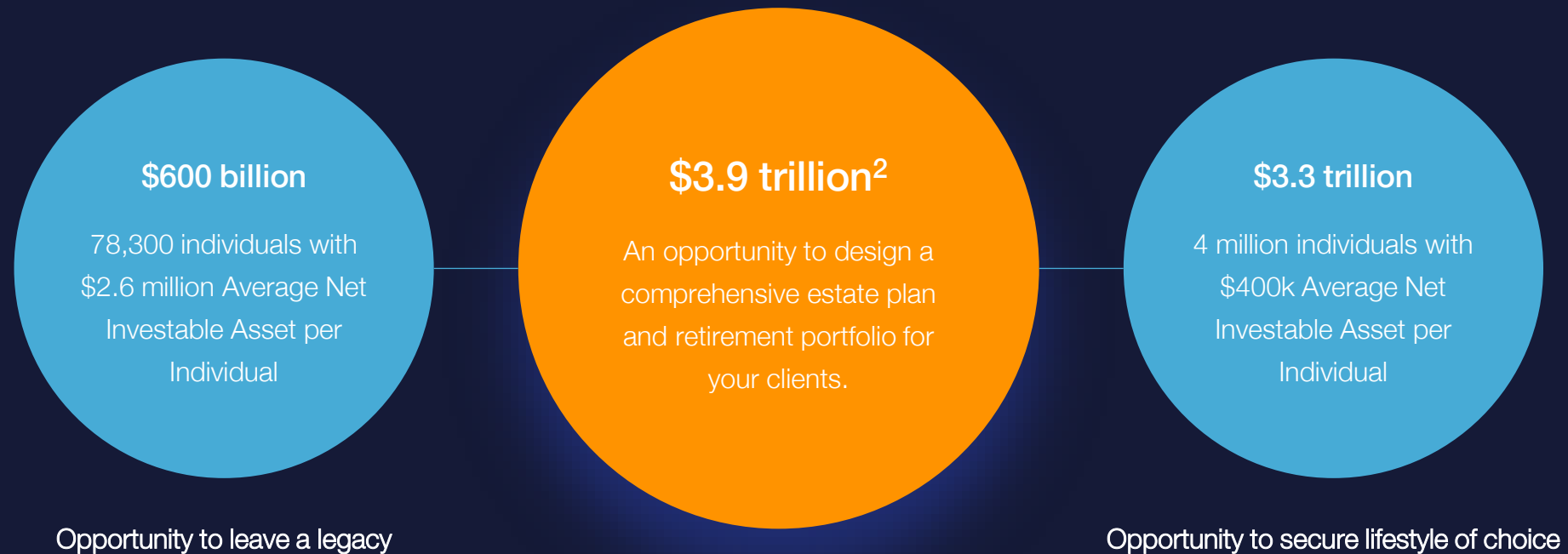




Outthinking today.

The opportunity

\$224b estimated to pass each year in inheritances by 2050¹



1. Vickovich, A, 2021, "Baby Boomers to pass on \$224b a year by 2050", published on The Australian Financial Review on 7 December 2021
2. Core Data 2022

Intergenerational wealth transfer – impact on advisers

What's being observed



Between **65% - 98%** of heirs likely to change or stop using a financial adviser¹

Only **9%** of advisers facilitating family conversations to manage transfer

80% of advisers see wealth transfer as a business opportunity

Heirs rely on trusted advisers - family, friends, accountants, solicitor

Opportunity for advisers to focus on wealth transfer strategies in a period where investment returns may be volatile

1. Sources: Cerulli, Accenture & Schroders UK

Our innovative solutions

Investment bonds



Tax-effective investment designed for all generations



64 investment options across all major asset classes



Flexible and effective estate planning



Tax Aware investment process



Highly recommended by Zenith and Lonsec¹

LifeIncome



A guaranteed regular income for life



23 investment options across all major asset classes



Ability to switch at almost anytime



Access to potentially the age pension and more



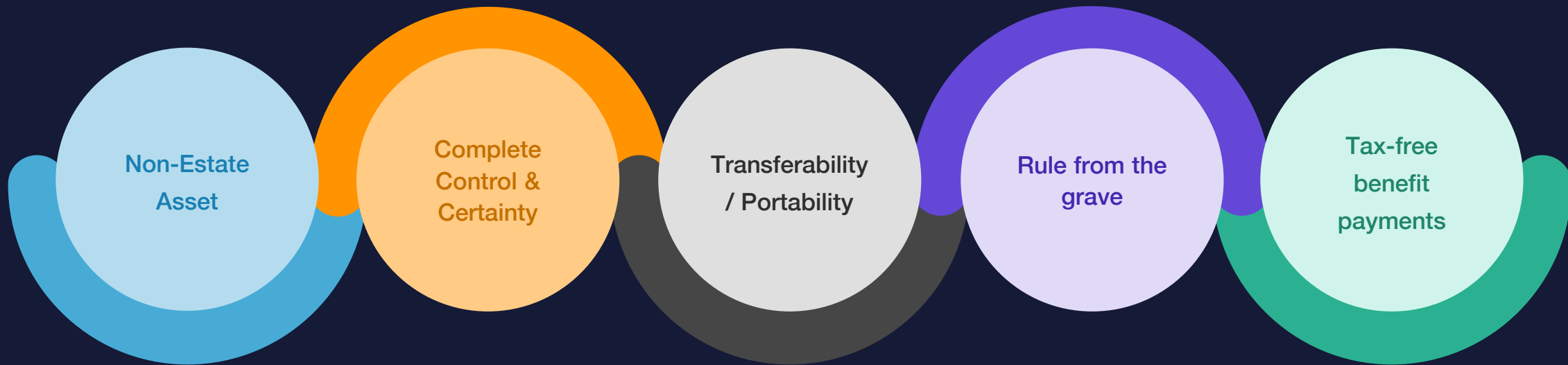
4-star rating by SQM Research

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products



Estate planning

Be in control of transferring wealth





Meet Terence

Terence is 82 years, single with no children.

Terence has 3 siblings, Kiersten, and Kit who have 4 children between them, and he also has a sister, Anna who has been estranged from the family for many years.

Terence has a best friend, Vincent.

Terence is very passionate about animals and supports a number of charities including the Lost Dogs Home.

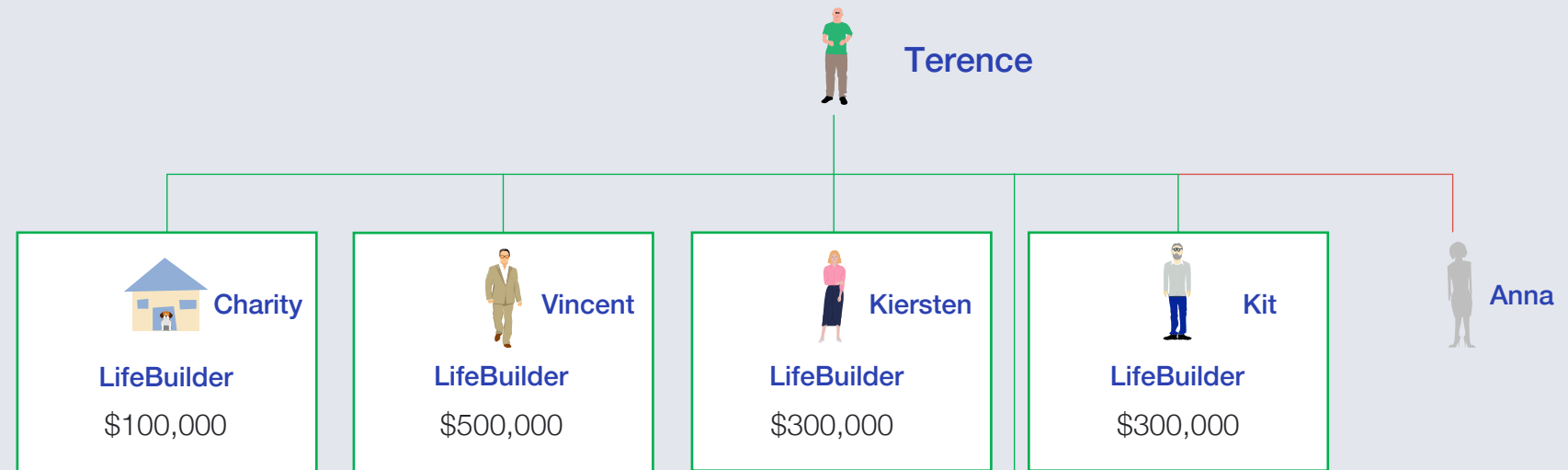


Terence's situation...

Terence has a total \$2.1m in assets including super.

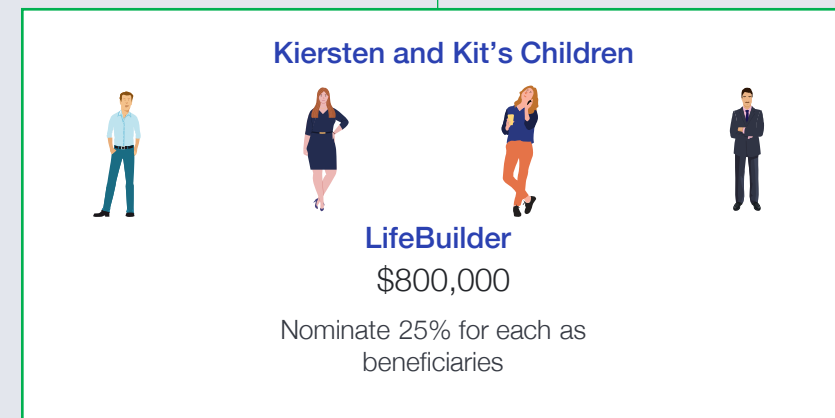
Terence has a will that provides for the following division of property:

- 15% to his sister Kiersten
- 15% to his brother Kit
- 5% to a selected charity
- 10% each to Kiersten and Kit's children
- 25% to his best friend Vincent
- 0% to his sister Anna



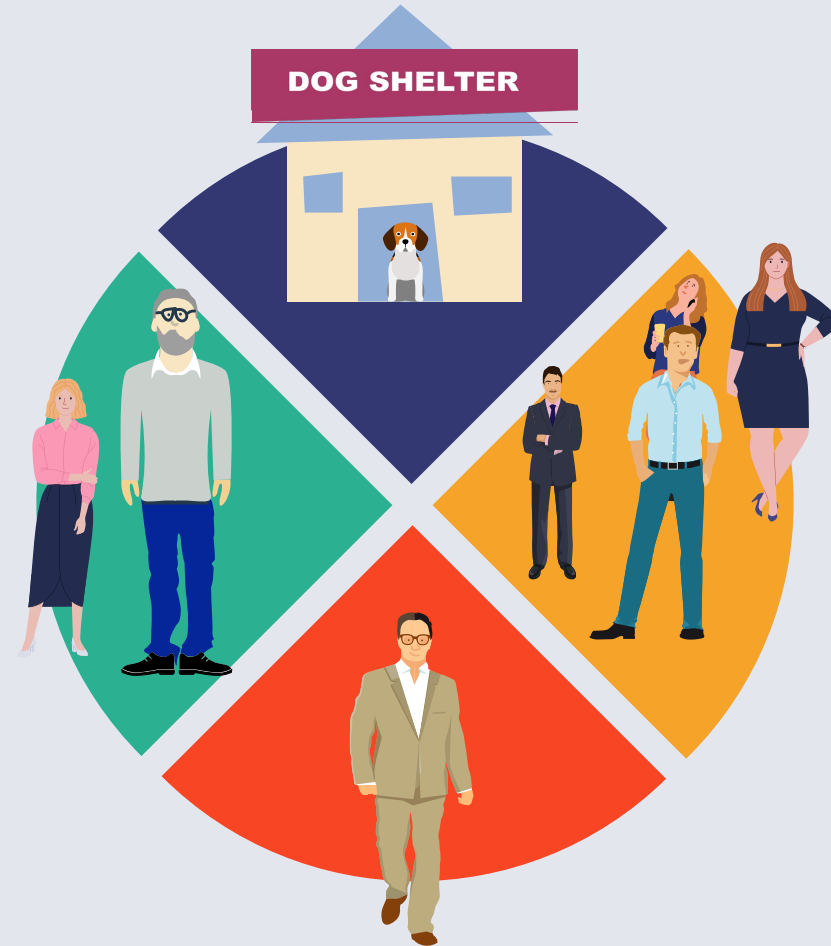
Terence's solution...

Terence establishes 5 LifeBuilder investment bonds using the net after tax proceeds of \$2m (including paying any personal Capital Gains Tax on the non-super components)



Terence's outcome...

- + Terence is able to distribute his wealth confidently and with certainty to his siblings, niece, nephews, best friend Vincent, and charities.
- + Terence is also able to avoid the death tax.



Tax Optimised Series

Investment returns go up when taxes goes down.
It's that simple...





Tax Optimised

The pinnacle of tax aware investing, maximising your client's after-tax performance.

