

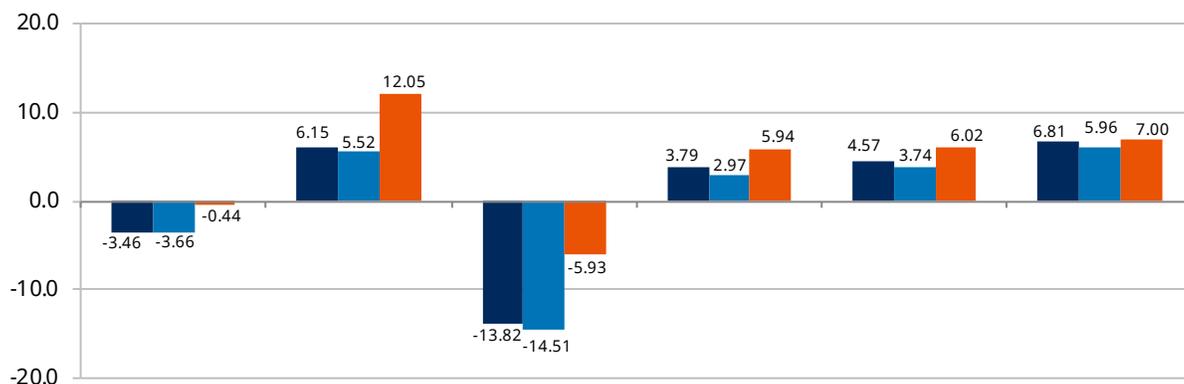
## Strategy summary

The Schroder International Small Cap strategy has a core investment style with a growth bias. The investment strategy uses a bottom-up, fundamental, research-based approach. The portfolio manager and analysts seek to identify those companies that have compelling business models, strong management teams, attractive valuation levels and favorable long-term growth prospects. The portfolio of between 150 and 200 stocks is diversified by region, country and type of company. It contains companies that typically exhibit solid return and growth characteristics, stronger than average balance sheets and cash flow attributes, and valuations broadly similar to or below those of the universe.

## Key features

- Bottom-up stock selection the primary source of added value
- Focus on companies' long-term growth prospects – approx. 3-year horizon
- Undervalued securities with catalyst for appreciation to fair value
- Rigorous risk management at the security and country level
- Process and philosophy have remained stable since strategy launch in 1989

## Composite performance (%)



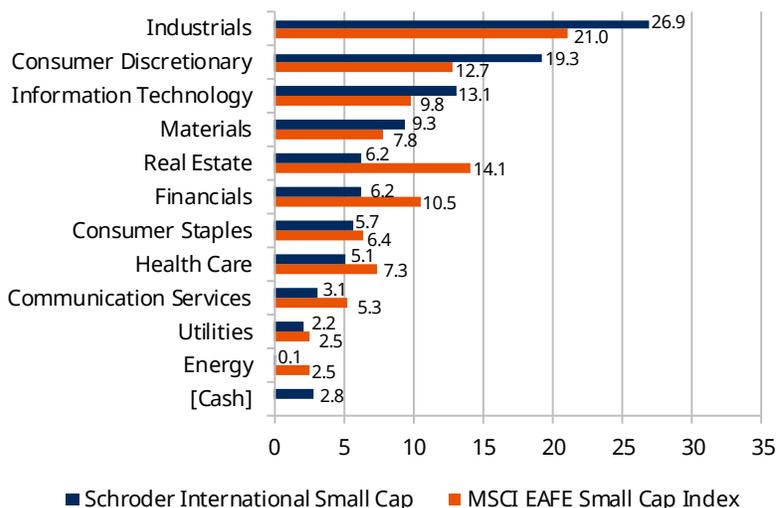
	QTD	YTD	1 Year	3 Years	5 Years	Annual S.I.*
Difference (gross)	-3.03	-5.90	-7.89	-2.14	-1.45	-0.19
Difference (net)	-3.22	-6.53	-8.58	-2.96	-2.28	-1.04

■ Schroder International Small Cap (gross) ■ Schroder International Small Cap (net) ■ MSCI EAFE Small Cap Index

