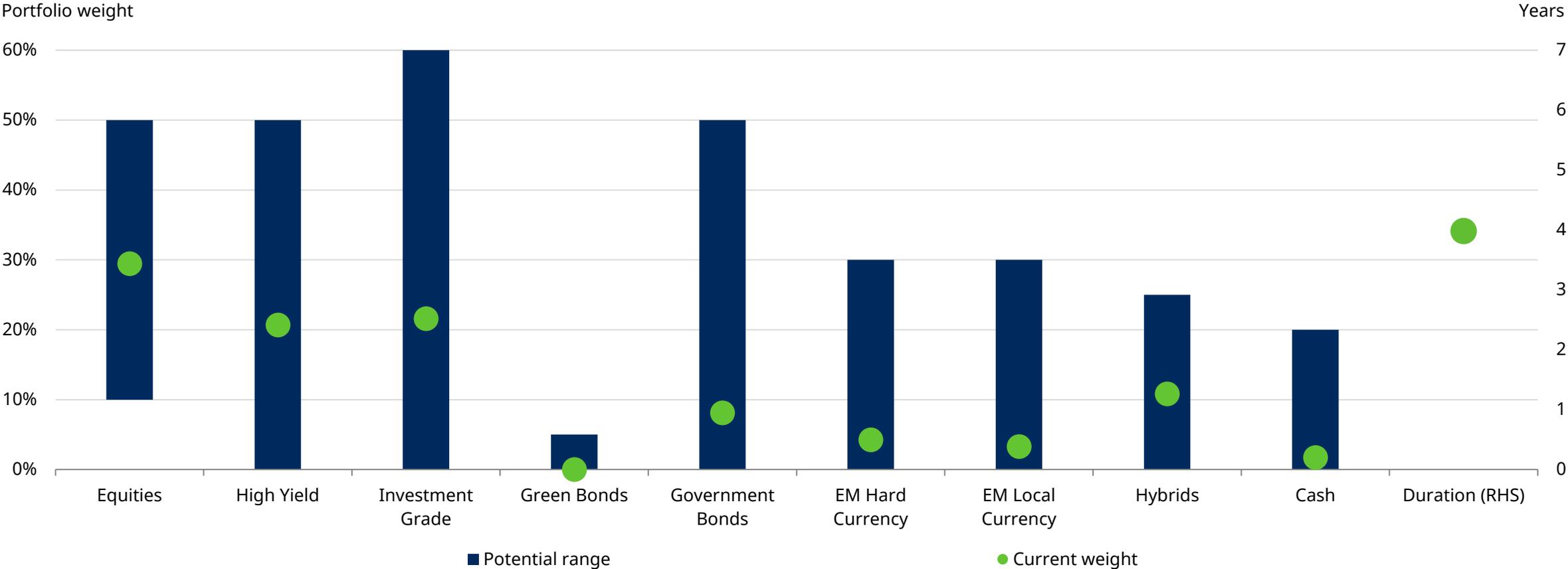
## Carbon VaR as an example

Portfolio breakdown by Carbon VaR



# Dynamic asset allocation ranges

Capitalising on an evolving income opportunity set



Source: Schroders, as at 30 September 2020. For illustrative purposes only and not to be viewed as a recommendation to buy/sell securities. Asset class ranges are internal guidelines and may be subject to change.

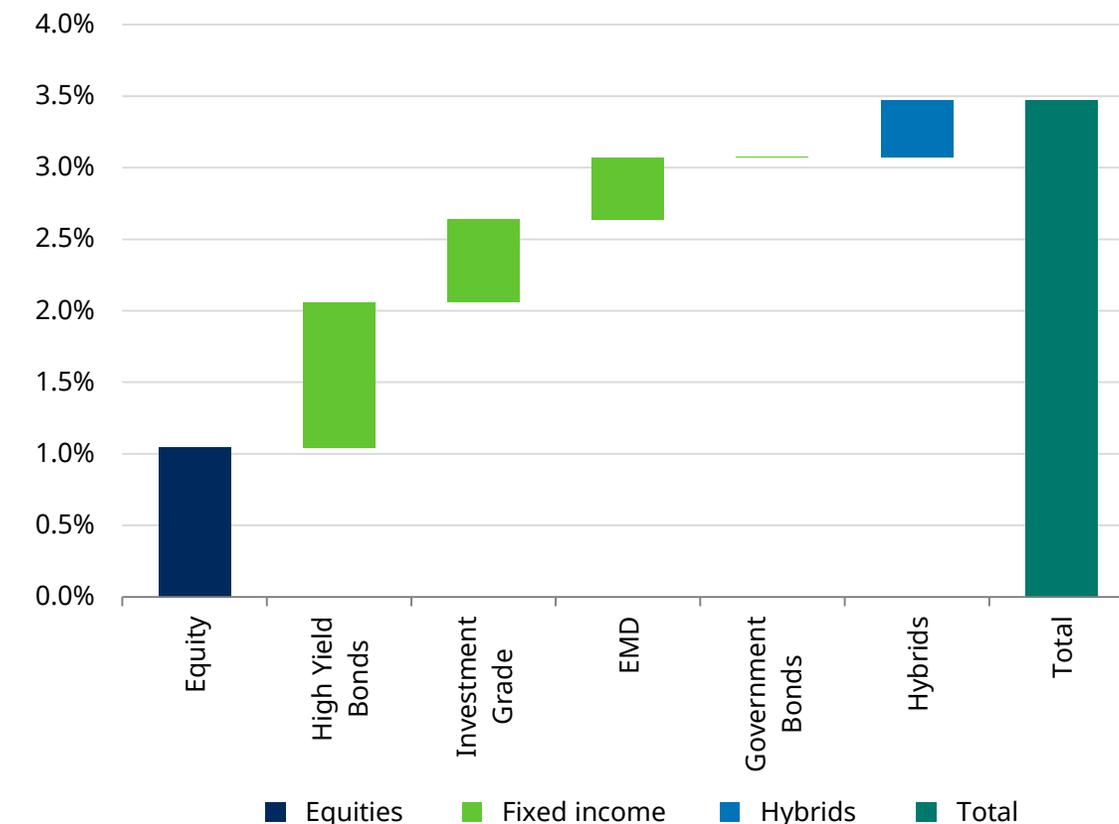
# Schroder ISF Sustainable Multi-Asset Income – Euro