Diversified

Dimensional World 30/70 Portfolio	Diversified conservative
Dimensional World 50/50 Portfolio	Diversified balanced
Dimensional World 70/30 Portfolio	Diversified growth
Evergreen Responsible Growth Model	Responsible Investing - diversified growth
Morningstar Growth Model	Diversified growth
Morningstar High Growth Model	Diversified high growth
Vanguard Balanced Portfolio	Diversified balanced
Vanguard Conservative Portfolio	Diversified conservative
Vanguard Growth Portfolio	Diversified growth
Vanguard High Growth Portfolio	Diversified high growth

Australian Shares

BlackRock High Conviction Australian Equity Fund	Australian shares
Generation Life Tax Effective Australian Share Fund	Australian shares
Investors Mutual Australian Share Fund	Australian shares
Martin Currie Equity Income Fund	Australian shares
Perpetual Australian Share Fund	Australian shares

International shares

Dimensional World Equity Portfolio	International shares
Magellan Global Fund	International shares

Property

Magellan Infrastructure Fund	Property - international infrastructure
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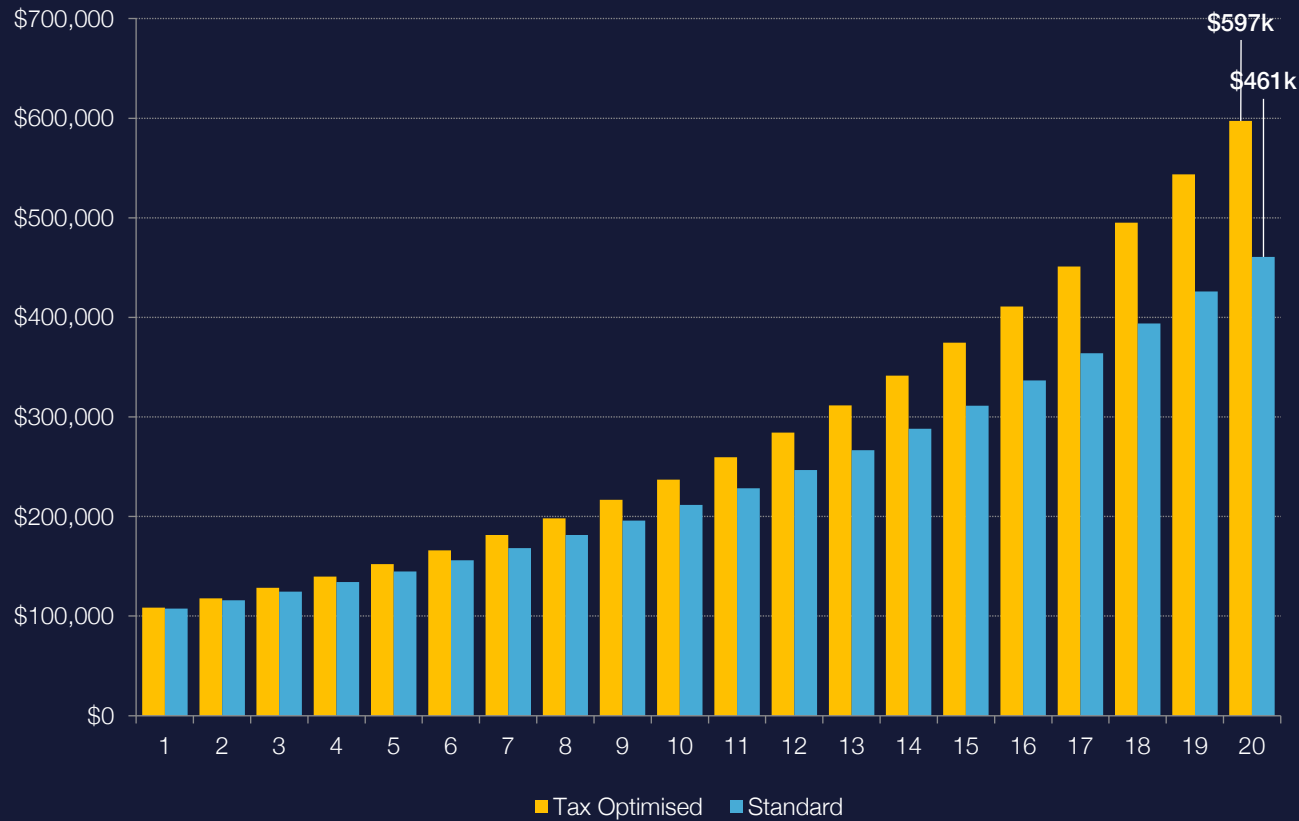
BLACKROCK®



IML Australian Share Fund Tax Alpha

Compounding tax savings on average since inception return

12



Improvement in Return	1.403% p.a.
Net earnings – Tax Optimised option	\$497,137
Net earnings – Standard investment bond option	\$360,735
Tax Alpha	\$136,402
Effective tax rate	11% -15%
Tax improvement	5.7% - 9.7%

Based on an investment of \$100k in the Investors Mutual Australian Share Fund. Average return calculated using tax components and return history of the fund from inception December 2018 to 30 September 2022. Past performance is not an indication of future performance. Performance is net of fund and fund taxes, management fees and other operating expenses (if applicable) and excludes the effect of any investor specific costs, person taxes on sale of assets or management fee rebates.





IML update

N o v e m b e r 2 0 2 2

Julia Desimone – State Manager, VIC & TAS

About IML

- Boutique Australian equities specialist established in 1998
- 20+ year track record on flagship Funds
- Approx. \$5b in FUM, across both retail and institutional investors
- Disciplined 'true to label' **Quality and Value** investment style
- Well resourced investment team with experienced leadership
- Consistent performance and outcomes over the past 20+ years

*Past performance is not indicative of future performance. Capital is not guaranteed.
Capital growth and income objectives are made on a reasonable basis and are not a guarantee of actual outcomes or performance*

Business update

- IML's focus remains on delivering consistent outcomes for our clients
- Stable and experienced Investment Team
- ESG enhancements
- Natixis stake now at ~70%
- Vaughan Nelson Global SMID launched



Natixis IM



Investors Mutual



Loomis
Sayles



Vaughan
Nelson

Large
Caps

Small-
Mid
Caps

Equity
Income

Absolute
Return

Global
Equity
Fund

Global
Equity
ETF

Global
Small-
Mid Cap
Fund

Global
Small-
Mid Cap
ETF

Investment Philosophy & Process

Patience and discipline required as a long term investor

Market	IML
Short term focus	Long term focus
Momentum driven	Valuation driven
Upgrade / Downgrade mania	Disciplined focus on 'quality'
Daily information flow	In-depth research

Investment Philosophy: focus on value and quality

We seek to buy and own:

Companies with a **competitive advantage**,

with **recurring earnings**,

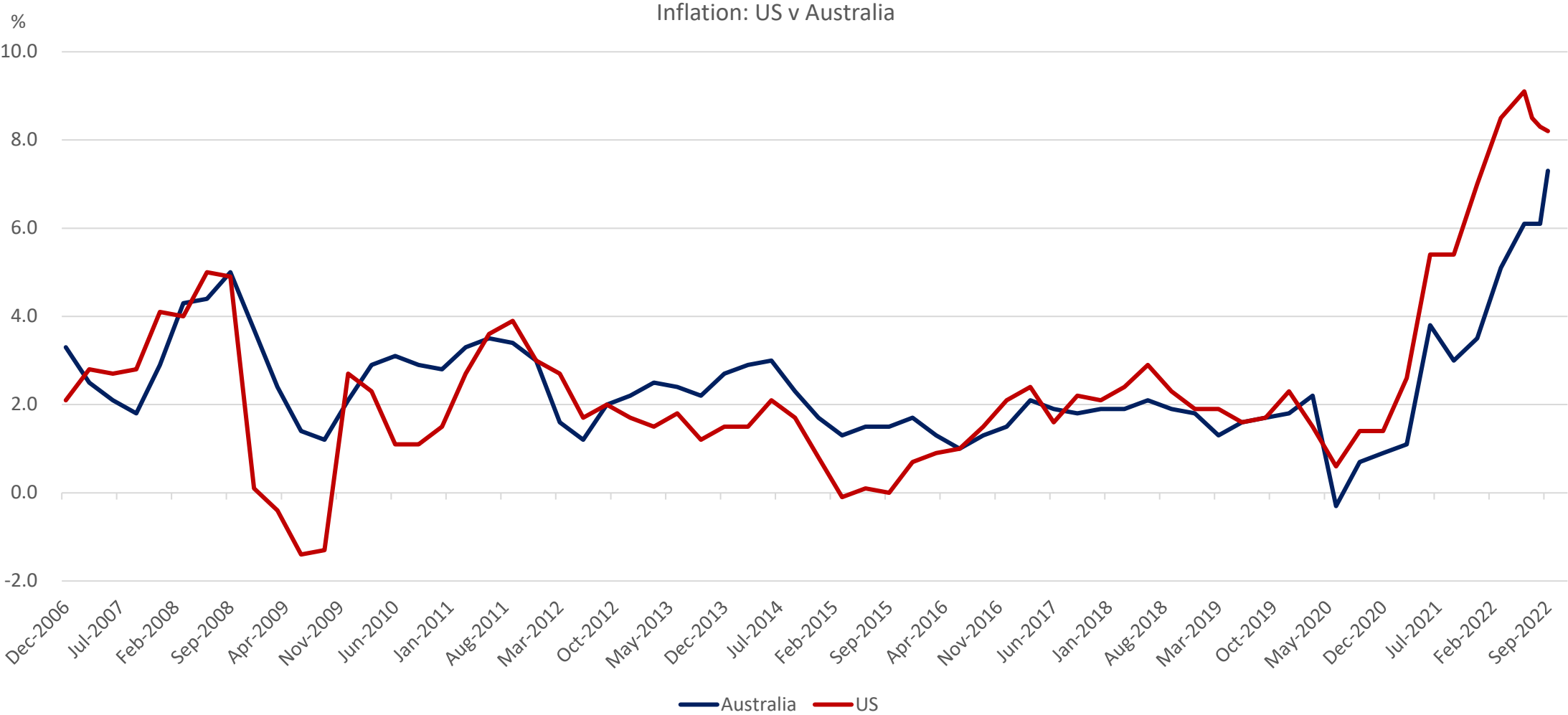
run by **capable management**,

that can **grow**,

.....at a **reasonable price**.

What's driving markets today?

Inflation: US v Australia



Source: US Bureau of Labor Statistics & RBA
As at 30 September 2022

Outlook for inflation

- Company feedback - inflation is here to stay
- Areas of concern:
 - Labour
 - Electricity
 - Insurance premiums
 - Renegotiating LT supply agreements

**What type of companies are best
positioned going forward?**

What types of businesses are best positioned?

- Industry leaders
- Recurring revenues
- **Pricing power**
- Experienced management
- Strong balance sheets
- Reasonable valuation

Top 10 overweights - IMAS

Portfolio Top Holdings	Portfolio Weight	Index	Active
CSL	11.9%	6.7%	5.2%
Telstra	7.3%	2.2%	5.2%
Brambles	4.7%	0.8%	3.9%
Orica	4.2%	0.3%	3.8%
Aurizon	4.1%	0.3%	3.8%
Lottery Corporation	4.2%	0.5%	3.7%
Metcash	3.3%	0.2%	3.1%
Steadfast	2.7%	0.2%	2.5%
Skycity Entertainment	2.1%	0.0%	2.1%
Amcor	2.6%	0.6%	1.9%

Basic Fund Information – IML Large Caps funds

	IML Australian Share Fund APIR IML0002AU	IML All Industrials Share Fund APIR IML0004AU	IML Concentrated Australian Share Fund APIR IML0010AU	IML Equity Income Fund APIR IML0005AU
Objective	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the relevant Benchmark of the Fund on a rolling four year basis.	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the relevant Benchmark of the Fund on a rolling four year basis.	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the relevant Benchmark of the Fund on a rolling four year basis.	The fund's dual objectives are to provide a dividend yield (after fees and expenses and before taxes) which exceeds a yield of 2% above that of the S&P/ASX 300 Accumulation Index on a rolling four year basis, whilst maintaining lower levels of volatility relative to the S&P/ASX 300 Accumulation index.
Fees (ICR)	0.993% p.a. of the net assets of the fund (0.95% plus the net effect of GST)	0.993% p.a. of the net assets of the fund (0.95% plus the net effect of GST)	0.993% p.a. of the net assets of the fund (0.95% plus the net effect of GST) and 10.25% (10% inclusive of the net effect of GST) of Investment returns made in excess of 2% above the benchmark.	0.993% p.a. of the net assets of the fund (0.95% plus the net effect of GST)
Benchmark	S&P/ASX 300 Accumulation Index	S&P/ASX 300 Industrial Accumulation Index	S&P/ASX 300 Accumulation Index	S&P/ASX 300 Accumulation Index
Portfolio Managers	Anton Tagliaferro, Hugh Giddy & Daniel Moore	Anton Tagliaferro, Michael O'Neill	Hugh Giddy	Anton Tagliaferro, Michael O'Neill, Tuan Luu
Inception	30/06/1998	1/05/2002	01/09/2010	01/01/2011
Distribution Frequency	Bi-Annually	Bi-Annually	Bi-Annually	Quarterly
Fund Size	\$ 1.5 billion	\$ 150 million	\$ 195 million	\$ 498 million
Style	Quality + Value	Quality + Value	Quality + Value	Quality + Value
Cash Holding	0-10%	0-20%	0-20%	0-50%
Number of Stocks	20-70	20-70	15-25	20-40

IML Large Caps performance to October 2022

	1 year	2 year p.a.	5 year p.a.	10 year p.a.	S.I. p.a.
IML Australian Share Fund	+2.0%	+13.8%	+5.0%	+8.0%	+9.8%
Index: S&P/ASX 300 Accumulation Index	-2.6%	+11.9%	+7.2%	+8.7%	+8.4%
IML Industrial Share Fund	+1.2%	+15.2%	+4.0%	+8.0%	+8.1%
Index: S&P/ASX 300 Industrial Index	-7.4%	+10.0%	+5.8%	+9.2%	+7.8%
IML Equity Income Fund	+6.5%	+16.4%	+3.5%	+7.3%	+7.8%
Index: S&P/ASX 300 Accumulation Index	-2.6%	+11.9%	+7.2%	+8.7%	+7.5%
IML Concentrated Australian Share Fund	+1.0%	+11.1%	+4.8%	+8.8%	+9.3%
Index: S&P/ASX 300 Accumulation Index	-2.6%	+11.9%	+7.2%	+8.7%	+8.1%

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Investors should be aware that past performance is not a reliable indicator of future performance. Returns can be volatile, reflecting rises and falls in the value of underlying investments. Potential investors should seek independent advice as to the suitability of the Fund to their investment needs. The fact that shares in a particular company may have been mentioned should not be interpreted as a recommendation to either buy, sell or hold that stock. Any commentary about specific securities is within the context of the investment strategy for the given portfolio.

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Introducing...

LifeIncome

The investment-linked lifetime annuity offering certainty and peace of mind with a regular income that is guaranteed for life.



