

Summary

The Schroder Global Credit strategy seeks to generate total return by investing across the full maturity spectrum of investment grade corporate bonds denominated in various currencies. The strategy can also invest in global governments, government agencies, securitized, supra-national issuers, below investment grade and emerging market corporate debt.

Our process focuses on active sector rotation and security selection, supported by extensive proprietary fundamental, technical and quantitative research. Investment decisions are made on a relative-value basis, with the goal of capitalizing on opportunities across a wide range of market conditions.

Why Schroders for Global Credit?

Research-driven process

- Fundamental research is the foundation of our process; emphasis is on themes
- Bottom-up approach to portfolio construction with top-down inputs

Global platform, local presence

- On the ground with a strong presence in Europe, Asia and the Americas
- Cover issuers in the region in which they are located via local specialists

Mid-size advantage

- Benchmark aware, but not forced to invest in only the largest issuers

- Positions in mid-sized credits can create an advantage (we can be nimble)

Risk management culture

- Disciplined approach helps to manage downside risk
- Use of derivatives to hedge both interest rate risk and credit risk as necessary

A proven track record

- Competitive returns over full market cycles*
- We do not compromise fundamental quality to chase greater returns

*Past performance is no guarantee of future results. The value of investments can go down as well as up and is not guaranteed.

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

- The strategy is team-managed with Rick Rezek and Alix Stewart as the co-lead portfolio managers
- Strong team of global credit analysts with geographical and industry expertise, covering over 1,300 issuers
- In-house economics, quantitative research and ESG teams as well as specialist data scientists

Key features

- Research-driven, themes-based investment process
- We believe sector and security selection are the key drivers of alpha
- Analysts utilize a rigorous issuer evaluation process that combines sustainability factors, fundamental, relative value and volatility assessment
- Centralized global credit research platform for fixed income and equity teams
- Relative value approach to decision making with opportunistic management in changing markets
- Risk management is embedded in our culture—we are lending our client's money
- ESG factors are integrated within the Team's process, ensuring that such material non-financial risks and opportunities are accounted for

Investment objective

The strategy seeks to outperform the Bloomberg Barclays Global Aggregate Credit Index by 75–100 basis points annualized (before fees) over an investment cycle.*

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

Investment philosophy

- Fixed Income markets are global, interrelated and generally efficient but can overreact to events, creating investment opportunities
- Using a disciplined investment process and diversified strategies, we seek to generate consistent above benchmark returns with lower than average volatility*
- A globally integrated team of research-driven bond investors is the ideal structure to take advantage of credit opportunities across the world

*There is no guarantee that the investment process or diversification will ensure a profit or protect against a loss of principal.

Credit research

Fundamental credit research is core to our investment philosophy and process and is a key driver of whether we are able to deliver superior risk-adjusted performance. Our global credit team of over 40 'career' analysts is one of the largest and most experienced in the industry, averaging 15 years of experience. Schroders credit analysts have close relationships with companies' senior management due to our strong franchise and close cooperation with

Schroders' network of 90 equity analysts. Research responsibilities are organized regionally and by sector with analysts based in London, New York, Buenos Aires, Singapore, Shanghai, Hong Kong and Sydney. Our global team of credit analysts cover the full spectrum of investment grade and sub-investment grade issuers, and produces analysis and internal ratings of more than 1,300 issuers, or approximately 40-60 issuers per analyst.

Investment process

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 ensuing three to six month period
- **Portfolio strategy.** Based on investment themes, develop and prioritize investment strategies which will determine optimal portfolio positioning in three primary areas of the market: duration, yield curve exposure, and sector allocation
- **Portfolio construction.** Implement strategies, using a relative value framework to prioritize investment ideas and execute security selection using the resources of our Global Credit, Securitized and Global Teams
- **Risk management.** Continually review portfolio within rigorous risk management framework

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.

Investment process (continued)

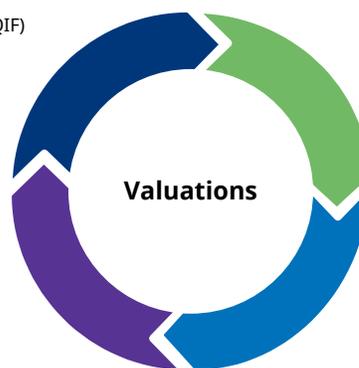
The below graphic is an illustration of our investment process:

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 management is conducted in its broadest form, from making sure portfolio managers understand the spirit as well as the letter of client guidelines, to the accuracy of market and issuer research, to diversifying portfolio exposures and stress testing alternative market outcomes.

In an active strategy, risk management is a crucial component of the investment process. The Global Credit team has established a three pillar approach which provides a framework to ensure that mandates are managed in a manner consistent with their performance objective and corresponding risk profiles.

1. Portfolio Managers are the primary managers of investment risk

Investment risk management is an integral part of active asset management and decisions on investment risk should be made by portfolio managers. Portfolio managers should be aware of all of the risks to which their portfolios are exposed and are responsible for knowing how they are managed. At a portfolio level, managers rely on a number of risk systems to monitor portfolios, both pre and post trade.

We have developed a proprietary fixed income portfolio management and analytics tool called Fixed Income Analytics (FIA) that analyses portfolios in absolute terms and relative to the appropriate benchmark on a market value and contribution to duration basis. FIA is flexible so that investment detail can

be viewed across one or more portfolios on numerous characteristic and risk categorizations. These include individual issue and issuer exposures though sector/industry exposures, duration, quality, country and currency. It incorporates index risk metrics and third party price and analytics data.

2. Independent monitoring supports the process at investment desk level

Independent risk monitoring is undertaken by a separate risk management team that works in conjunction with the portfolio management team to develop and enhance tools that helps the investment team understand all of the risk factors in the portfolio. The risk team meets formally with the investment team to review the analysis and ensure that the results convey the intended risks are being reflected appropriately. The analysis is also viewed along with performance attribution results to corroborate that the risks in the portfolio are reflected properly in the performance results.

Aladdin® and FIA are used to obtain data and analysis on indices, databases, portfolio reporting, and fixed income analytics. For strategies managed against a benchmark, it allows us to measure the performance and risk of our portfolios by calculating the portfolio tracking error and VaR. It also identifies the individual components of active risk in the portfolio such as yield curve, credit composition and idiosyncratic risk.

Risk management (continued)

3. Oversight is provided by Group Risk

Group Risk, an independent control function managed by the Group Chief Risk Officer who reports into the Group Chief Financial Officer, provides independent challenge and oversight of the investment risk management process. This oversight is prioritized on a risk basis informed by discussions at asset class risk committee

meetings and other regular risk meetings, and also ad hoc discussions with the Group Chief Financial Officer, the asset class heads and risk managers. Significant issues will be escalated to the Group Risk Committee.

We are continuously monitoring ways to enhance our risk tools and capabilities while maintaining the core principles of our investment philosophy.

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, government securities risk, foreign investment risk, currency risk, derivatives risk, leverage risk and liquidity risk. Frequent trading of the portfolio may result in relatively high transaction costs

and may result in taxable capital gains. Investing overseas involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. These risks exist to a greater extent in emerging markets than in developed markets.

Important information: The views and opinions herein are those of Schroder's investment professionals, and are subject to change over time.

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