Portfolio of high yielding securities, active in all areas of ESG

## Asset allocation

	Portfolio weight
<b>Equities</b>	<b>29.5%</b>
Sustainable global equities	26.6%
Sustainable REITs	5.8%
Sustainable European equities	2.9%
Sustainable thematic equities	2.0%
Equity futures	-7.9%
<b>Fixed income</b>	<b>58.0%</b>
Sustainable investment grade credit	21.6%
Sustainable US high yield	20.7%
Sustainable developed market government bonds	8.1%
Sustainable emerging market debt	7.5%
<b>Hybrids</b>	<b>10.8%</b>
ESG leaders preferred securities	8.3%
ESG leaders convertible bonds	2.5%
<b>Cash</b>	<b>1.7%</b>

## Contribution to total yield



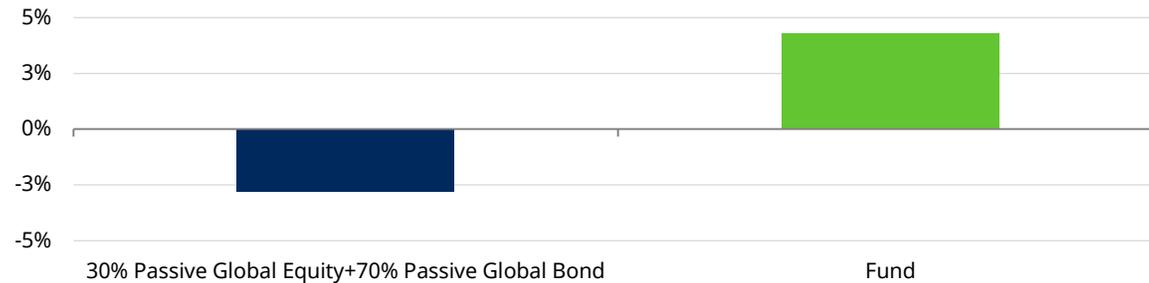
Source: Schroders, as at 30 September 2020. For illustrative purposes only and not to be viewed as a recommendation to buy/sell securities.

