

Summary

The Schroder Value Core strategy uses a value-driven approach and seeks to generate return by investing in a portfolio of investment grade, fixed income securities. The strategy seeks to add value by capitalizing on imbalances in the relationships among sectors and individual bonds. We believe that investing in undervalued sectors and bonds and selling expensive ones using a relative value assessment is the ideal process to capture value.

The strategy typically invests in US dollar-denominated fixed income securities including governments, corporate bonds, securitized bonds, sovereign and supranational entities, as well as municipal bonds. The strategy is duration neutral, meaning that portfolio duration is set in an attempt to meet client objectives and does not incorporate forecasts or speculation. There is no exposure to currency risk, high yield bonds or emerging market debt.

Why Schroders for Value Core?

- Consistent and proven investment process, practiced for more than 20 years¹
- Value-driven style that seeks to capitalize on changing market environments
- Multiple sources of input to investment ideas, including proprietary credit research framework
- Successful performance track record over full market cycles

Firm highlights

- Founded in 1804, with a strong family presence to this day
- Asset management is our main business
- Over 775 investment professionals worldwide
- Truly global reach: based in London, with offices in 37 locations
- Expertise in Fixed Income, Equities, Multi-Asset, Solutions, and Alternatives

Team highlights

- Disciplined approach to core and intermediate strategies since 1992
- Eight member portfolio management team with an average of 20 years of investment experience
- Investments are team managed, and portfolio management and credit research are an integrated function
- Access to team of global credit analysts utilizing a rigorous research process that combines fundamental and relative value assessment

¹ Past performance is no guarantee of future results.
All data and statistics as of June 30, 2020, unless otherwise noted.

Key features

- Value-driven, opportunity based investment process²
- Portfolio of investment grade bonds only, with no interest rate forecasting or currency speculations
- Investments are chosen based on relative value without reference to qualitative content of the benchmark
- We believe sector allocation and security selection are the main sources of generating returns
- Daily interaction among key decision makers to evaluate opportunities and relative value

Investment objective

The strategy seeks to outperform the Bloomberg Barclays US Aggregate Bond Index by 100 basis points over a market cycle using our value-driven approach and investing in investment-grade fixed income securities.*

* There is no guarantee that any investor objective or outcome can be achieved.

Investment philosophy

Our investment philosophy for the strategy is based on the premise that pricing inefficiencies exist in the market and our ability to identify those offers the potential to pursue superior investment performance. The portfolio managers focus on identifying investment grade bonds or sectors whose valuations have become dislocated from the underlying

fundamentals, primarily due to technical reasons. We believe that purchasing undervalued bonds and selling them once they are fully-priced rewards investors. Our sector and security weightings are made independent from the benchmark and our positioning reflects our value approach, as well as the attractiveness of the opportunities relative to the broad market.

Investment process

The US Multi-Sector investment team is responsible for the implementation of the Schroder Value philosophy. Portfolio managers collaborate with the sector specialist teams as well as the credit analysts, both of whom follow a disciplined, rigorous framework that combines fundamental research with relative value assessment. Our fixed income process consists of four distinct steps:

- Investment themes: Conduct in-depth proprietary market research (fundamental, quantitative and technical) to develop investment themes that we expect will dominate markets over the long term
- Portfolio strategy: Based on investment themes, develop and prioritize investment strategies which will determine optimal portfolio positioning across sectors. This is done in close collaboration with the sector specialist teams

- Portfolio construction: Implement strategies using a relative value framework with a focus on overall risk level and execute sector and security decisions using the input of the credit analysts and the traders
- Risk management: Ensure that mandates are managed in a manner consistent with their performance objective and corresponding risk profiles. Our three pillar approach provides a framework to continually review and monitor portfolios

In addition, consideration for environmental, social, and/or governance (ESG) factors are an integrated part of the team's investment process. Furthermore, active engagement with companies is conducted alongside the efforts of the Schroders Sustainable Investment team.

² There is no guarantee that the investment process or strategy will produce positive returns or protect against a loss of principal.

Investment process (continued)

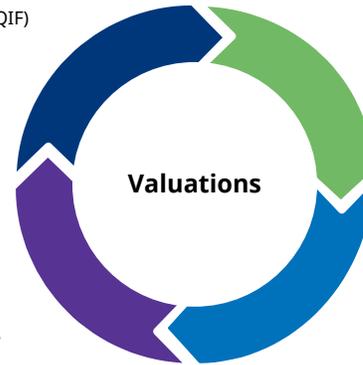
The below graphic is an illustration of our investment process:

Investment Themes

- Quarterly Investment Forum (QIF)
- Multi-Sector macro meeting
- Themes: macro, credit, ESG

Risk Management

- On-the-desk portfolio management tools
- Pre and post-trade compliance
- Independent oversight by risk team



Portfolio Strategy

- Relative sector allocations
- Prioritize investment strategies
- Technicals/sentiment

Portfolio Construction

- Industry allocation
- Issuer/security selection
- Evaluation of sustainable factors

Source: Schroders. There is no guarantee that the investment process or strategy will produce positive returns or protect against a loss of principal.

Risk management

Risk controls are used to ensure portfolios are invested appropriately for each client and are consistent with the strategy and style discipline. The portfolio management team reviews portfolio holdings and risk characteristics on a daily basis. Schroder Value also integrates and augments third-party systems with internally developed applications to measure and describe portfolio risk exposures. These reports cover investment risk and portfolio compliance controls and include (i) a comparison of the critical risk metrics of each client portfolio to the appropriate model portfolio, (ii) a comparison of portfolio risk characteristics to the benchmark and other portfolios that follow the same strategy and (iii) exceptions related to client investment guidelines and Schroder Value's internal investment parameters.

The portfolio management team establishes a model portfolio for all portfolios with similar benchmarks and investment objectives. Each model portfolio represents the team's view of the ideal investment policies and risk characteristics for the applicable strategy that we seek to replicate across similarly managed portfolios. The team meets regularly to review the individual portfolios and to evaluate both the portfolio review process and the model portfolios.

At the firm level, the COO of Investments and the Head of Investment Risk have overall responsibility for group-wide investment risk. There is a dedicated fixed income risk manager, and Schroders' compliance department oversees operational and compliance issues. In this way, an independent Fixed Income Risk Management team operates independently of both the portfolio managers and credit analysts.

There is no guarantee the risk management approach used will achieve its objective.

Risk disclosures

All investments involve risks including the risk of possible loss of principal. The market value of the portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, mortgage and asset-backed

securities risk, US Government securities risk, foreign investment risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs and may result in taxable capital gains.

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