

Strategy summary

Schroder Value Core 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.

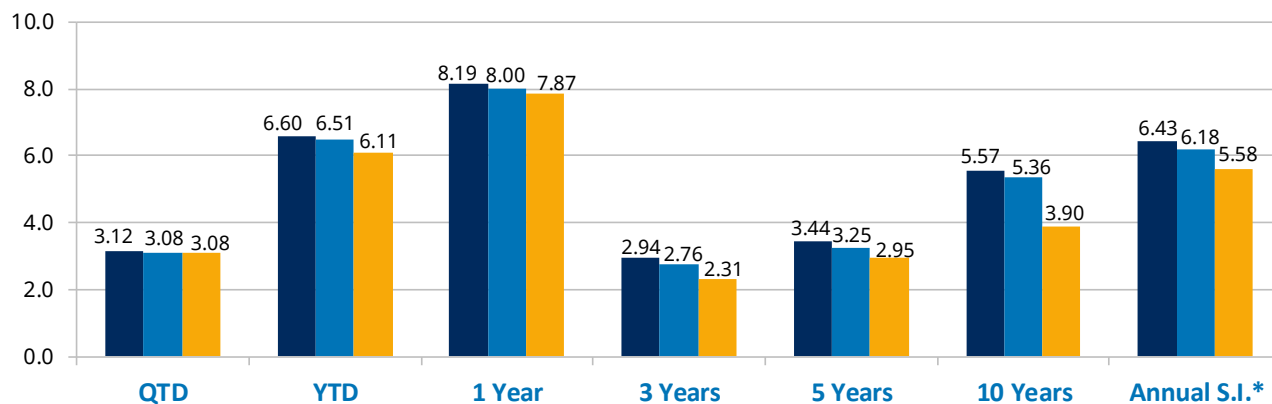
The strategy seeks to outperform the benchmark by 100 basis points over a market cycle* using our value-driven approach and investing in investment-grade fixed income securities.

*There can be no guarantee that any investment objectives or outcomes will be achieved.

Key features

- Value-driven, opportunity based investment process
- 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
- Sector allocation and security selection are the main sources of generating return
- Daily interaction among key decision makers to evaluate opportunities and relative value

Composite performance (%)



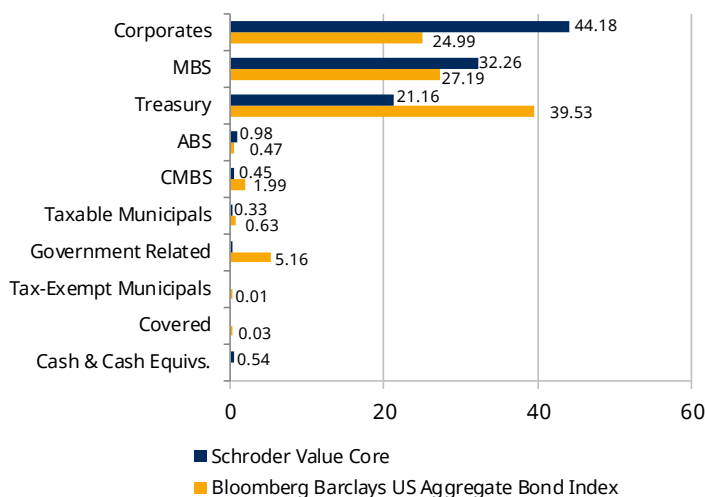
Difference (gross)	+0.05	+0.48	+0.32	+0.63	+0.49	+1.68	+0.84
Difference (net)	+0.00	+0.39	+0.13	+0.45	+0.30	+1.47	+0.60