# Impact reporting

## Positive sustainability profile

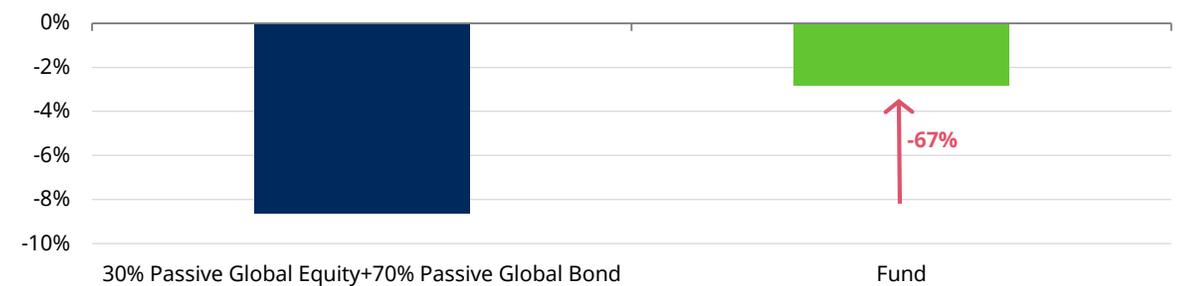
### Superior sustainability profile

#### Sustainability scores<sup>1</sup>

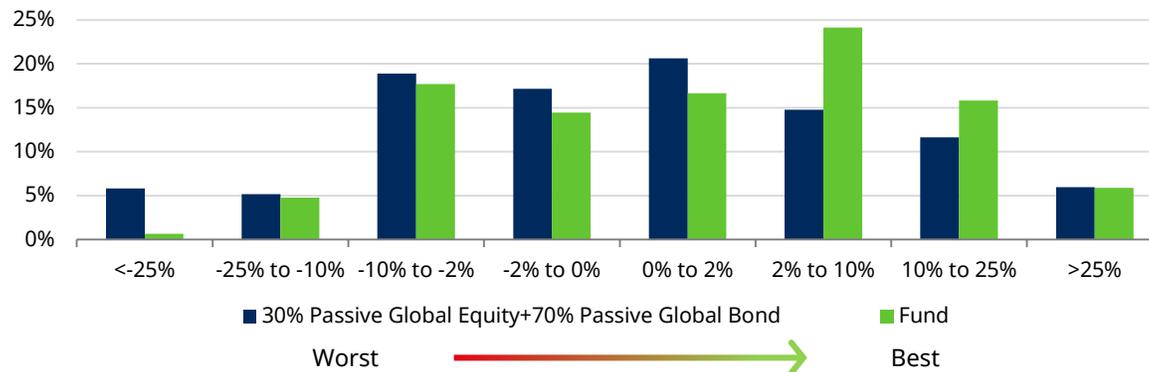


### Carbon profile

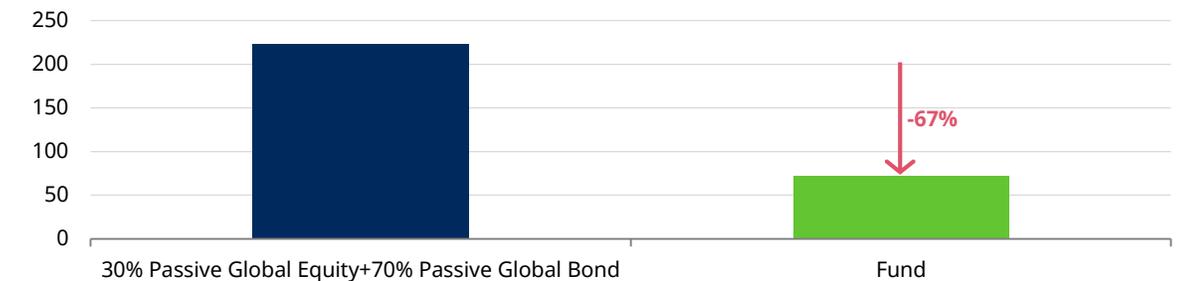
#### Carbon VaR<sup>2</sup>



#### Portfolio breakdown by sustainability scores<sup>1</sup>



#### Carbon intensity<sup>3</sup>



Source: Schroders, as at 30 September 2020. Passive global equity is represented by MSCI ACWI Index. Passive global bond is represented by Barclays Global Aggregate Corporate Index. <sup>1</sup>Sustainability score is based on our proprietary tool, SustainEx. SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits. <sup>2</sup>Carbon Value at Risk (VaR) quantifies the impact on a company's cost base of direct and indirect carbon emissions and represents the weighted average percentage of company earnings at risk if carbon prices rise to U\$100/ton. <sup>3</sup>Carbon intensity represents Scope 1&2 emissions relative to each \$1m of sales.

# Impact reporting

## Positive characteristics by UN SDGs

Environment					
UN SDG	Measure	Description	Fund	Comparator	Improvement (reduction %)
 13 CLIMATE ACTION	Carbon intensity	Scope 1&2 emissions relative to each \$1m of sales	72	223	-67%
	Carbon emissions	Scope 1&2 emissions (metric tons)	1,222,206	5,943,556	-80%
	Carbon VaR	Weighted average percentage of company earnings at risk if carbon prices rise to U\$100/ton	-2.8%	-8.6%	-67%
 15 LIFE ON LAND	SOx emissions	Tons	2,044	6,360	-68%
	NOx emissions	Tons	4,016	11,411	-65%
 7 AFFORDABLE AND CLEAN ENERGY	Thermal coal				
	Unconventional oil and gas	Exposure to E&P (>5% revenue exposure)	0%	2.5%	-2.5%
	Conventional oil and gas				
 9 INDUSTRIES, INNOVATION AND INFRASTRUCTURE	% power generation	Exposure to: Oil and coal (% of power) >=10% Coal (% of power) >=10% Oil and gas (% of power) >=30% Nuclear (% of power) >=30%	0%	1.4%	-1.4%

Source: Schroders. Analysis for the fund holdings as of 30 September 2020. Comparator represents by 30% MSCI AC World Index + 70% Barclays Global Aggregate Corporate Index. For illustrative purposes only and not to be viewed as a recommendation to buy/sell securities.

# Impact reporting

## Positive characteristics by UN SDGs

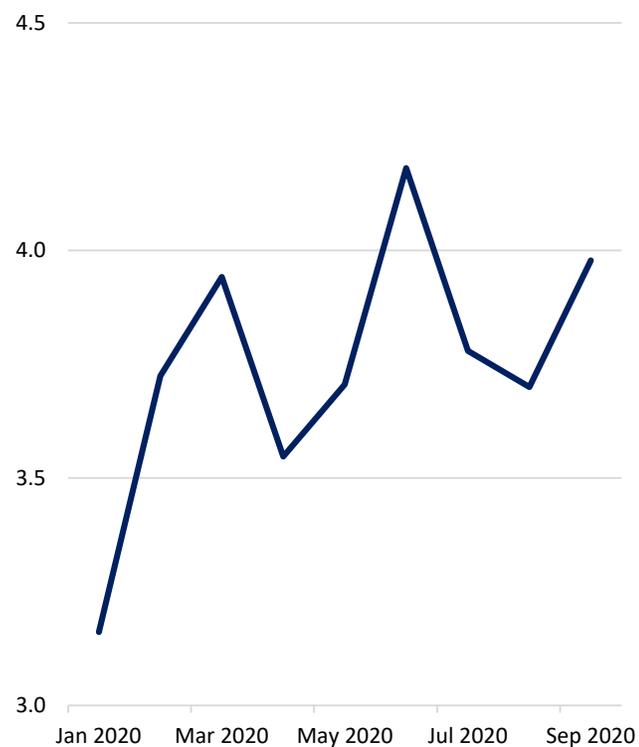
Social					
 UN SDG	Measure	Description	Fund	Comparator	Improvement (reduction)
	Controversial weapons	Exposure to controversial weapons (any time)	0%	0.7%	-0.7%
	Military weapons	Exposure to military weapons (>5% revenue exposure)	0%	0.1%	-0.1%
	Nuclear weapons	Exposure to nuclear weapons (>0% revenue exposure)	0%	1.2%	-1.2%
	Tobacco exposure	Exposure to tobacco (>5% revenue exposure)	0%	1.0%	-1.0%
	Alcohol exposure	Exposure to alcohol (>5% revenue exposure)	0%	1.4%	-1.4%
	Gambling exposure	Exposure to gambling (>5% revenue exposure)	0%	0.2%	-0.2%
Un					
 UN SDG	Measure	Description	Fund	Comparator	Improvement (reduction)
	MSCI UNGC	Exposure to MSCI UNGC exclusions	0%	1.0%	-1.0%