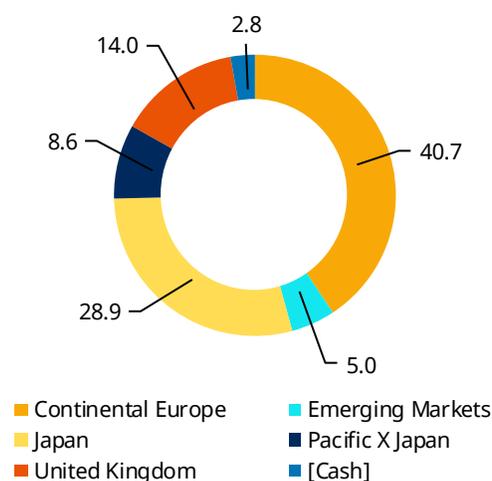
	2018	2017	2016	2015	2014
Gross	-21.54	38.89	-0.32	12.44	-3.00
Net	-22.16	37.78	-1.11	11.55	-3.77
MSCI EAFE Small Cap Index	-17.89	33.01	2.18	9.59	-4.95
Difference (gross)	-3.65	5.87	-2.50	2.85	1.95
Difference (net)	-4.27	4.77	-3.29	1.96	1.18

\*Inception October 31, 2010  
MSCI EAFE Small Cap Index is an equity index which captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. With over 2,000 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. 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. Composite performance shown is for the MSCI EAFE Small Cap Composite. All data and statistics as of September 30, 2019.

## Sector breakdown (%)



## Regional breakdown (%)



## Top ten holdings

	Sector	Country	% of Total Market Value
HelloFresh SE	Consumer Discretionary	Germany	1.66
Nabtesco Corporation	Industrials	Japan	1.44
Dalata Hotel Group Plc	Consumer Discretionary	Ireland	1.41
Disco Corporation	Information Technology	Japan	1.37
Ubisoft Entertainment SA	Communication Services	France	1.31
Nippon Shinyaku Co., Ltd.	Health Care	Japan	1.23
Kureha Corporation	Materials	Japan	1.21
SPIE SA	Industrials	France	1.21
Recordati Industria Chimica e Farmaceutica S.p.A.	Health Care	Italy	1.16
Basic-Fit NV	Consumer Discretionary	Netherlands	1.13
<b>Total</b>			<b>13.12</b>

## Portfolio and risk statistics

	Schroder International Small Cap	MSCI EAFE Small Cap Index
Wtd avg market cap (\$ billions) <sup>1</sup>	2.89	2.54
EPS Growth (estimated 3-5 years) <sup>2</sup>	8.70	9.74
P/E ratio (trailing 12 months) <sup>3</sup>	15.86	14.98
P/E ratio (forward 12 months) <sup>4</sup>	14.87	15.26
P/B ratio (trailing 12 months) <sup>5</sup>	1.81	1.42
Tracking error* (5 years) <sup>6</sup>	2.85	—
Beta* (5 years) <sup>7</sup>	1.08	—

Source: Schroders, MSCI, FactSet as of September 30, 2019. The portfolio characteristics shown for the strategy are based on a representative account (unless otherwise noted) 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/regional allocation:** Sectors/regions listed are shown for illustrative purposes and are not to be considered a recommendation to buy or sell.

**Top ten holdings:** Securities listed are shown for illustrative purposes and are not to be considered a recommendation to buy or sell.

**Portfolio and risk statistics:** \*Based on the composite. <sup>1</sup>An average that takes into account the proportional relevance of each component, rather than treating each component equally. Market cap is the market price of an entire company on any given day, calculated by multiplying the number of shares outstanding by the price per share. <sup>2</sup>The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. <sup>3</sup>The sum of a company's price-to-earnings, calculated by taking the current stock price and dividing it by the trailing earnings per share for the past 12 months. <sup>4</sup>A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets. <sup>5</sup>A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. <sup>6</sup>The annualized standard deviation of the active returns of a portfolio relative to the benchmark. <sup>7</sup>A mathematical measure of the sensitivity of rates of return on a portfolio compared with rates of return on the market as a whole. A beta of 1.0 indicates that an asset closely follows the market; a beta greater than 1.0 indicates greater volatility than the market.

**Schroder MSCI EAFE Small Cap Composite**  
Composite disclosures as of: December 31, 2018

**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 MSCI EAFE Small Cap Composite (the "Composite") is comprised of all fully discretionary accounts in the Firm, which seek to achieve returns above the MSCI EAFE Small Cap index by providing capital growth through investment in international small cap equities. The composite may also invest in small cap equities in Emerging Markets. None of the accounts in the Composite use derivatives or leverage.