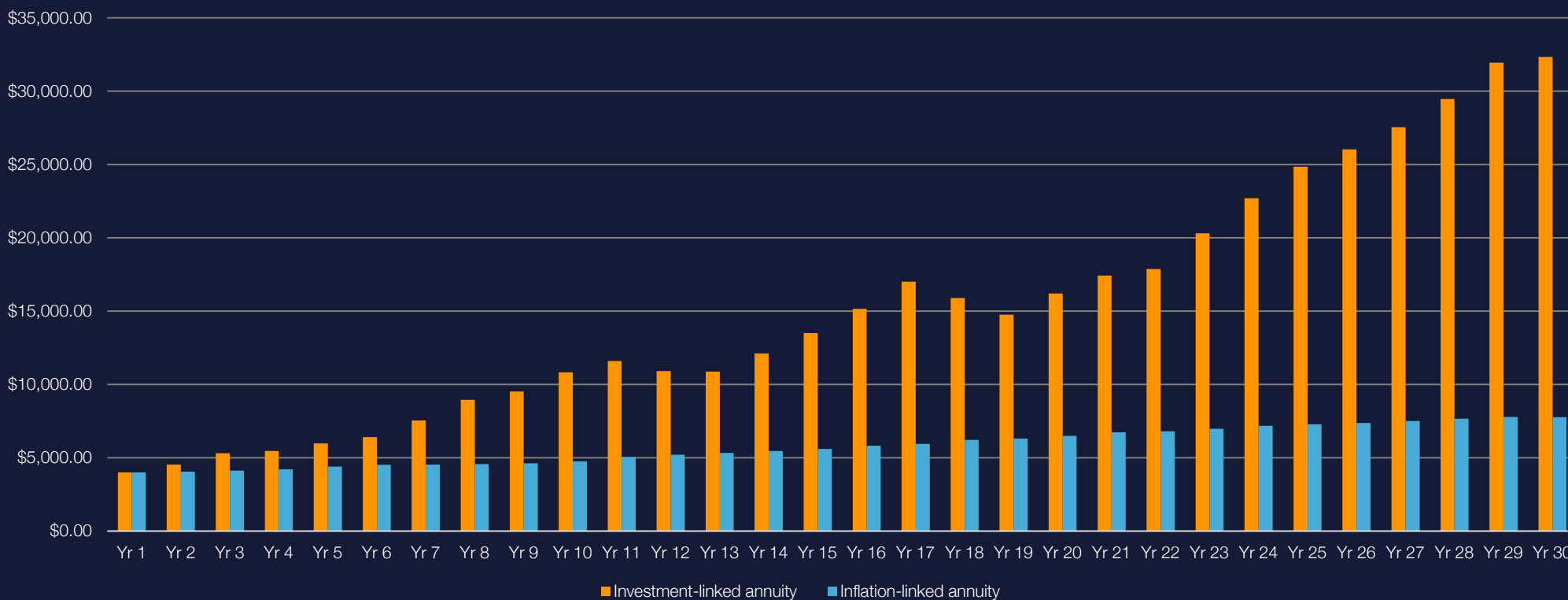
Key features of LifeIncome



1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. The amount paid back will be the investment amount adjusted for movements in the unit price of the investment option(s) chosen, less any taxes and duties not recoverable by Generation Life, and after deducting income payments already made. Generation Life's management and administration fees and insurance expenses will only be refunded for cancellations within the regulatory 14-day cooling-off period.– refer to the Product Disclosure Statement.
3. For superannuation money, your client must have satisfied a relevant condition of release to access their preserved benefits.



Comparing inflation-linked vs investment-linked lifetime annuity



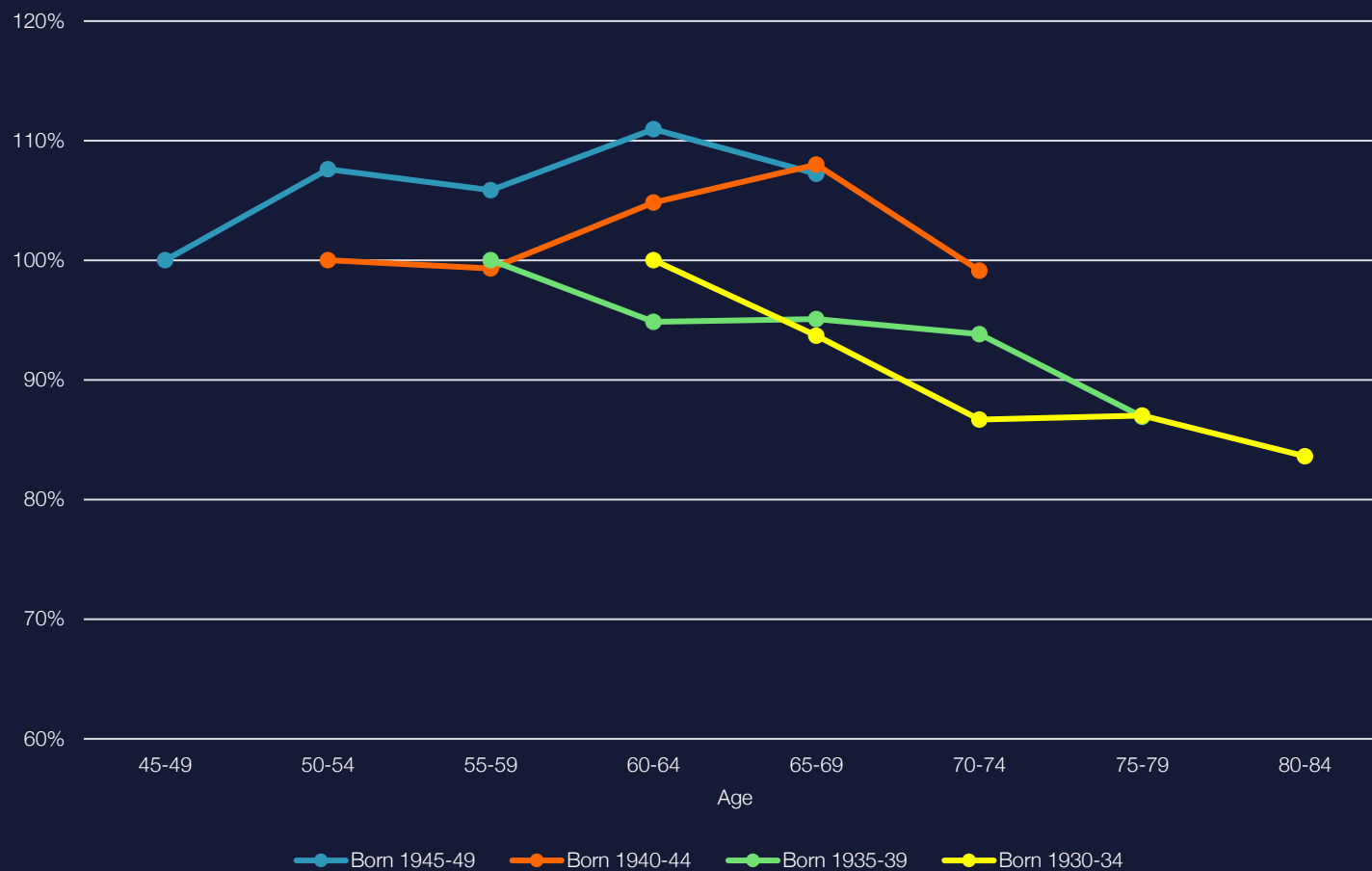
Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year.
- Investment-linked annuity: Balanced portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting income for both annuities \$4,000 for illustrative purposes. Starting incomes for both products could start at different levels, depending on the year of commencement.
- Not indicative of any lifetime annuity solution specifically. Provided as a general example of an investment-linked lifetime annuity only.



Spending patterns of Australian retirees

Household spending by age cohort*



Australians tend to spend less after they retire

Spending tends to slow at around the age of 70 and decreases rapidly after 80.

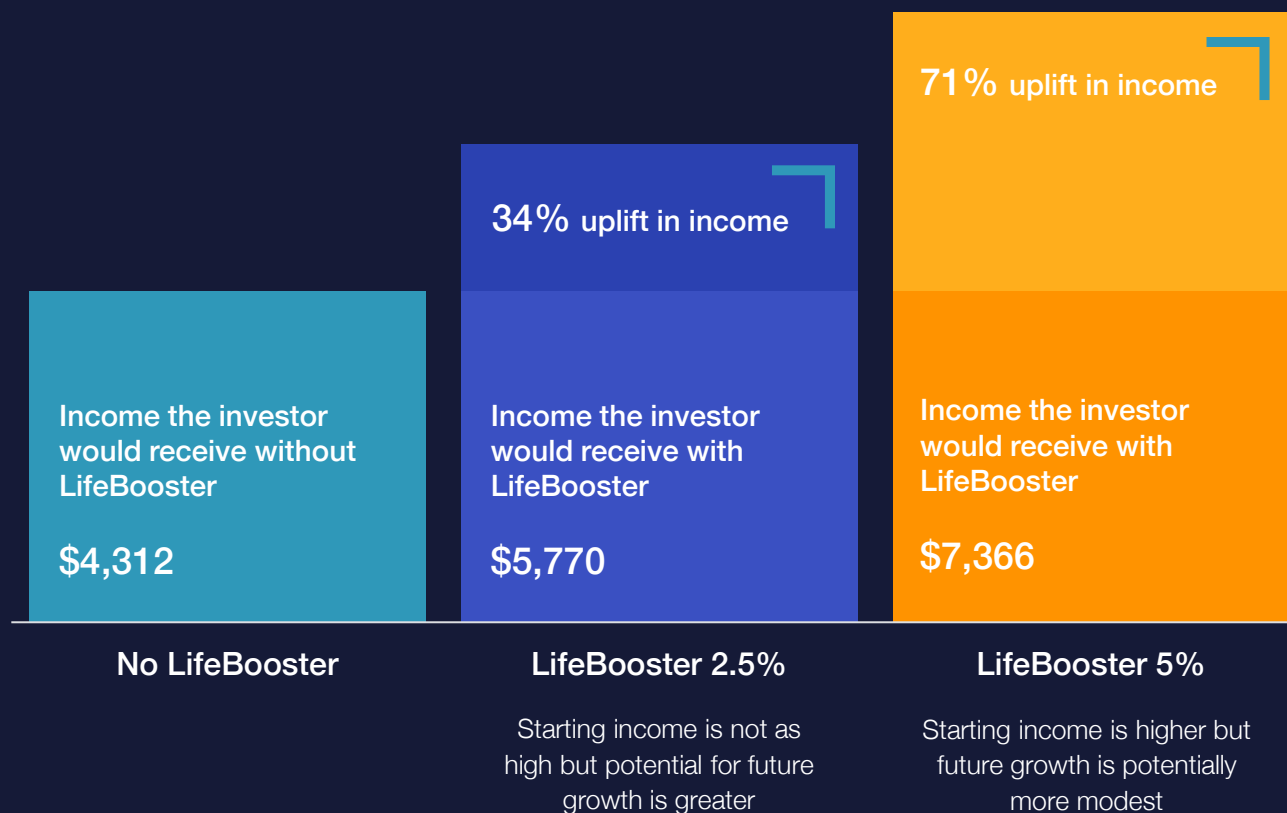
The need for more income in the early years

By enabling an investor to receive more income in the earlier years of retirement, they can more closely align their income with their spending over the course of their retirement journey.



More income, sooner with LifeBooster

Comparing first year income



LifeBooster provides retirees with:

A much higher starting income than if no LifeBooster was applied

Investment paid back in the form of cumulative income sooner

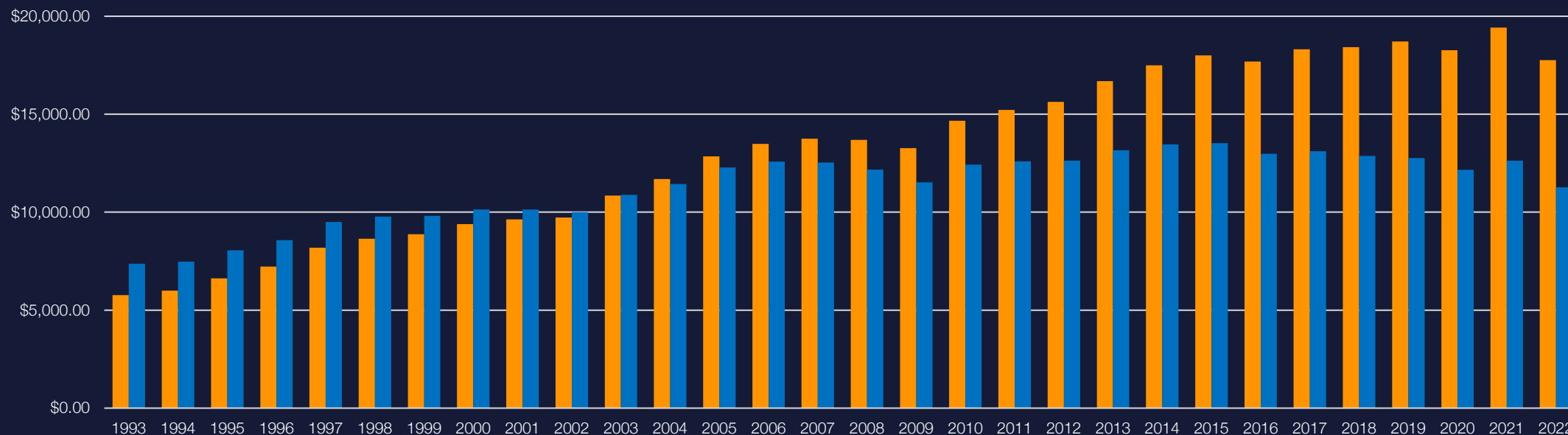
More income in the early years of retirement when a retiree is more active and able to enjoy it

Assumptions: 67-year-old male, \$100,000 investment, LifeBooster rate 5% and 2.5%



Using a Prepackaged portfolio

Annual income based on Schroder Real Return Fund historical returns



Retirement stages

Cumulative income for 2.5% LifeBooster

Cumulative income for 5% LifeBooster

First year of retirement	\$5,770	\$7,366
10 years into retirement	\$80,073	\$90,821
20 years into retirement	\$215,174	\$211,891
30 years into retirement	\$395,944	\$339,830

Assumptions: Starting income is based on a 67-year-old male commencing LifelIncome with \$100,000 and a LifeBooster 2.5% and 5% rate. Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 2.5% and 5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however LifelIncome will pay your client, and their spouse if they choose, an income for life.