Source: Schroders. Analysis for the fund holdings as of 30 September 2020. Comparator represents by 30% MSCI AC World Index + 70% Barclays Global Aggregate Corporate Index. For illustrative purposes only and not to be viewed as a recommendation to buy/sell securities.

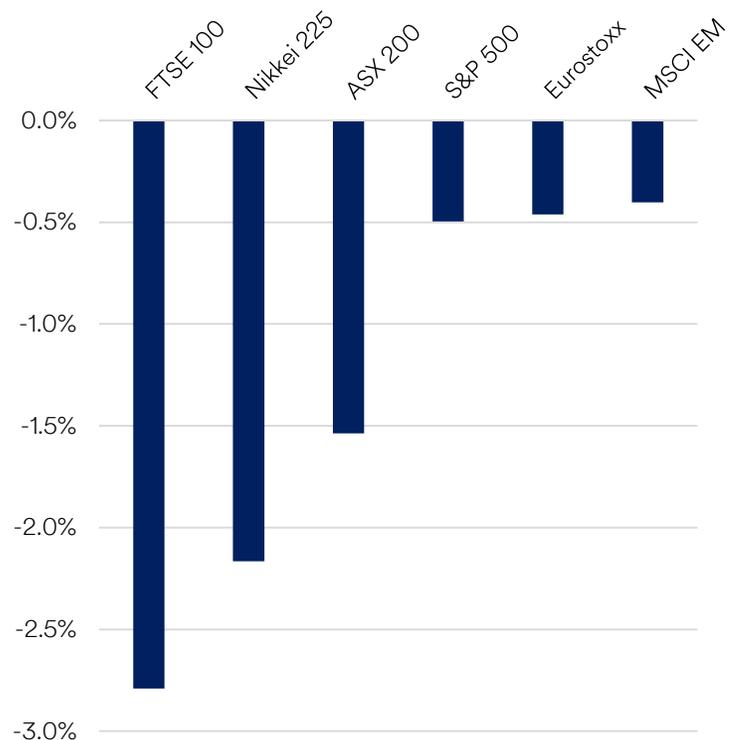
# Active risk management

## Three pillars

### Duration (years)



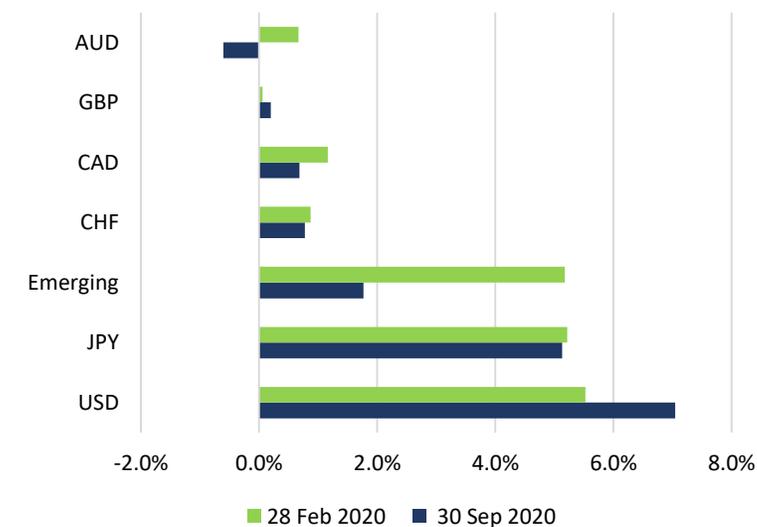
### Equity hedges



### Currency

	Feb 2020	August 2020
Base Currency (EUR)	79.6%	84.2%

### Other Major



Source: Schroders, at 30 September 2020

# Sustainable global equities example: Equinix

## Dominant compounder

### Key financials

Current yield: 1.4%

Forecast 5 year earnings CAGR: 17%

Forecast 5 year dividend CAGR: 10%

#### Thesis

- 1) **Growth potential** – structurally rising demand for low latency internet connectivity will fuel significant growth over the next decade and beyond
- 2) **Defensibility** – assets which are next to impossible to replicate
- 3) **Cash generation** – upfront capital costs are high, however, the scarce nature of the service means pricing and margins are also high