■ Schroder Value Core (gross) ■ Schroder Value Core (net) ■ Benchmark

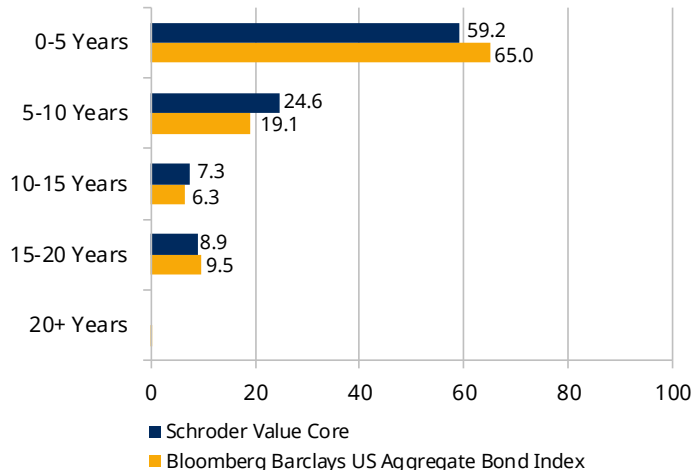
	2018	2017	2016	2015	2014
Gross	-0.11	4.07	4.48	-0.05	7.67
Net	-0.29	3.88	4.28	-0.22	7.44
Benchmark	0.01	3.54	2.65	0.55	5.97
Difference (gross)	-0.12	+0.52	+1.83	-0.60	+1.71
Difference (net)	-0.30	+0.34	+1.63	-0.77	+1.47

*Inception March 31, 1992
The Benchmark for the strategy is the Bloomberg Barclays US Aggregate Bond Index. Past performance is not a guide to future performance. The value of an investment can go down as well as up and is not guaranteed. Please refer to the disclosures at the end of the document for important information about the composite. Performance for periods greater than 1 year is annualized. All data and statistics as of June 30, 2019.

Sector breakdown (%)



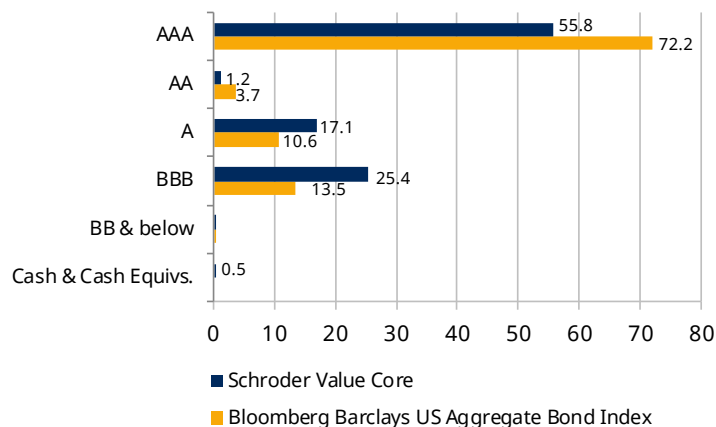
Duration breakdown (%)



Portfolio and risk statistics

	Schroder Value Core	Bloomberg Barclays US Aggregate Bond Index
Yield to worst (% , after tax)	2.75	2.53
Effective duration (years)	5.67	5.68
Number of issues (holdings)	121	10,610

Credit quality breakdown (%)



Top ten holdings

	Cpn.	Maturity	% of Total Market Value
FN BJ3619 3.5000 01/01/2048	3.500	1/1/2048	0.34
US TREASURY BOND 3.0000 15/05/2047	3.000	5/15/2047	0.19
DROCK 2014-3 A 2.4100 15/07/2022	2.410	7/15/2022	0.14
CVS HEALTH CORPORATION 4.3000 25/03/2028	4.300	3/25/2028	0.13
GOLDMAN SACHS GROUP INCORPORATED/THE 3.8140 23/04/2029	3.814	4/23/2029	0.13
BPCE SA 2.7500 11/01/2023 144A	2.750	1/11/2023	0.12
SEMT 2016-1 A1 3.5000 25/06/2046 - 144A	3.500	6/25/2046	0.11
AMERICAN INTL GROUP 3.3000 01/03/2021	3.300	3/1/2021	0.09
MICROSOFT CORPORATION 4.1000 06/02/2037	4.100	2/6/2037	0.07
COMCAST CORPORATION 3.9500 15/10/2025	3.950	10/15/2025	0.07
Total			1.38

Source: Schroders, Bloomberg Barclays as of June 30, 2019. The portfolio characteristics shown for the strategy are based on a representative account and the percentage measurements are based on relative market values. These characteristics are subject to change, should not be viewed as an investment recommendation and may vary among individual accounts within the strategy. Data may not add to 100% due to rounding.