Schroder Real Return Fund Update

16th November 2022

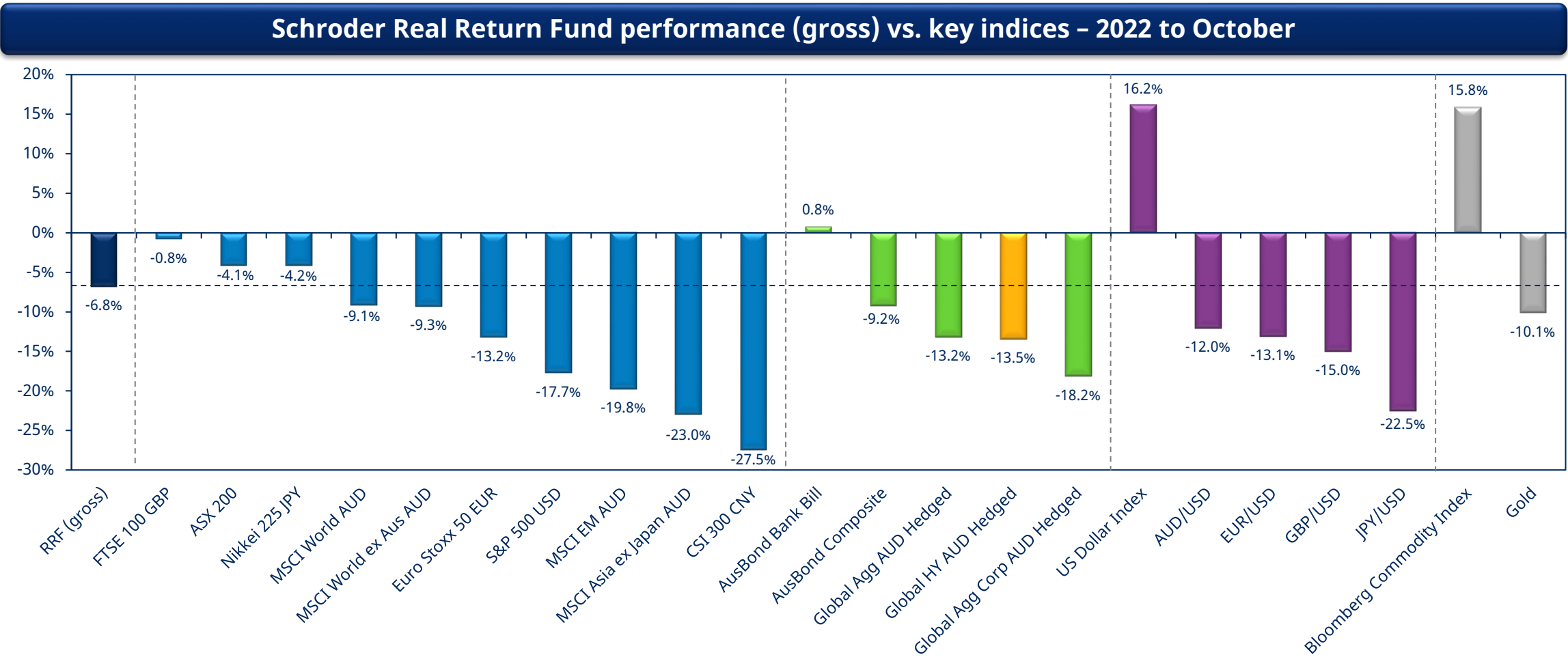
Gavin Williams
Intermediary Sales



SCHRODERS SUSTAINABILITY ACCREDITATION

Schroder Real Return Fund performance comparison

Schroder Real Return Fund (gross) vs. key indices – 2022 to October

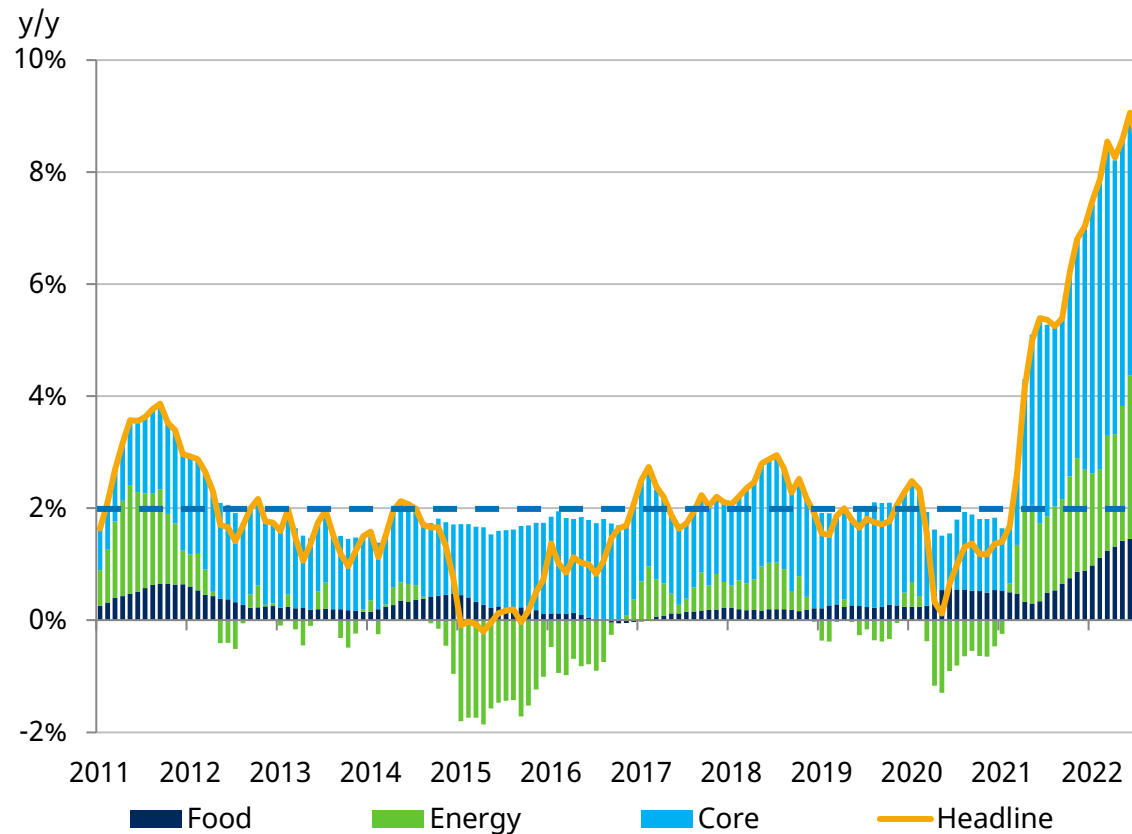


Source: Schroder, MSCI, Refinitiv from 31 December 2021 to 31 October 2022. Global high yield is represented by Bloomberg Barclays Global HY xCMBS xEMG 2% Cap (AUD Hedged), AusBond Composite is represented by Bloomberg AusBond Composite Index, Global Agg AUD Hedged is represented by Barclays Global Aggregate AUD Hedged, Global Agg Corp AUD Hedged is represented by Barclays Global Aggregate Corporates AUD Hedged, Gold is represented by Gold Bullion LBM \$/t oz.

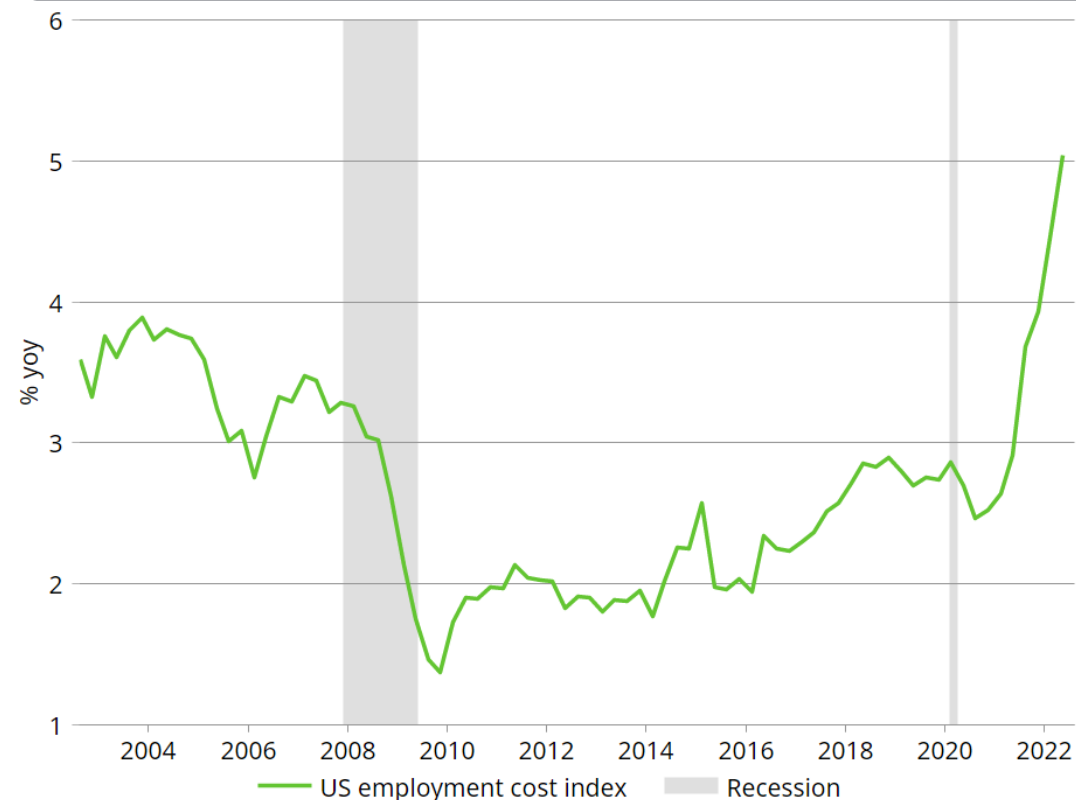
The US is passing peak inflation

How quickly can it descend?

Signs of energy inflation coming down



But wages continue to accelerate

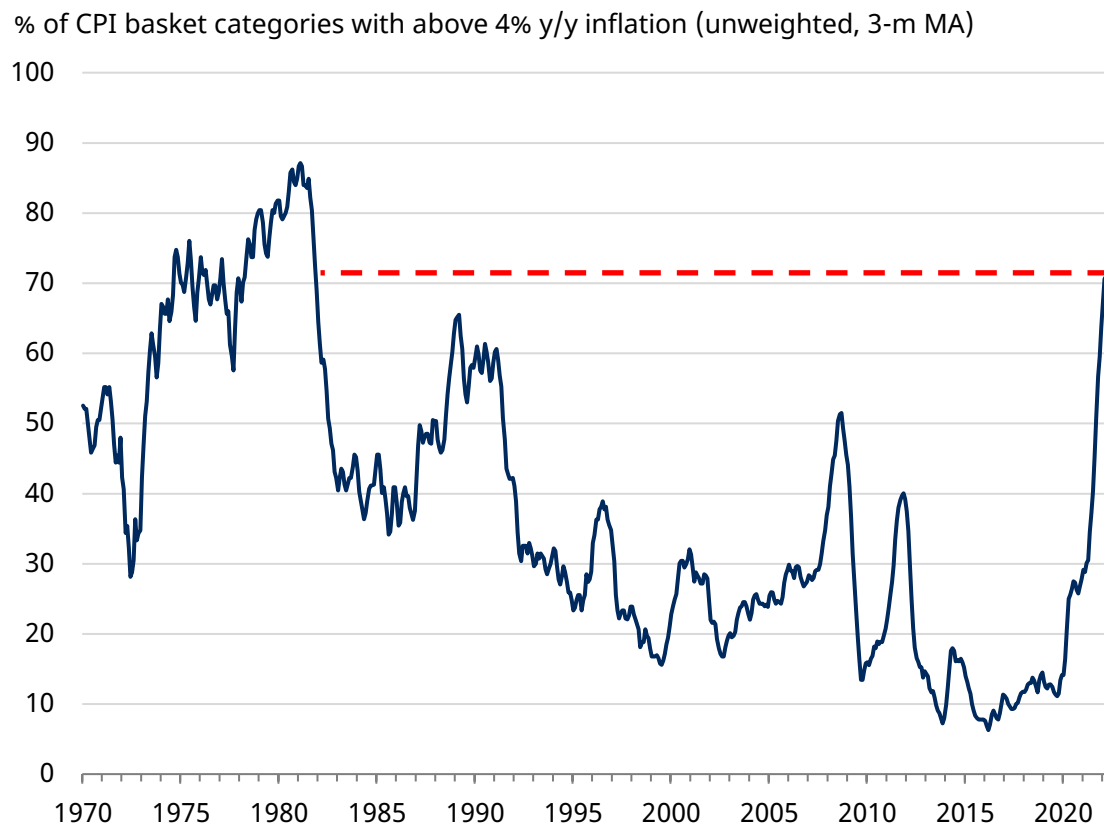


Source: Refinitiv, Schroders Economics Group, August 2022. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

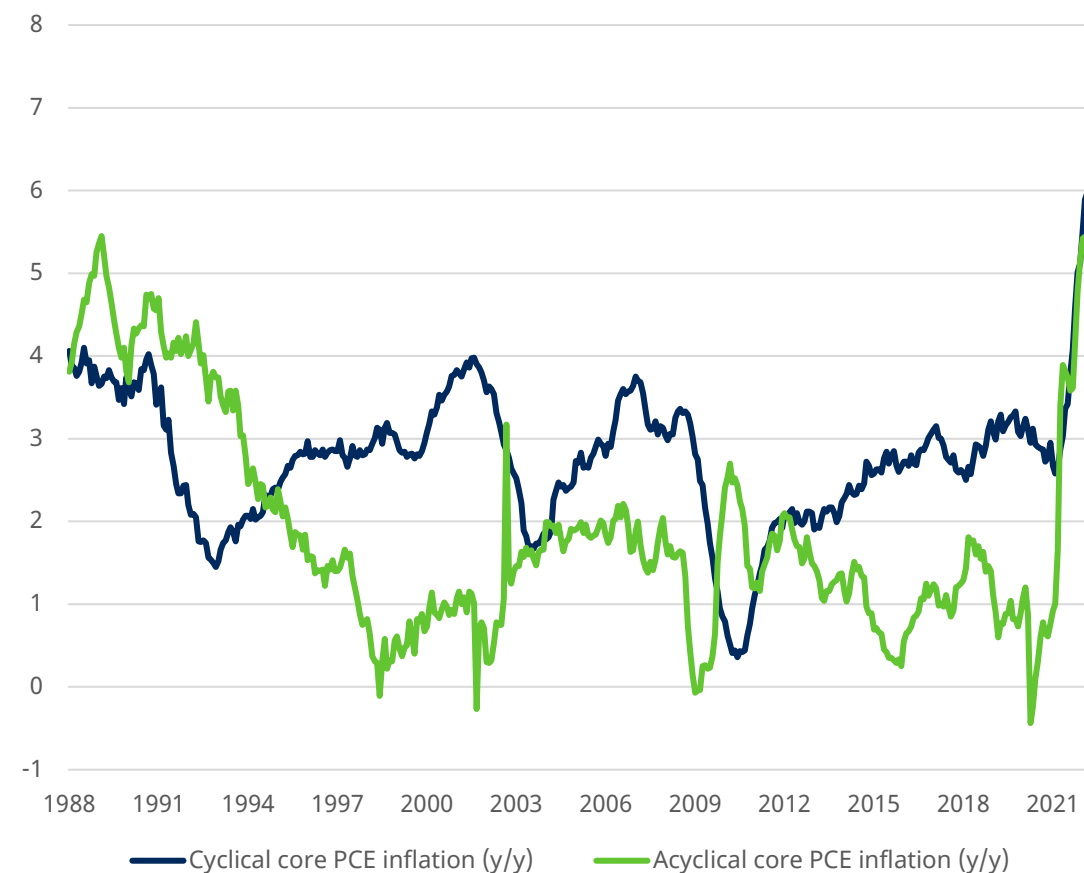
Inflation is rolling over, but to what level?