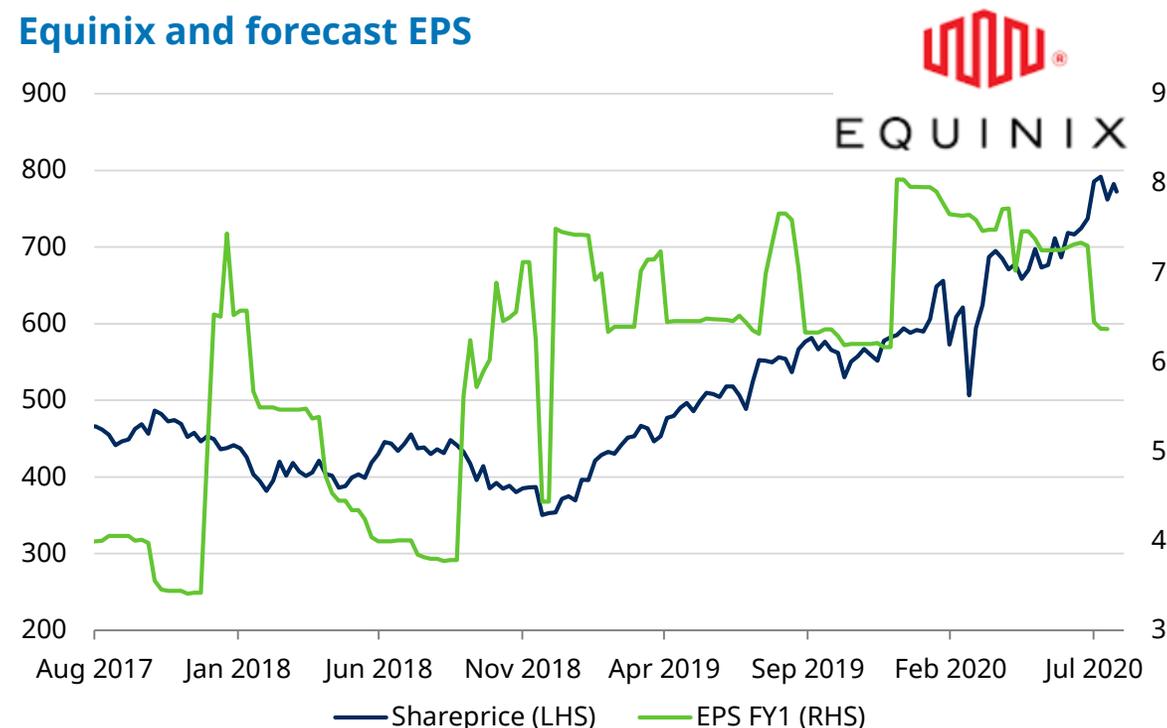
#### Dividend

- 1) **Sustainability** – high level of dividend sustainability driven by mission critical nature of the service they provide
- 2) **Growth** – good dividend growth prospects driven by structurally growing revenue, improving margins and moderate ongoing maintenance capex requirements

#### ESG assessment

- 1) **Environmental** – Equinix have a stated goal of reaching 100% coverage of all facilities with renewable energy
- 2) **Governance** – generally positive with no quantitative red flags and qualitative indicators reflecting well on the board who've exercised good capital allocation

### Equinix and forecast EPS



**Past performance is not a guide to future performance. The value of investments can go down as well as up and is not guaranteed.**

Source: Bloomberg, USD, as at 24 August 2020. Forecasts are Bloomberg consensus estimates. The price chart reflects past performance, which gives no assurance of future returns. You should not assume that recommendations made in the future will be profitable or will equal the performance of the security discussed above. The information contained herein: (1) is proprietary to Bloomberg and/or its content providers; (2) may not be copied or distributed; (3) may not be accurate, complete or timely; and (4) has not been checked or verified by Schroders in any way. None of Bloomberg, its content providers or Schroders shall be responsible for any damages or losses arising from any use of the information in any way. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