**Composite Construction**

New accounts are included from the beginning of the first full month of management on a discretionary basis. Terminated accounts are excluded from the end of the last full month of discretionary management. This Composite has no minimum asset level for inclusion. The composite currency is US Dollar. Composite Inception Date: October 31, 2010. Composite Creation Date: November 23, 2010.

**Performance Calculation**

The portfolio returns are time-weighted rates of return that are adjusted for

cash flows. Portfolio returns are combined using beginning of period asset weights to produce the composite return. Periodic returns are geometrically linked to produce annual returns. Dividends on equities are recognized net of irrecoverable withholding tax. Since January 1999 dividends have been recognized as of the ex-dividend date having previously been recognized on a cash basis. Performance results are presented before the deduction of management fees and custodian fees but after trading expenses.

**Fee Schedule**

The fee scale applied to the composite is 0.80% p.a.

**Dispersion**

The dispersion of annual returns is measured by the asset weighted standard deviation of portfolio returns represented within the composite for the full year provided a minimum of 5 portfolios are available.

**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, 2018. The verification report(s) is/are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. A complete list of all composites and their descriptions is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request.

**Additional Information**

The exchange rates used are provided by WM. Each currency is valued at 4 pm 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:** MSCI EAFE Small Cap Composite **Benchmark:** MSCI EAFE Small Cap (NDR) **Currency:** USD **Returns as of:** Dec-31-2018 **Inception:** Oct-31-2010

Year	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	Composite Risk (%) <sup>1</sup>	Primary Benchmark Risk (%) <sup>1</sup>	Portfolios (throughout period)	Account Dispersion (%) <sup>2</sup>	Market Value at end of Period	Average Account Value at end of Period	Percentage of Firm Assets (%)	Total Firm Assets <sup>4</sup>
2018	-21.54	-22.16	-17.89	14.30	13.04	< 5	N/A	620,135,189.00	155,033,797.25	0.16	384,803,377,261.21
2017	38.89	37.78	33.01	12.21	11.76	< 5	N/A	823,782,399.00	205,945,599.75	0.18	455,112,000,742.08
2016	-0.32	-1.11	2.18	12.35	12.29	5 (3)	N/A	740,707,485.00	148,141,497.00	0.25	302,127,480,638.57
2015	12.44	11.55	9.59	10.85	11.42	< 5	N/A	475,911,379.00	158,637,126.33	0.16	293,397,986,258.49
2014	-3.00	-3.77	-4.95	12.73	13.51	< 5	N/A	375,063,839.00	125,021,279.67	0.13	282,697,291,678.31
2013	34.10	33.04	29.30	15.90	16.37	< 5	N/A	259,803,500.00	129,901,750.00	0.10	255,707,099,715.41
2012	15.47	14.55	20.00	N/A	N/A	< 5	N/A	193,532,948.00	96,766,474.00	0.09	223,940,416,622.14
2011	-14.50	-15.18	-15.94	N/A	N/A	< 5	N/A	100,930,361.00	100,930,361.00	0.05	194,958,113,724.01
Nov 10 to end Dec 10	8.08	7.94	7.64	N/A	N/A	< 5	N/A	118,052,777.00	118,052,777.00		

As of Dec-2018	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	Composite Risk (%) <sup>1</sup>	Primary Benchmark Risk (%) <sup>1</sup>
Annualized 3 Year	2.80	1.98	3.73	14.30	13.04
Annualized 5 Year	3.45	2.63	3.06	12.88	11.99
Annualized 7 Year	9.06	8.19	8.79	13.28	12.98
Annualized 10 Year	N/A	N/A	N/A	N/A	N/A
Annualized S.I. <sup>3</sup>	6.68	5.83	6.18	14.39	14.22

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 October 30, 2010. 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

- Lead portfolio manager with over 35 years investment experience
- Dedicated team of 16 professionals in London, Tokyo, Singapore, and Hong Kong
- The team draws on Schroders' numerous firm-wide global resources, including the large-cap Focus List analysts, Global Sector Specialists, an ESG Team, the Data Insights Unit, and macro-economic research

## Risk disclosures

All investments, domestic and foreign, 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 adverse economic and market conditions, prospects of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. 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. Investments in small capitalization companies generally carry greater risk than is customarily associated with larger capitalization companies, which may include, for example, less public information, more limited financial resources and product lines, greater volatility, higher risk of failure than larger companies and less liquidity.

## 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 over 30 locations across Europe, the Americas, Asia, Middle East and Africa



Over 200 years' experience of investment markets

Source: Schroders, as of June 30, 2019. 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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