Its not just energy and covid-related supply shocks, sticky inflation is growing

Components above 4% YoY back to 1980s levels



Cyclical inflation continues to rise

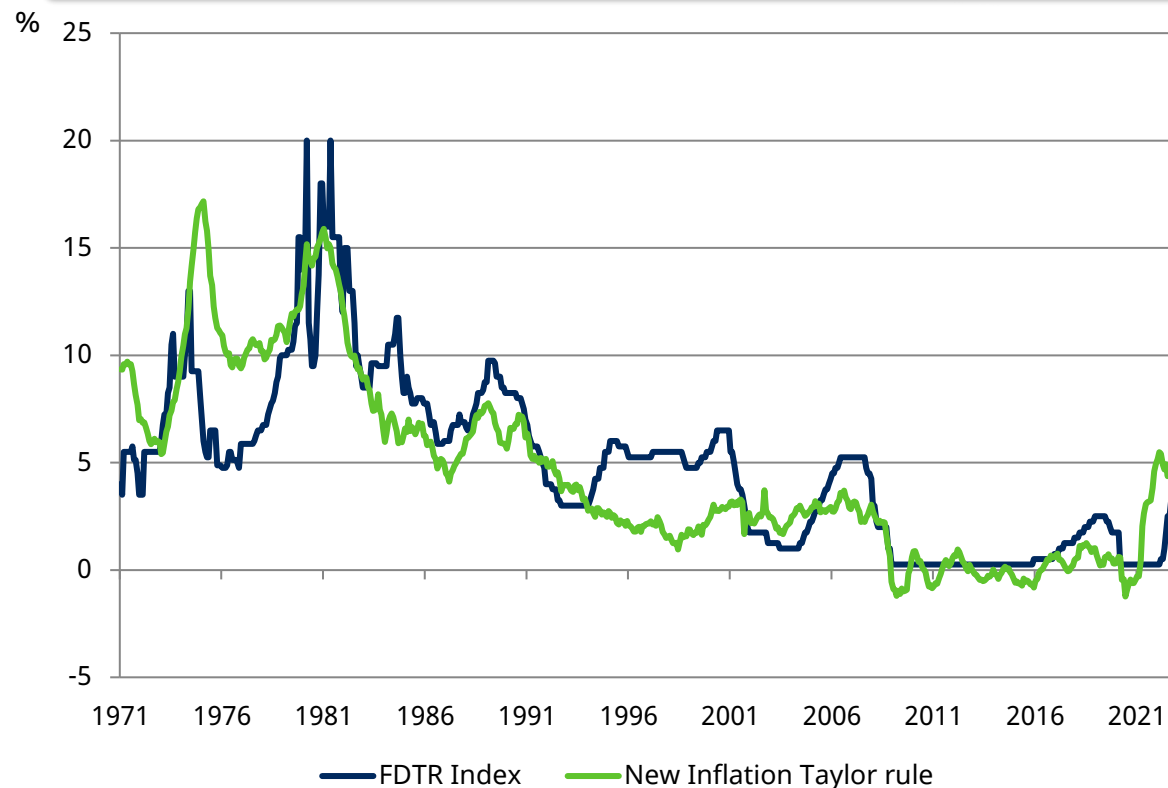


Source: Schroders, Bloomberg, August 2022

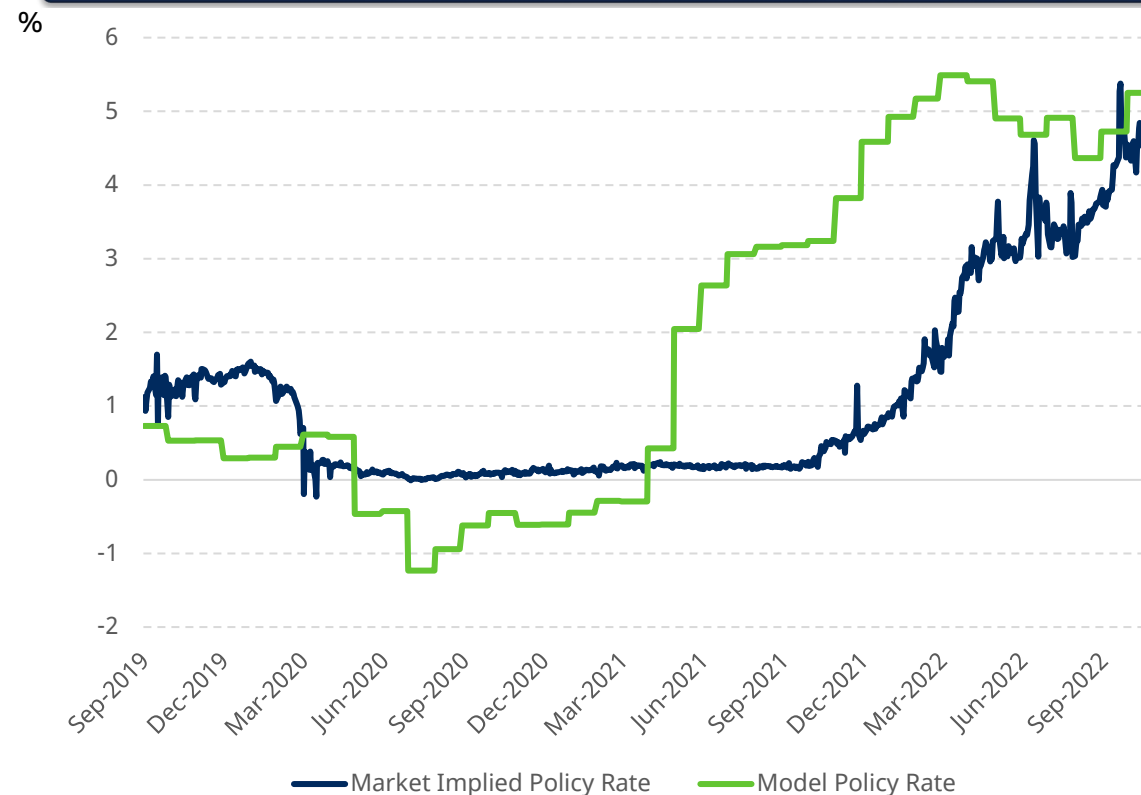
The Fed will remain hawkish, but a lot in the price

Policy rule given current rate of inflation ~5.25% terminal rate, market pricing ~5.15%

US Inflation Taylor Rule



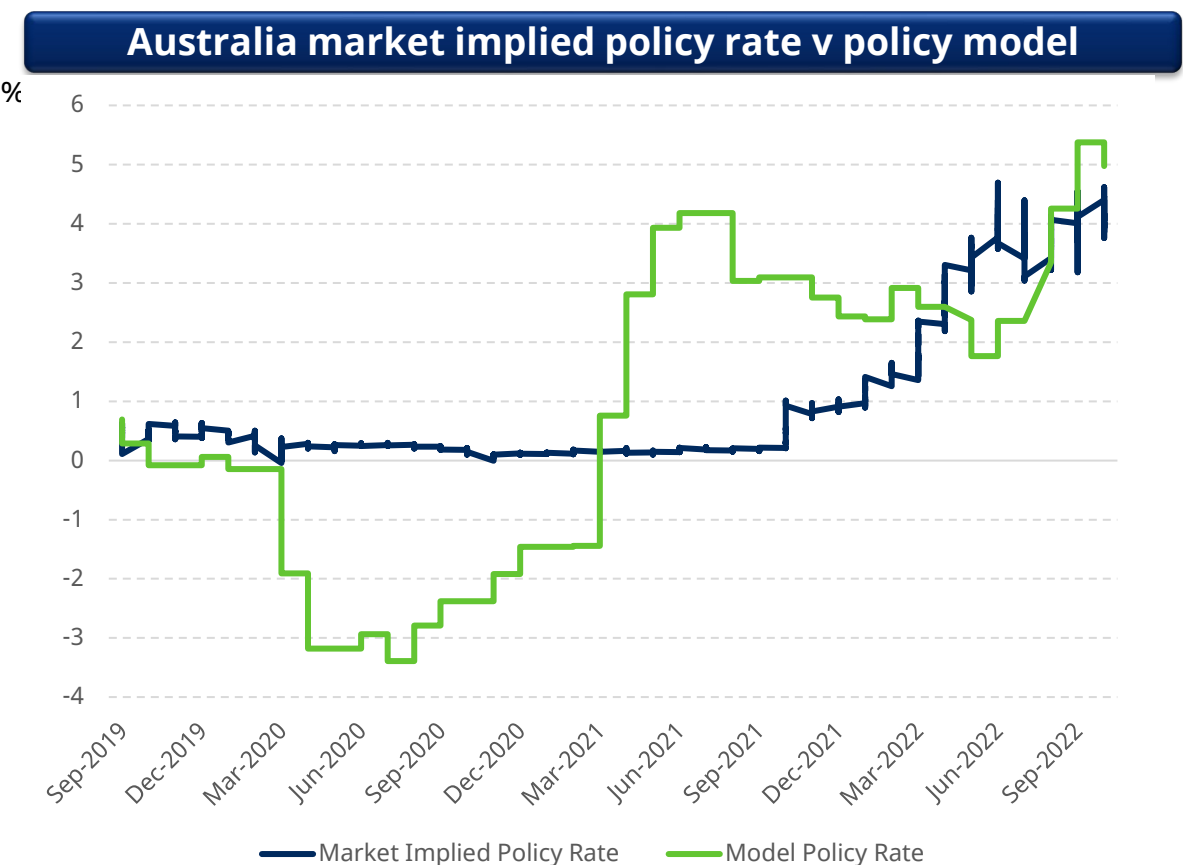
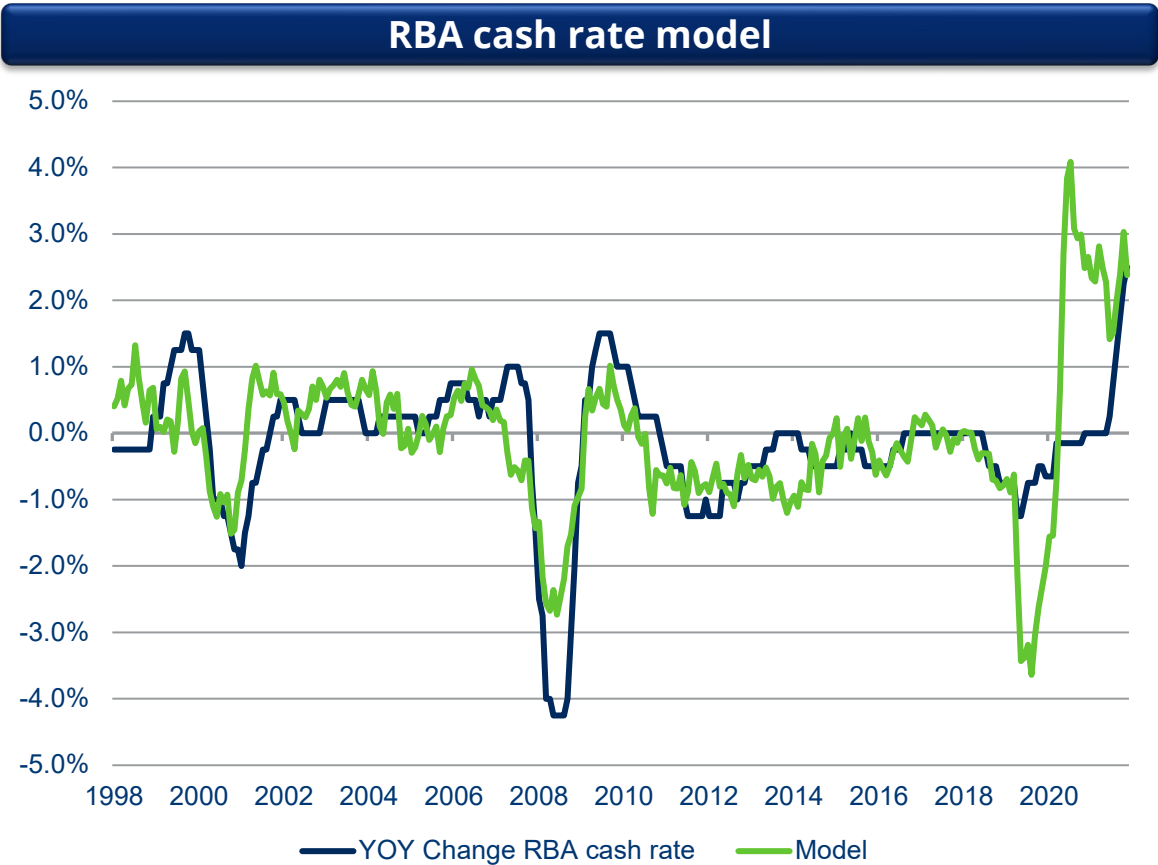
US market implied policy rate v policy model