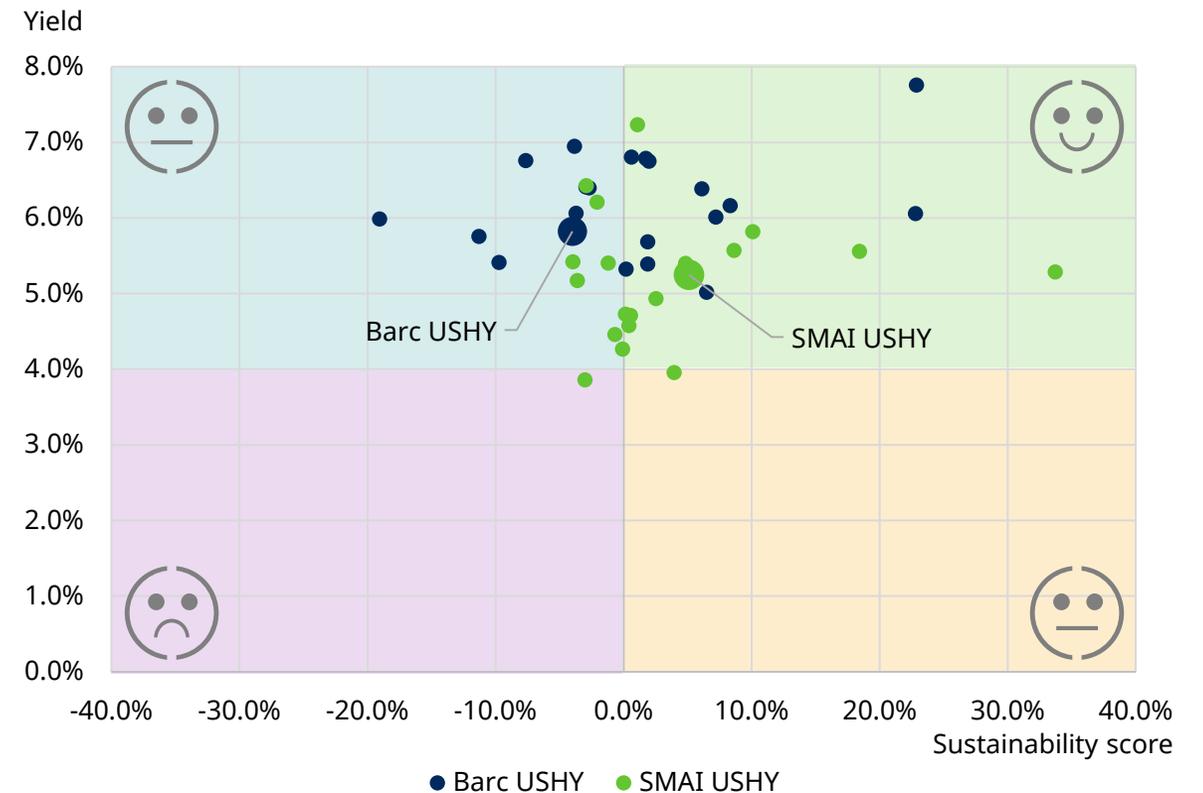
# Sustainable US high yield

Investing in best in class sustainable high yield debt issuers

## Improved sustainability profile

	Yield	Sustainability score
Sustainable Multi-Asset Income: US High Yield Debt (SMAI USHY)	5.2%	5.1%
Barclays US High Yield Index (Barc USHY)	6.1%	-3.7%

## Investing in best in class sustainable high yield debt issuers



**Past performance is not a guide to future performance and may not be repeated.**

Source: Schroders, DataStream, at 31 August 2020. Sustainability scores use SustainEx, a robust objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits.

# ESG leaders convertible bonds – a smoother journey

Harnessing hybrids – enhancing convexity



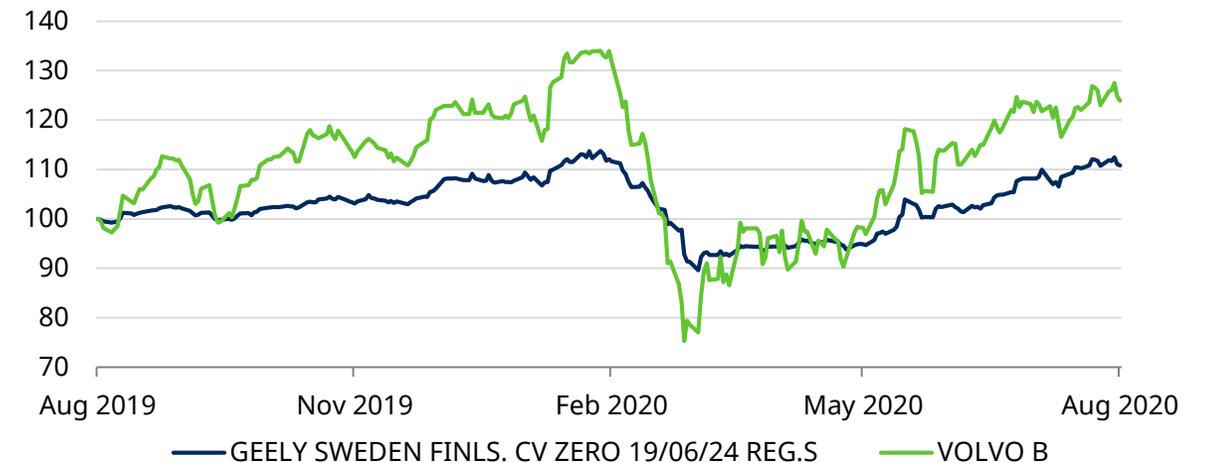
## Sustainability score

Volvo	1.0%
Sector (Automobiles and components)	0.2%
Refinitive Global Convertible Index	4.0%

## Geely/Volvo 0% convertible security (06/19/24)

- Seniority in the capital structure and strong potential participation in equity upside
- Conversion price protection for underlying dividend payments and corporate actions
- Trading at 108 , Equity participation now approaching 50%
- High market share, with rapid growth in (auto) hybrids

Index = 100 as 22 August 2019



Source: Schroders, Datastream, at 25 August 2020. Sustainability score is measured by Sustainex. SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits. For illustrative purposes only, it does not represent any recommendation to invest in the above mentioned securities.