Sector breakdown: Gov't Related includes Agency, Sovereign, and Supranational bonds. Sectors are mentioned for illustrative purposes and not as a recommendation to buy/sell.

Credit quality breakdown: The data is shown as a percentage of market value. Credit quality breakdown reflects the average of the credit ratings assigned by S&P, Moody's, and/or Fitch. If only two of the three agencies rate the security, the lower rating is used to determine the rating classification. For example, a bond rated A1/AA- by Moody's and S&P, respectively, would be included in the single-A quality tier.

Top ten holdings: Securities listed are shown for illustrative purposes and not to be considered a recommendation to buy or sell. The top ten holdings are based on a representative portfolio within the composite. Cash and cash equivalents are excluded from the calculations. These holdings are subject to change and should not be viewed as an investment recommendation. It should not be assumed that any of these holdings were or will be profitable.

Schroder Value Core Composite

Composite disclosures as of: December 31, 2017

Definition of the Firm

The Firm is defined as all accounts managed by Schroder Investment Management in the US, UK, Switzerland, Singapore, Hong Kong, Japan and Australia by wholly owned subsidiaries of Schroders PLC. Accounts managed by Schroders Adveq are excluded, Schroders Adveq claims compliance separately. Assets managed against a liability driven mandate or invested in direct property are excluded from the GIPS Firm. Advisory portfolios signed to Schroders Investment Management Hong Kong (SIMHK) are also excluded from the GIPS Firm. On January 1, 2017 the Schroders Investment Management GIPS Firm ("the Firm") was formed following the merger of independent regional Schroders Investment Management (SIM) GIPS Firms defined based predominantly on location of the investment desk and held out to clients or prospective clients as the following distinct firms: combined London/New York/Zurich (SIMUK/US & SIMSAG respectively), Singapore (SIMSL), Hong Kong (SIMHK), Australia (SIMAL) and Japan (SIMJP). These Firms were merged as a result of the increasingly global nature of the business, details of previous firm mergers are available upon request.

Composite Definition

The Schroder Value Core Composite follows a value approach and consists of all discretionary, intermediate duration, tax-exempt, fixed income accounts benchmarked to the Barclays Aggregate Bond Index, the Citigroup Broad Investment-Grade Bond Index or a similar index and invested in fixed income securities denominated in US Dollars. The Schroder Value Core Composite inception date is April 1, 1992 and it was created in January 2001. In accordance with the Firm's account inclusion/exclusion procedures, to be included in the Schroder Value Core Composite a portfolio must be fully invested, deemed discretionary and have a minimum beginning market value of \$30 million. From January 1, 1995 through March 31, 2007, for a portfolio to be included in the composite it must have had a minimum beginning market value of \$30 million and a portfolio was removed from the composite when its beginning market value fell below \$15 million. From April 1, 1992 through December 31, 1994, the minimum beginning market value was \$15 million and a portfolio was removed from the composite when its beginning market value fell below \$5 million. Beginning August 1, 2010 and ending December 31, 2013, portfolios that limited purchases to bonds rated in the A category or better were removed from this composite as the ability to purchase securities within all rating categories of our investment-grade universe became an important part of the investment strategy. On 11/01/2014 the composite changed name from STW Aggregate Composite to Schroder Value Core Composite, this was to reflect a firm merger. There was no change to investment strategy.