Source: Bloomberg, Schroders

Similar trend in the local market

Australia's policy rule converging with 'what's priced' in markets

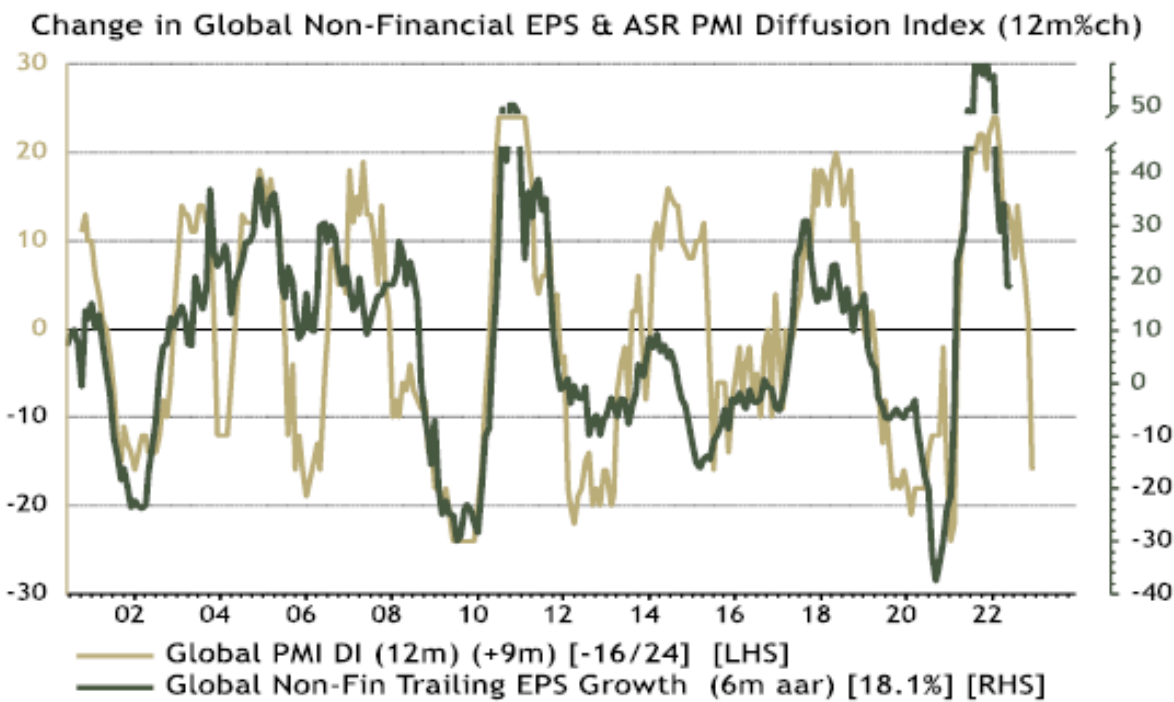


Source: Bloomberg, Schroders

US earnings recession the key risk for equities

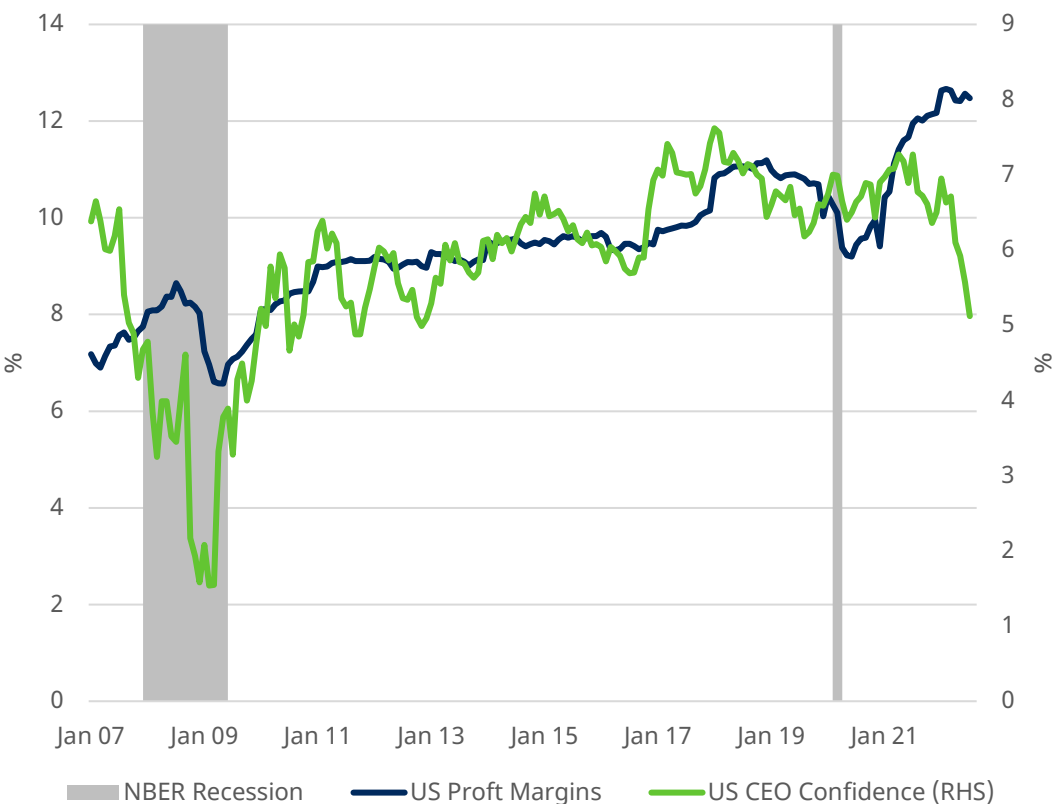
Inflation will bring margins and earnings down

EPS outlook



Source: ASR Ltd / S&P Global / Refinitiv Datastream

Profits and CEO Confidence

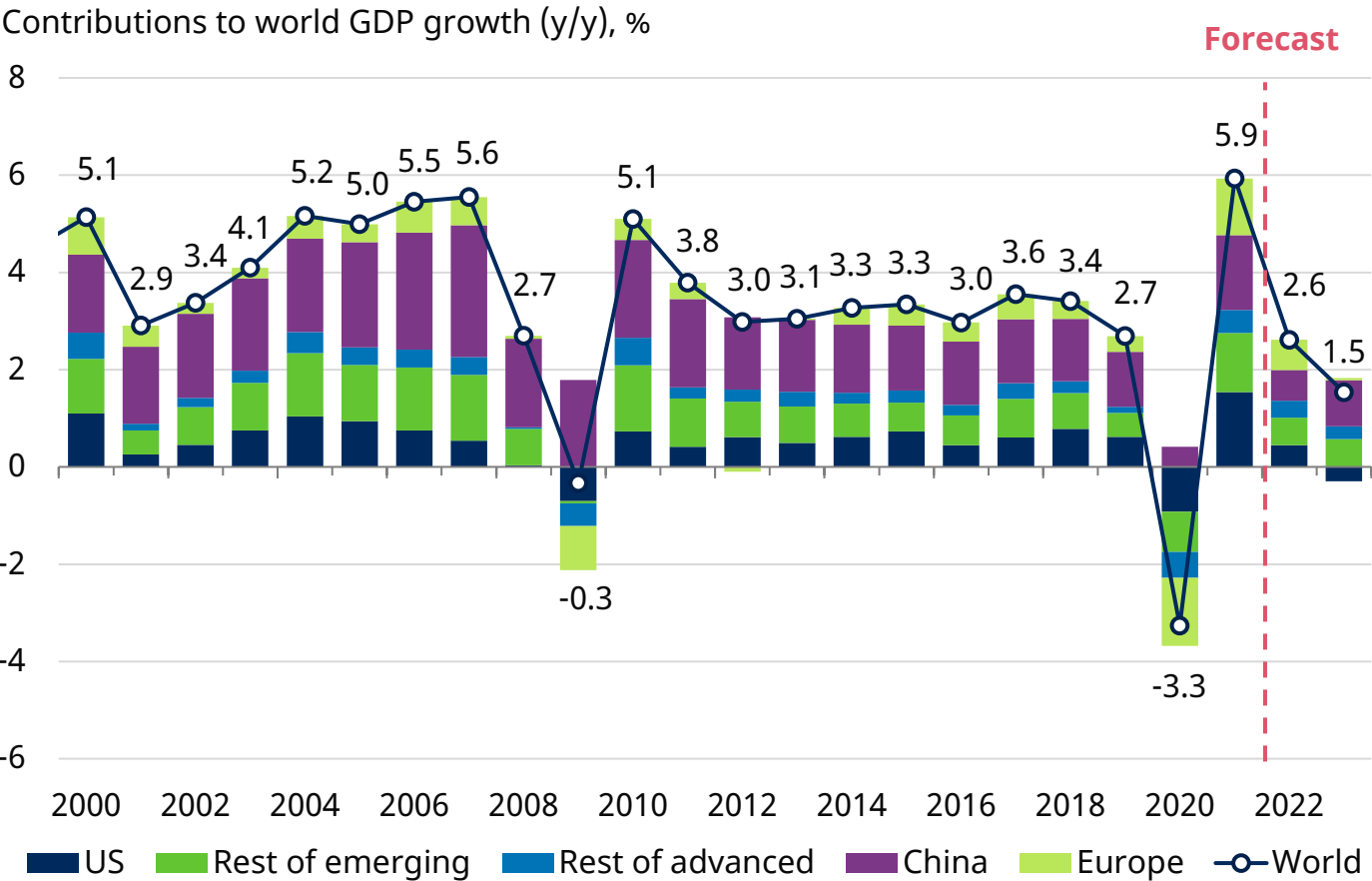


Source: Schroders, Refinitiv, ASR, to May 2022. RHS July 2022.

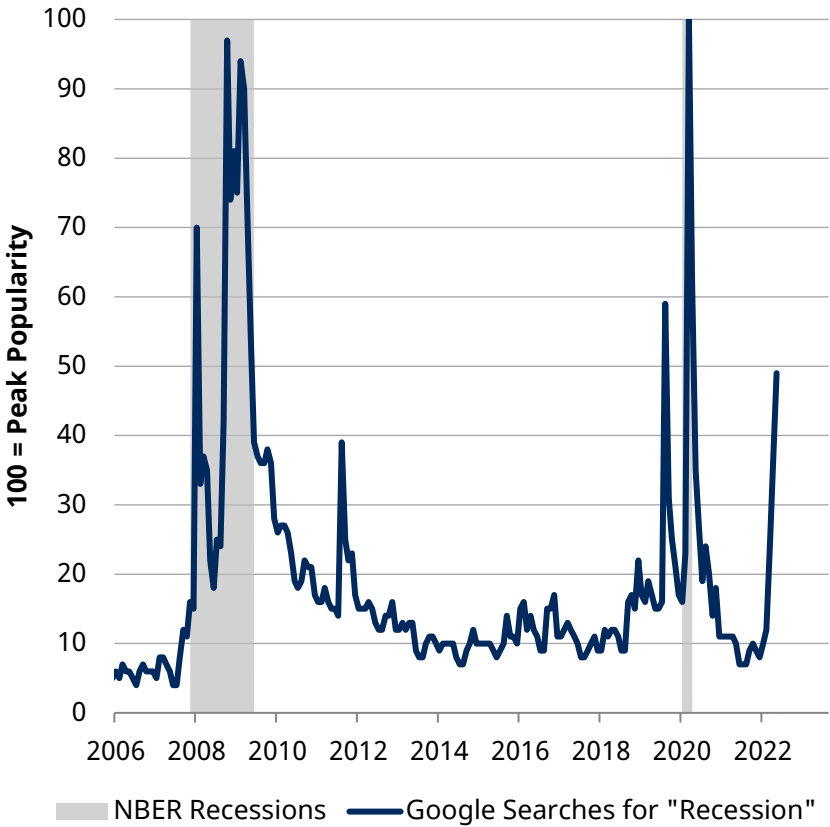
Global growth expectations continue to moderate

Growth in 2022 downgraded, advanced economies barely have positive growth

Contributions to World GDP growth (y/y)



Google Trends: "Recession"



Source: LHS: Schroders Economics Group. RHS: Google

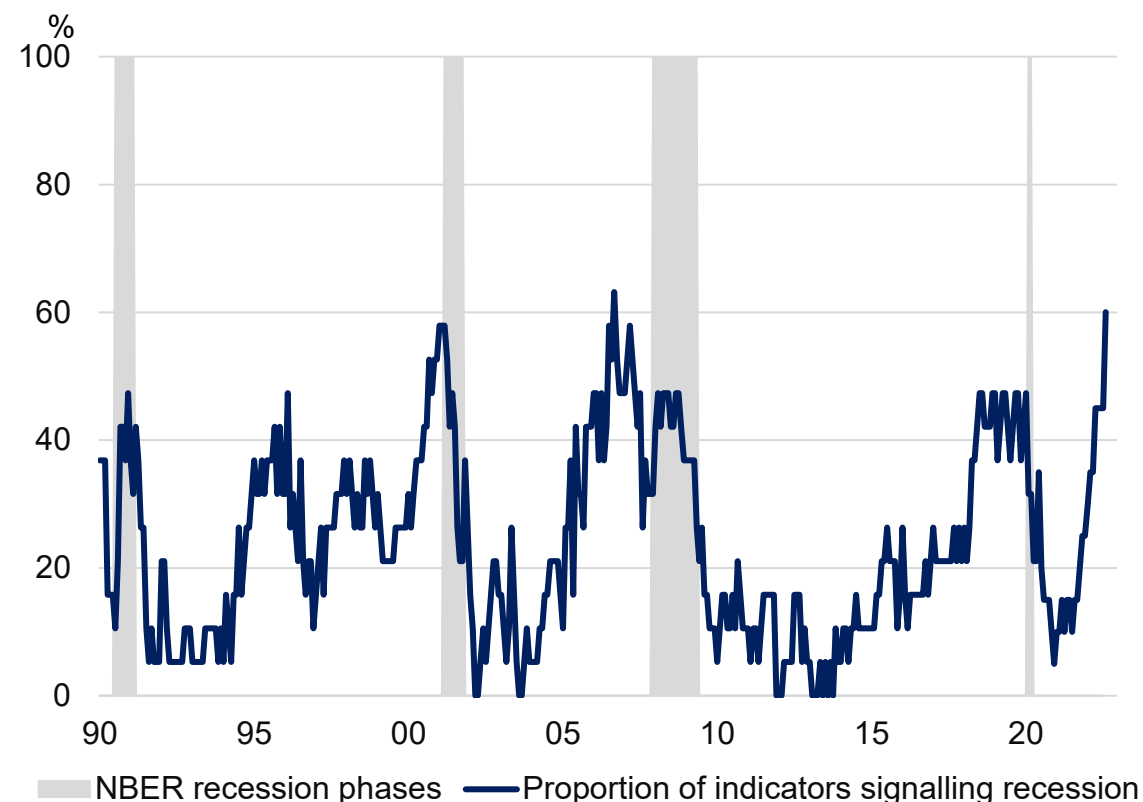
Recession risks are elevated

US recession dashboard

Stylised version of the recession dashboard

	Indicator	Latest value	Sign	Critical threshold	Signalling recession yes (Y) or no (N)	Typical lead time in signalling recession (months)
Inflationary	Truck sales	0.4	>	0.4	Y	24
	Output gap	-1.9	>	0.0	N	24
	Initial jobless claims	193.0	<	321.0	Y	23
	Capacity utilisation	80.0	>	81.6	N	21
	Unemployment gap	-0.7	<	-0.3	Y	17
	Commodity prices, y/y%	17.5	>	11.9	Y	15
Monetary	Yield curve (10 year minus three-month Treasury bill)	0.5	<	0.3	N	13
	Fed funds rate, change over the last two years	3.0	>	1.5	Y	12
	Fed fund rate relative to cycle low	3.0	>	3.5	N	12
	Real money base, y/y%	-20.0	<	-0.6	Y	9
	Real narrow money supply, y/y%	-3.3	<	-1.9	Y	6
	Real broad money supply, y/y%	-3.2	<	1.9	Y	5
Near-term macro and financial markets	ISM new orders, six-month change, %	-16.9	<	-5.7	Y	5
	Private house permits, y/y%	-15.2	<	-19.9	N	3
	S&P 500, six-month return, %	-19.6	<	-6.4	Y	2
	ISM new orders	51.3	<	48.6	N	1
	VIX index	27.4	>	23.4	Y	1
	Average weekly hours (manufacturing sector), y/y%	-1.2	<	-1.0	Y	1
	Chicago Fed activity index	0.0	<	-0.4	N	1
	Manufacturing goods new orders, y/y%	-1.3	<	-3.2	N	1
Proportion of indicators signalling recession						60%

Proportion of indicators signalling recession and phases of the cycle based on the Global Wave