# ESG leaders preferred securities – spectrum enhancement

## Harnessing hybrids – boosting income



**Leading broadband performance in Europe**

**Highly regulated market**

Average 4G throughput of **42Mbps**

Fixed access regulation

>98% of population has at least **100Mbps** capable broadband connection

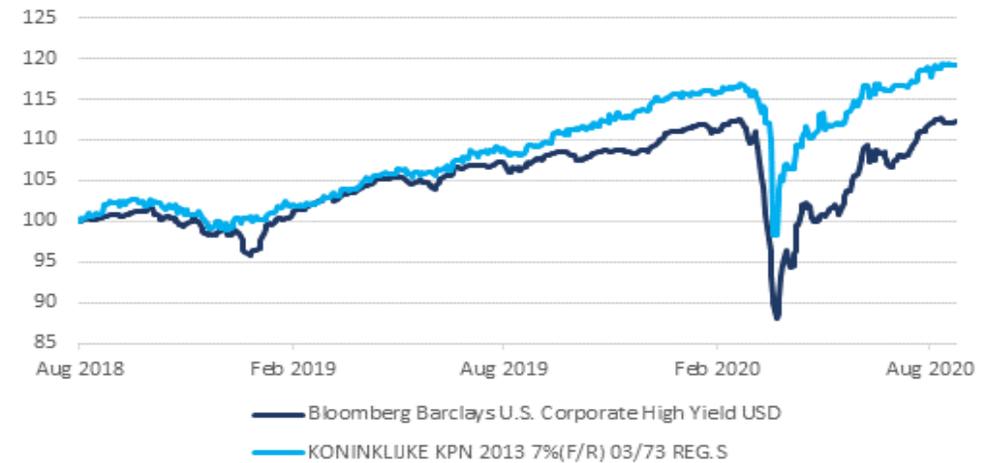
### Sustainability score

KPN	24.0%
Sector (Telecommunication services)	25.4%
Refinitive Global Convertible Index	4.0%

### KPN 7% convertible security (03/28/73)

- Seniority in the capital structure and strong running yield of 6.4%
- Interesting structure with potential participation in a rising rate environment
- Trading at 109 , call protection until 2023
- Hybrid telecoms approach, encompassing mobile, fixed line and Cloud
- Recent winner in Dutch 5G spectrum auction
- High quality investment grade name, with market leadership in Dutch market (duopoly) and strong cash flow generation

Index = 100 as 25 August 2019

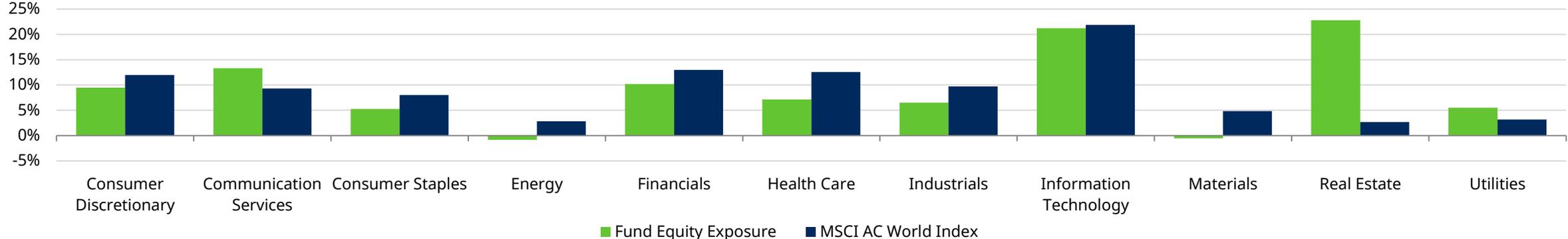


Source: Schroders, Datastream, at 25 August 2020. Sustainability score is measured by Sustainex. SustainEx is a robust, objective framework to measure the social and environmental costs companies impose, or the benefits they provide, which are not currently recognised as financial costs or benefits. For illustrative purposes only, it does not represent any recommendation to invest in the above mentioned securities.