Composite Construction

A portfolio will be included in the composite on the first day of the first calendar month that it meets the composite inclusion criteria. Discretionary portfolios are those not subject to material client-imposed investment restrictions which hinder or constrain the investment management strategy Schroders would otherwise apply. A portfolio will be removed from the composite when its beginning market value falls below the 5% threshold of the minimum beginning market value and it will be excluded for that entire month and until it exceeds the threshold. If a portfolio is removed from a composite, its prior history remains in the composite. The Schroder Value Short Taxable Composite inception date is June 1, 2010 and it was created in June 2010. The results have been prepared and presented in compliance

with GIPS®.

Performance Calculation

Schroders reports annualized, annual and periodic returns, from the composite inception, calculated on a monthly basis and geometrically linked. Monthly composite returns are calculated by weighting each account's monthly return based upon beginning market values. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Fee Schedule

The fee schedule is the annual rate of: 0.375% of the first \$30 million; 0.250% of the next \$70 million; 0.125% of the next \$400 million; 0.100% of the next \$500 million and 0.080% of the balance. The separate account fee schedule for sub advised mutual fund clients is the annual rate of: 0.250% of the first \$130 million; 0.125% of the next \$370 million; 0.100% of the next \$500 million and 0.080% of the balance. Schroders generally combines assets of the same and related clients for purposes of determining fees. Fees are billed quarterly in advance or arrears.

Fee Treatment

Performance results can be presented both net of fees and/or gross of fees. "Net of fees" performance results are net of management fee. Clients with accounts in the composite incur other expenses in connection with their accounts such as custody fees and other costs. "Net of fees" composite returns may not be reflective of performance in any one particular account. The management fee will reduce client returns for performance results that are presented gross of fees. Investment management fees are based on the total market value, including accrued interest, of the assets under management as calculated by mutual agreement with the client. Actual fees are used in the calculation of net of fee returns.

Dispersion

Internal dispersion is calculated using asset weighted standard deviation of all portfolios where there are at least 5 portfolios that are included in the composite for the entire year.

Benchmark Description

The benchmark for the Schroder Value Core Composite is the Barclays Aggregate Bond Index.

GIPS Compliance and Verification

Schroder Investment Management ("the Firm") claims compliance with the Global Investment Performance Standards GIPS® and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods January 1, 1996 to December 31, 2017. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Schroder Value Core Composite (the "composite") has been examined for the periods January 1, 2014 to December 31, 2017. The verification and performance examination reports are available upon request.

Additional information

The exchange rates used are provided by WM. Each currency is valued at 4 pm UK time on the last business day of the month. Additional information regarding policies for valuing portfolios, calculating and reporting returns and a description of all composites are available on request.

Risk Statistics Unavailability

Standard Deviations for composite and its benchmark that have not been active or in existence for 3 years or more are not provided in the presentation.

Composite: Schroder Value Core **Benchmark:** Barclays Aggregate Bond Index **Currency:** USD **Returns as of:** Dec-31-2017 **Inception:** Mar-31-1992