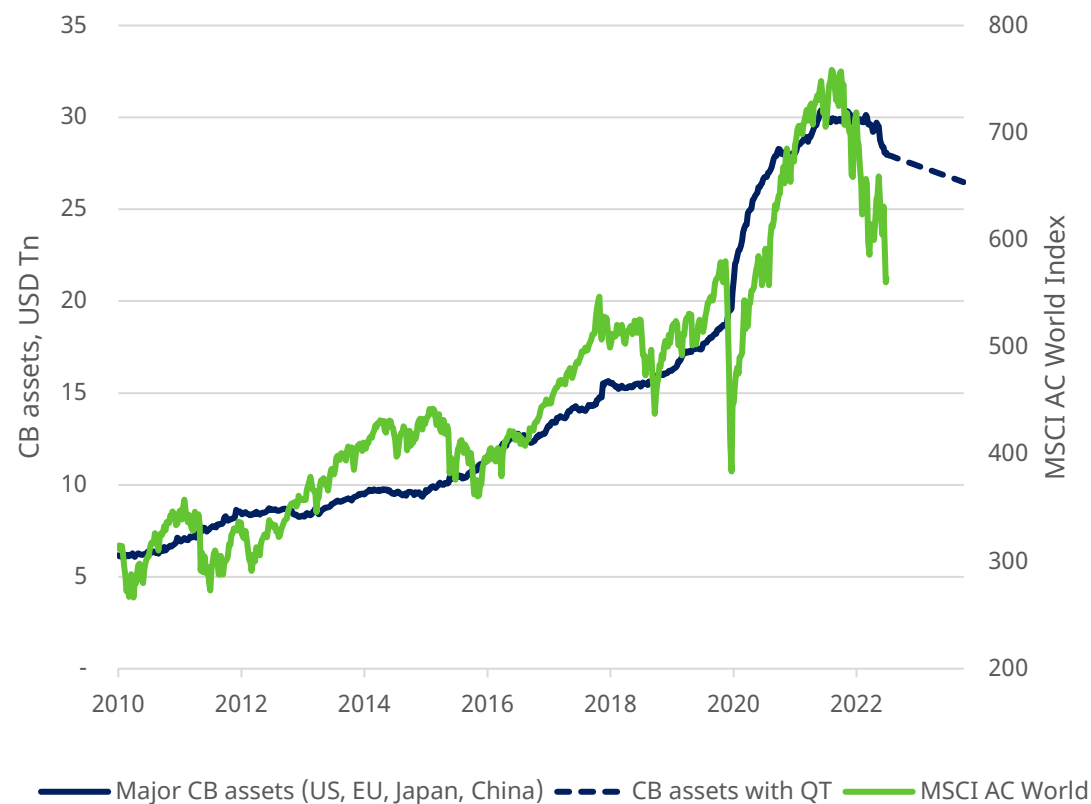


Note: Dashboard uses the Oxford Economics output gap. Source: Schroders Economics Group, <https://quanthub.schroders.com/multi-asset-research/collection/cyclical-models/signals-and-dashboards/cyclical-summary/>, 30 September 2022.

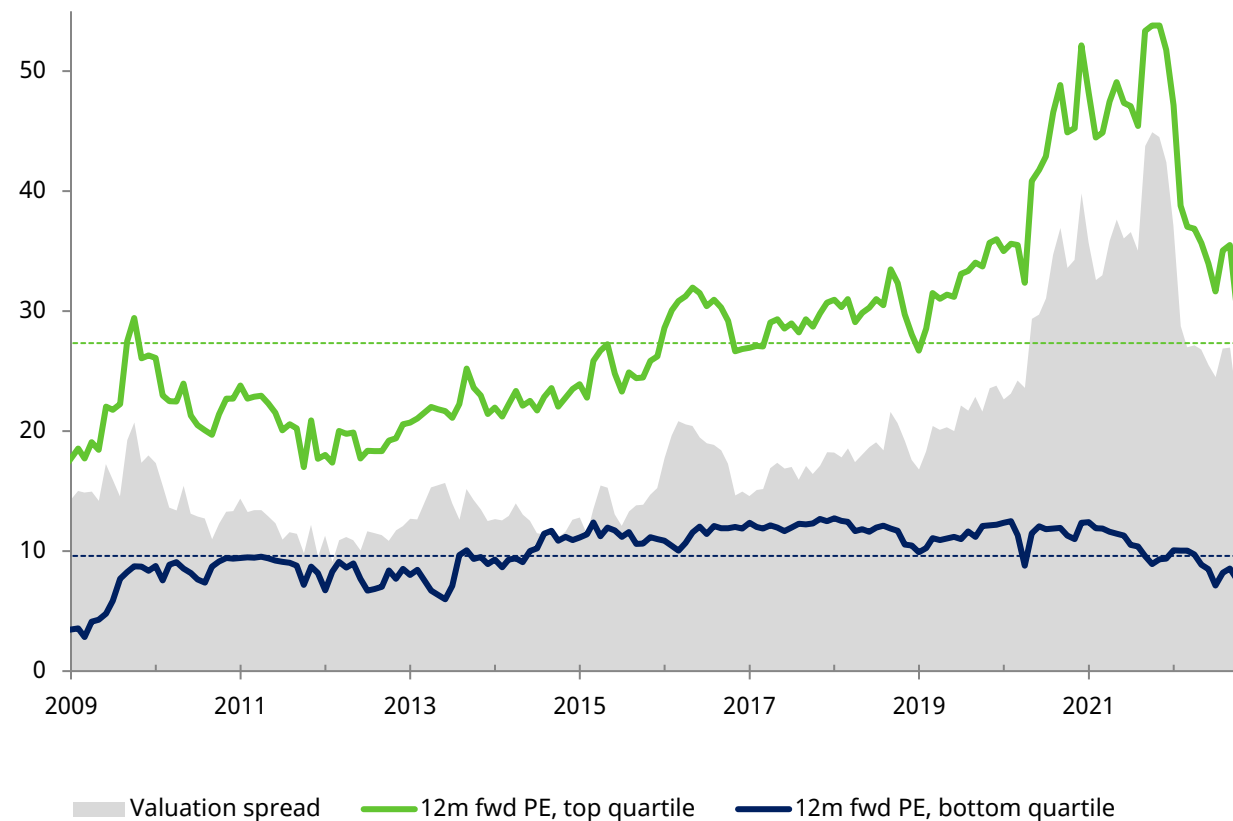
Jerome Powell has driven the equity market

95% correlation between major central bank assets vs MSCI AC World

Correlation between central banks / global market



ASX200 P/E multiple top and bottom quintiles



Source: Refinitiv / Schroders, CLSA, Refinitiv as at 30 September 2022.

A sign of things to come?

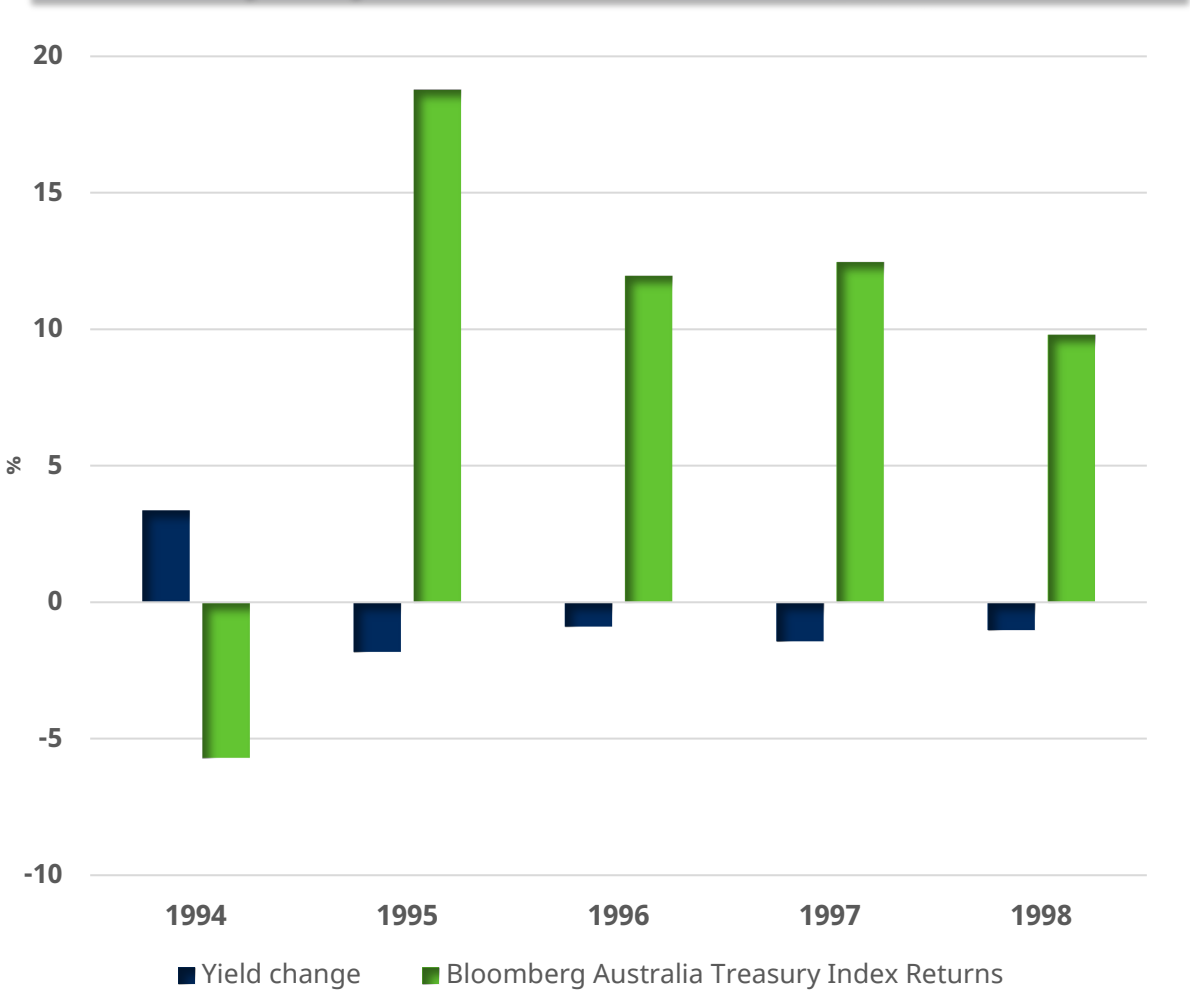
Potential for stronger future returns as inflation and yields peak

Australian 10 Year Bond Yield



Source: Bloomberg, Eikon, Schroders

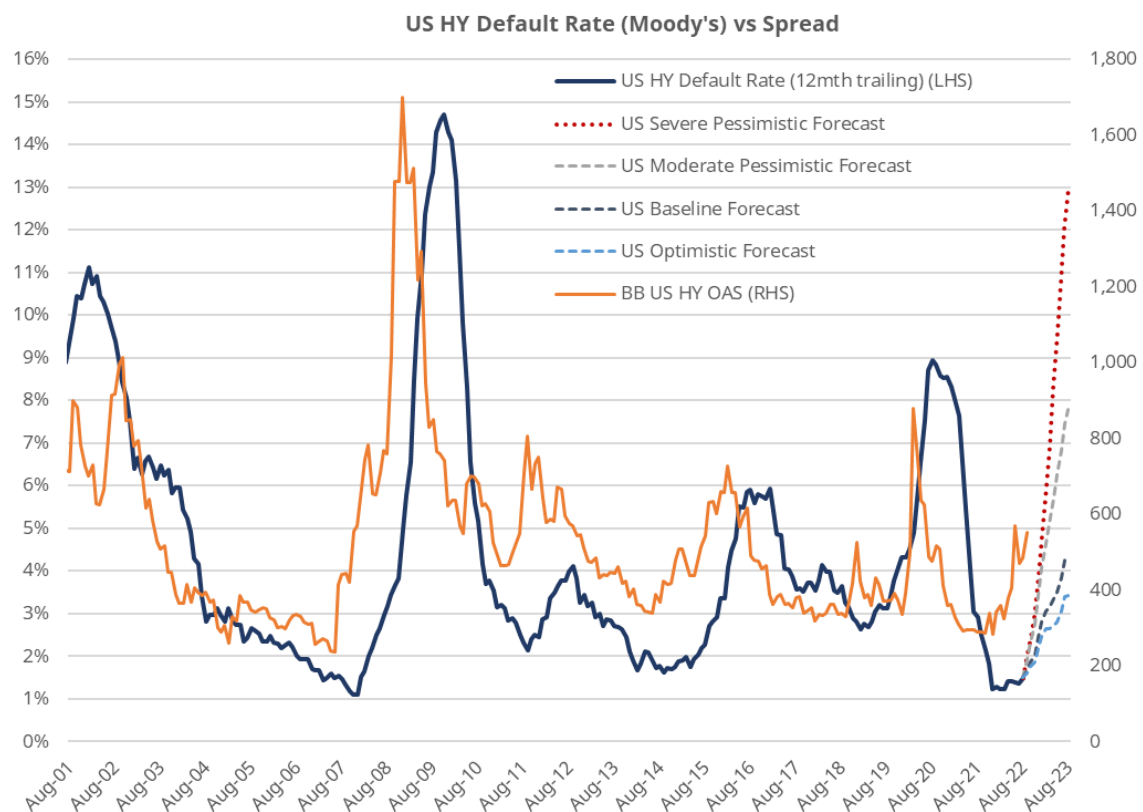
Calendar year yield vs return – Australian Govt Bonds