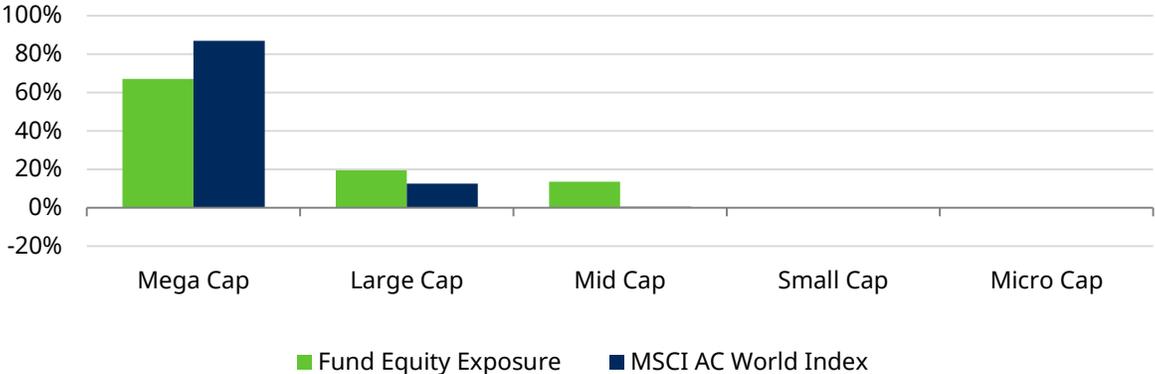
# Equities

## Characteristics

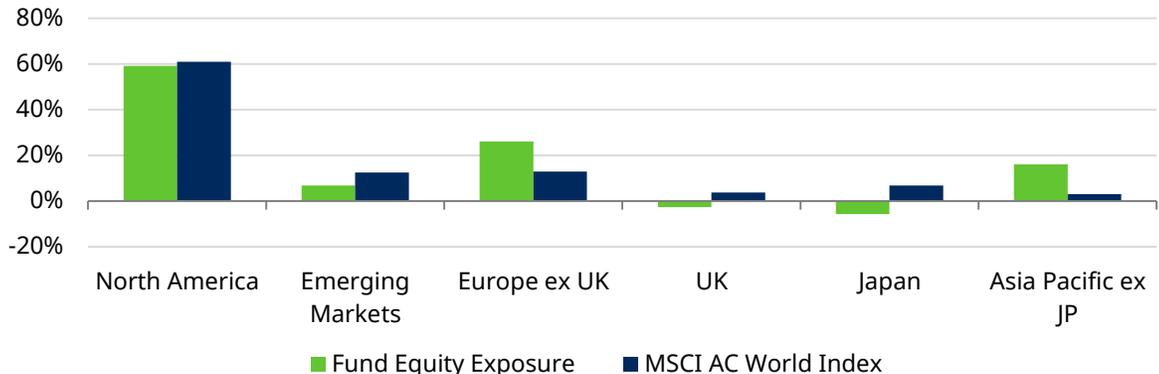
### Sector



### Size



### Region

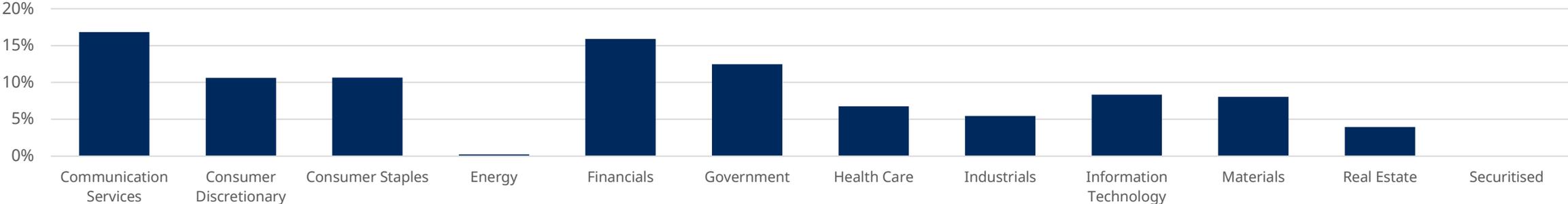


Source: Schroders, 30 September 2020; Sector is shown by MSCI GICS sectors or mapped across using secondary sources.

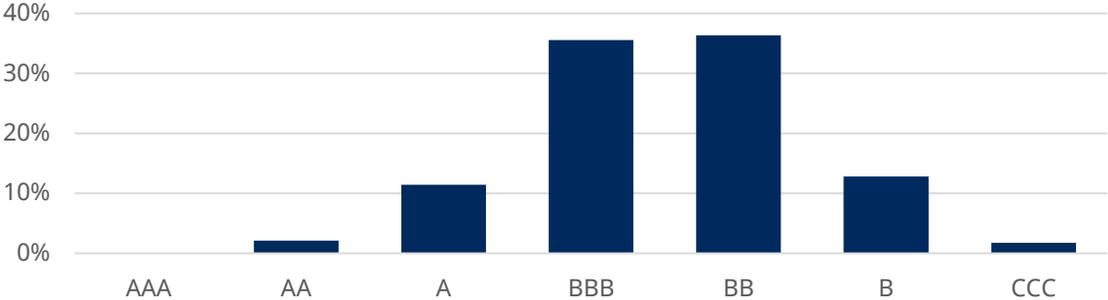
# Fixed income

## Characteristics

### Sector

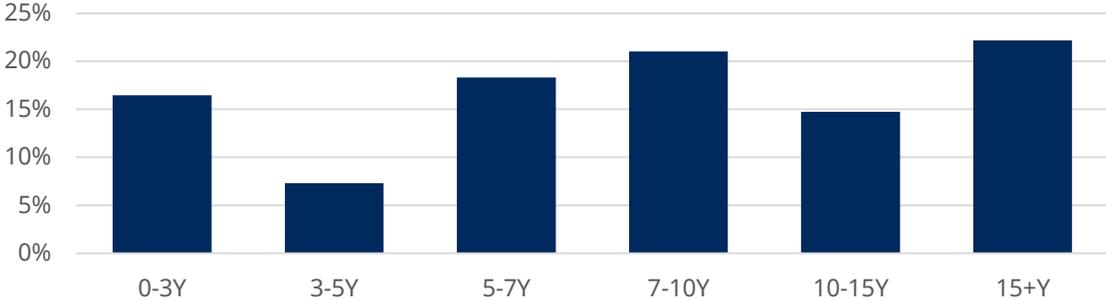


### Credit rating



Average portfolio credit rating: BB+

### Maturity distribution



Source: Schroders, 30 September 2020. All information relates solely to the fixed income portfolios of Schroder ISF Sustainable Multi-Asset Income unless otherwise stated.

# Biographies

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## Remi Olu-Pitan, CFA

### Head of Multi-Asset Growth and Income

- Joined Schroders in 2006 and is based in London
- Remi is responsible for Multi-Asset Income and Diversified Growth mandates. Remi is the lead fund manager of the Schroder ISF Global Multi-Asset Income and Co-fund manager of the Schroder Diversified Growth Fund
- She is a member of the Equity risk premium team of the Strategic Investment Group Multi-Asset (SIGMA) and a member of the Global Asset Allocation Committee
- CFA Charterholder
- Masters in Statistics, London School of Economics. Bachelors in Business Finance, Durham University

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