Year	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	3 Year Composite Risk (%) ¹	3 Year Primary Benchmark Risk (%) ^{1,5}	Number of Portfolios (throughout period)	Account Dispersion (%) ²	Market Value at end of Period	Average Account Value at end of Period	Percentage of Firm Assets (%)	Total Firm Assets ⁴
2017	4.07	3.88	3.54	3.02	2.81	7 (7)	0.12	1,228,783,806.00	175,540,543.71	0.27	455,112,000,742.08
2016	4.48	4.28	2.65	3.29	3.02	9 (8)	0.35	1,545,020,403.00	171,668,933.67	0.51	302,127,480,638.57
2015	-0.05	-0.22	0.55	3.34	2.92	8 (8)	0.23	853,766,505.00	106,720,813.13	0.29	293,397,986,258.49
2014	7.67	7.44	5.97	3.35	2.67	8 (8)	0.16	918,577,418.00	114,822,177.25	0.32	282,697,291,678.31
2013	0.32	0.09	-2.02	3.89	2.75	10 (8)	0.25	1,020,748,287.54	102,074,828.75	10.80	9,448,032,431.00
2012	10.31	10.06	4.21	3.68	2.42	9 (9)	0.69	1,035,517,095.08	115,057,455.01	8.90	11,634,000,000.00
2011	5.63	5.39	7.84	5.82	2.82	10 (6)	0.21	918,900,506.09	91,890,050.61	8.07	11,384,000,000.00
2010	6.87	6.64	6.54	9.39	4.23	7 (4)	N/A	614,179,858.74	87,739,979.82	5.85	10,498,710,000.00
2009	20.21	19.96	5.93	9.25	4.17	6 (3)	N/A	850,552,359.98	141,758,726.66	8.58	9,915,000,000.00
2008	-5.06	-5.28	5.24	7.83	4.03	5 (5)	0.50	542,608,970.57	108,521,794.11	5.68	9,548,000,000.00
2007	7.22	6.98	6.97	2.71	2.80	6 (6)	0.15	711,304,879.87	118,550,813.31	6.42	11,077,710,000.00
2006	4.39	4.14	4.33	3.37	3.26	8 (6)	0.45	772,915,292.81	96,614,411.60	7.23	10,692,030,000.00
2005	3.00	2.76	2.42	4.23	4.12	6 (4)	N/A	629,725,015.71	104,954,169.29	5.44	11,580,000,000.00
2004	3.71	3.49	4.34	4.41	4.34	< 5	N/A	437,552,680.86	109,388,170.22	4.09	10,686,000,000.00
2003	6.90	6.67	4.11	4.18	4.26	< 5	N/A	469,886,001.86	117,471,500.47	5.12	9,174,000,000.00
2002	11.02	10.82	10.25	3.40	3.40	< 5	N/A	323,152,288.00	161,576,144.00	4.61	7,005,000,000.00

As of Dec-2017	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	Composite Risk (%) ¹	Primary Benchmark Risk (%) ¹
Annualized 3 Year	2.81	2.63	2.24	3.02	2.81
Annualized 5 Year	3.26	3.05	2.10	3.16	2.85
Annualized 7 Year	4.57	4.36	3.20	3.36	2.71
Annualized 10 Year	5.25	5.03	4.01	5.83	3.24
Annualized S.I. ³	6.55	6.31	5.67	4.75	3.54

Past performance is not indicative of future results.

1. Annualized standard deviation of gross monthly returns for the composite and monthly returns for the benchmark. 2. Asset weighted standard deviation of annual gross returns of accounts that have been in the composite for the entire year. Part periods are not annualized. 3. Since Inception March 31, 1992. 4. Since December 31, 2003 Total Firm Assets include non-fee paying accounts. 2003 Total Firm Assets value has been restated due to the inclusion of those non-fee paying accounts. Total Firm Assets from 2007 incorporate the UK & US firm merger as detailed in the Definition of the Firm, from the start of 2011 Schroder Property Investment Management Multi Manager accounts are included in the Total Firm Assets. 5. Benchmark volatility not shown as the benchmark is cash which is not comparable to the composite. N/A - Information is not statistically meaningful due to an insufficient number of portfolios for the entire year *Returns are for a part period year

Team highlights

- Team manages approximately \$16 billion of fixed income assets, of which approximately \$1.8 billion is in core value strategies
- Disciplined approach to core and intermediate strategies since 1992
- Seven member portfolio management team has over 20 average years of 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

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.

About Schroders



\$ 536.7bn in assets across equities, fixed income, multi-asset, alternatives and real estate



An extensive global network of 5,000+ employees



Operating in 32 countries across Europe, the Americas, Asia, Middle East and Africa



Over 200 years' experience of investment markets

Source: Schroders, as of December 31, 2018. Firm assets include assets under management and administration.

To learn more about Schroders visit:

[schroders.com/us](https://www.schroders.com/us)

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