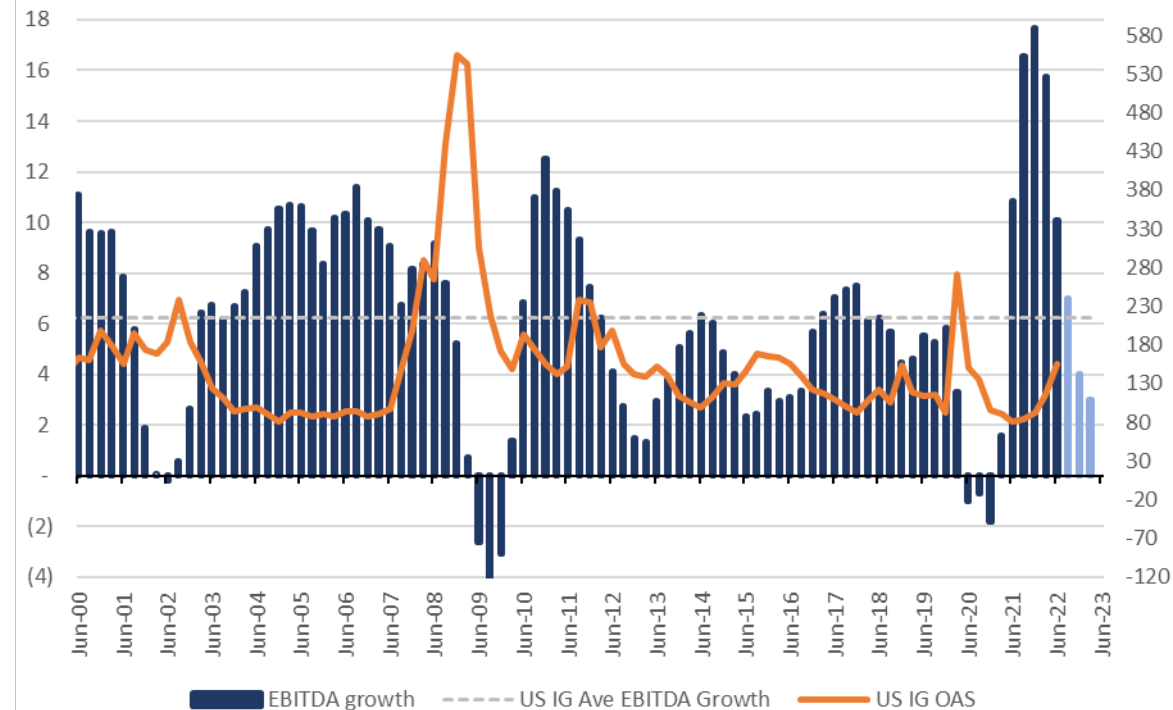
Cycle: credit markets – negative

Fundamentals: ability to pay – sales growth and margins to come under pressure

US High Yield default rate vs spread



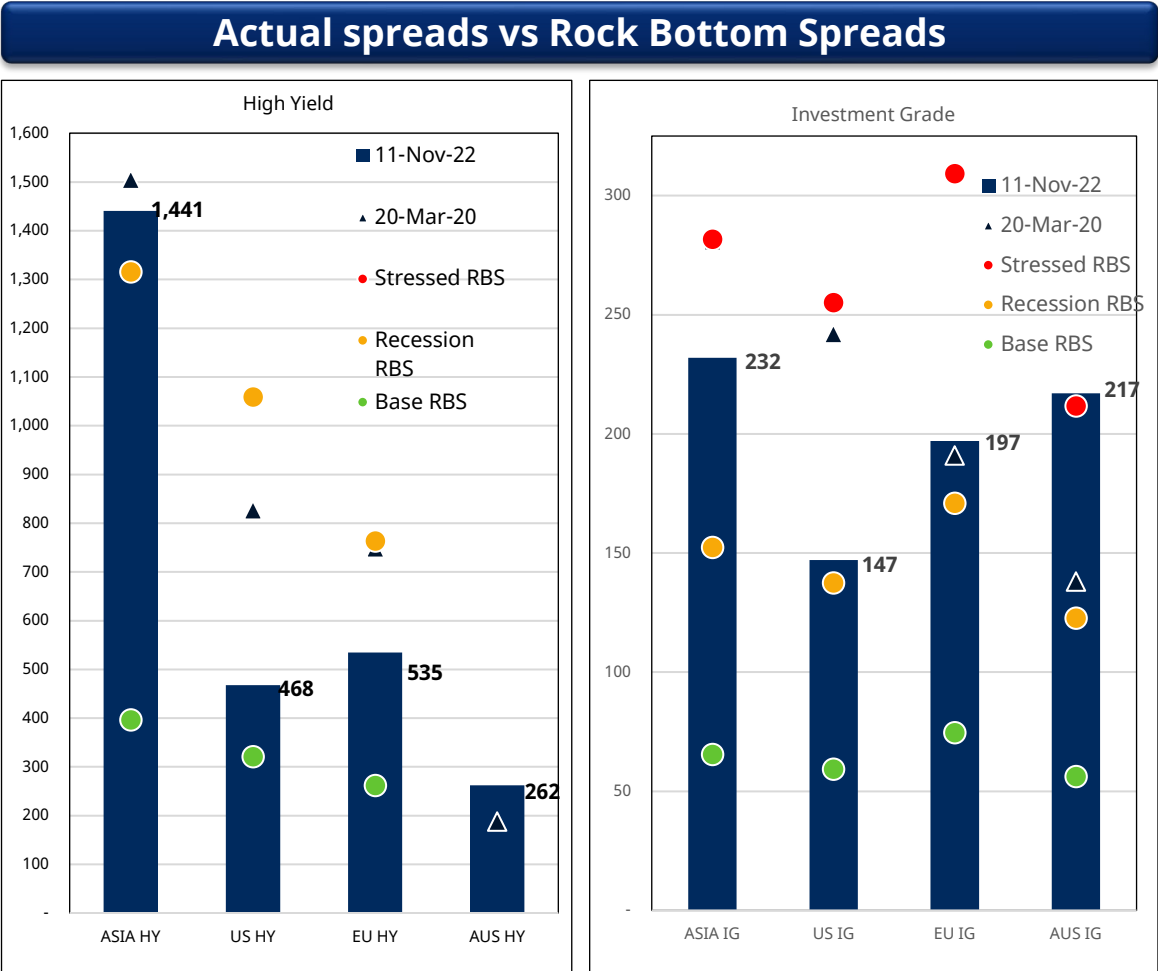
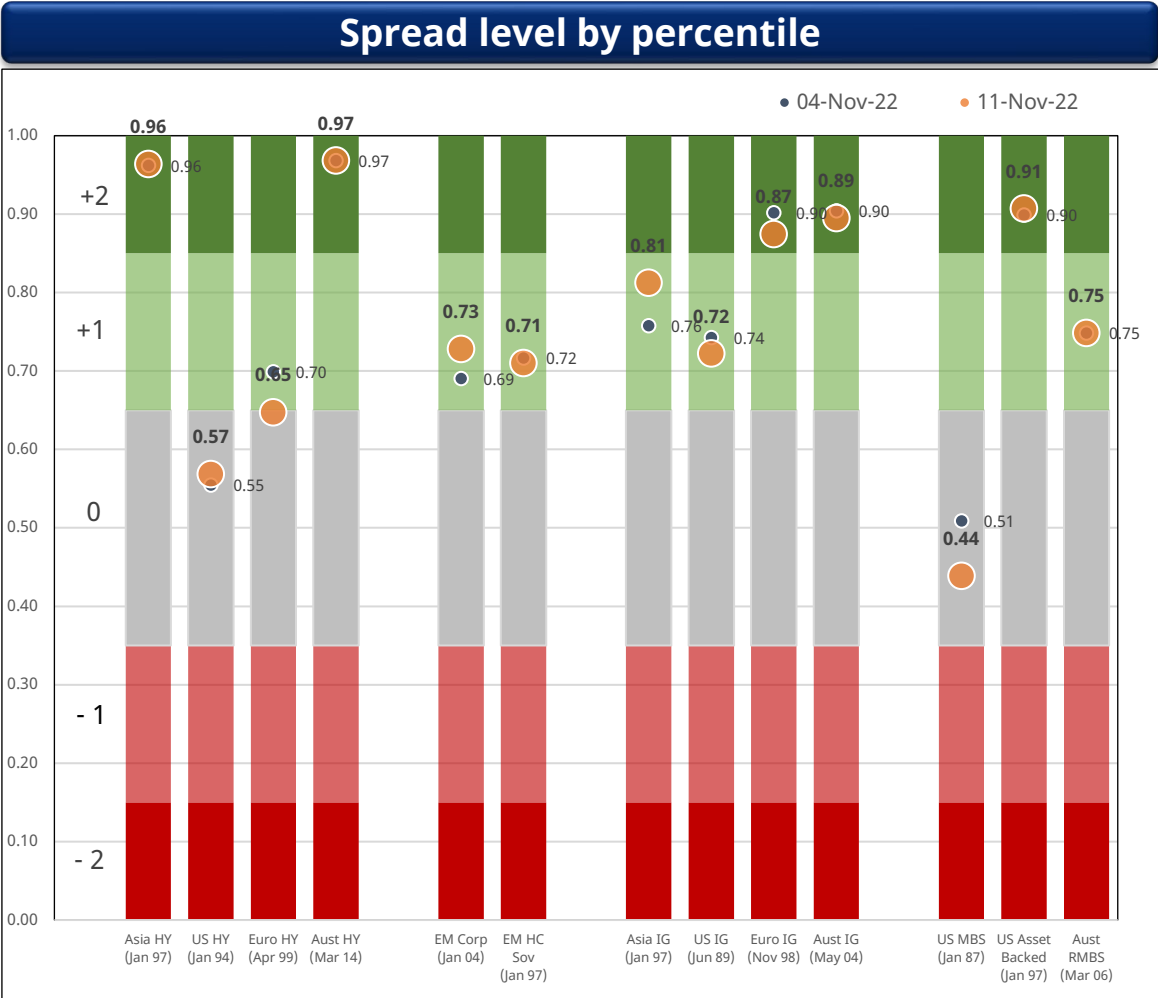
US IG - EBITDA Growth to slow



Source: BofA, Bloomberg and Schroders, US Federal Reserve, Moody's. Forecasts based on BB S&P500 census forecasts

Valuations: credit markets – positive

Credit spreads have priced central bank liquidity withdrawal

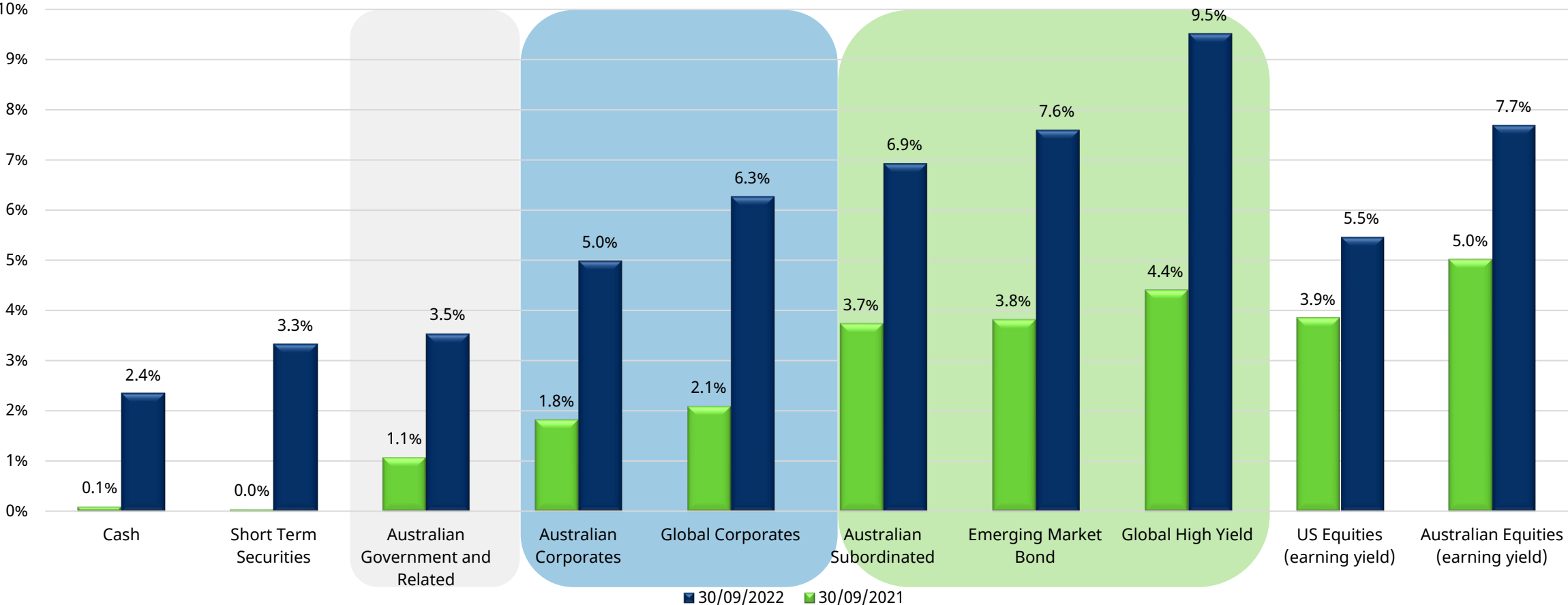


Source: Bloomberg, Schroders

Rising yields bring medium term opportunities

Risk premium are being rebuilt

Yield by Asset Classification



Source: Schroders/BRS Aladdin, Refinitiv as at 30 September 2022. Please note the figures shown represent yields on underlying Schroder allocations in the form of unit trusts and sub-portfolios. US equities is represented by MSCI USA Index, Australian equities is represented by MSCI Australian Index, the earning yield is sources from MSCI and Refinitiv.

Schroder Real Return Fund

Asset allocation & portfolio characteristics as at October 2022

Asset Class	Oct 22	YTD Chg
Growth	28.9%	-1.2%
Australian Equities	9.1%	-5.6%
Aus. Large Cap (Active)	12.1%	-0.4%
Aus. Large Cap (Passive)	2.0%	-2.4%
Aus. Small Cap Equities	1.0%	-1.4%
Aus Equity Derivative Adj.	-6.1%	-1.4%
Global Equities	19.8%	+4.4%
Global Dynamic Blend Equities	5.2%	+0.8%
Global Core Equities	7.4%	+0.1%
Asian Equity Yield	2.4%	-0.1%
Global Equity Derivative Adj.	4.8%	+3.6%
Diversifying	28.7%	+3.4%
Australian High Yield Corporates	5.4%	+0.1%
Aus. CRE Mortgages & Private Debt	6.2%	+2.5%
Global High Yield	5.1%	+5.0%
Emerging Market Bond	5.0%	+2.0%
Asian Credit	4.0%	-2.0%
Insurance Linked Securities	5.2%	+1.8%
Commodities		-2.6%
Dividend Futures		-1.6%
Relative Value	-2.2%	-1.8%

Asset Class	Oct 22	YTD Chg
Defensive	42.4%	-2.2%
Aus. Fixed Income	13.0%	-2.2%
Australian Government	5.1%	+0.1%
Aus. Inflation Linked	0.0%	+0.0%
Australian Corporates	7.7%	-2.2%
Australian Asset Backed	0.2%	-0.0%
Global Fixed Income	5.7%	-4.3%
Global Corporates	5.7%	+0.7%
Securitised Credit		-5.0%
Rate Strategies	2.5%	+2.5%
Cash & Cash Equivalents	21.3%	+1.9%
Cash Balance	2.4%	-2.9%
Short Term Securities	15.8%	+6.0%
Cash Backing of Derivatives	3.2%	-1.3%

Duration by currency (years)	Oct 22
USD	1.16
AUD	0.81
EUR	0.08
MXN	0.02
BRL	0.02
Other	0.09
Total	2.18
Change vs. Dec 21	+1.20

Credit rating	Oct 22
AAA	6.1%
AA	15.2%
A	8.3%
BBB	19.1%
BB	3.9%
B	1.8%
CCC	0.5%
Other / NR	10.8%

Distribution rate	3% p.a.
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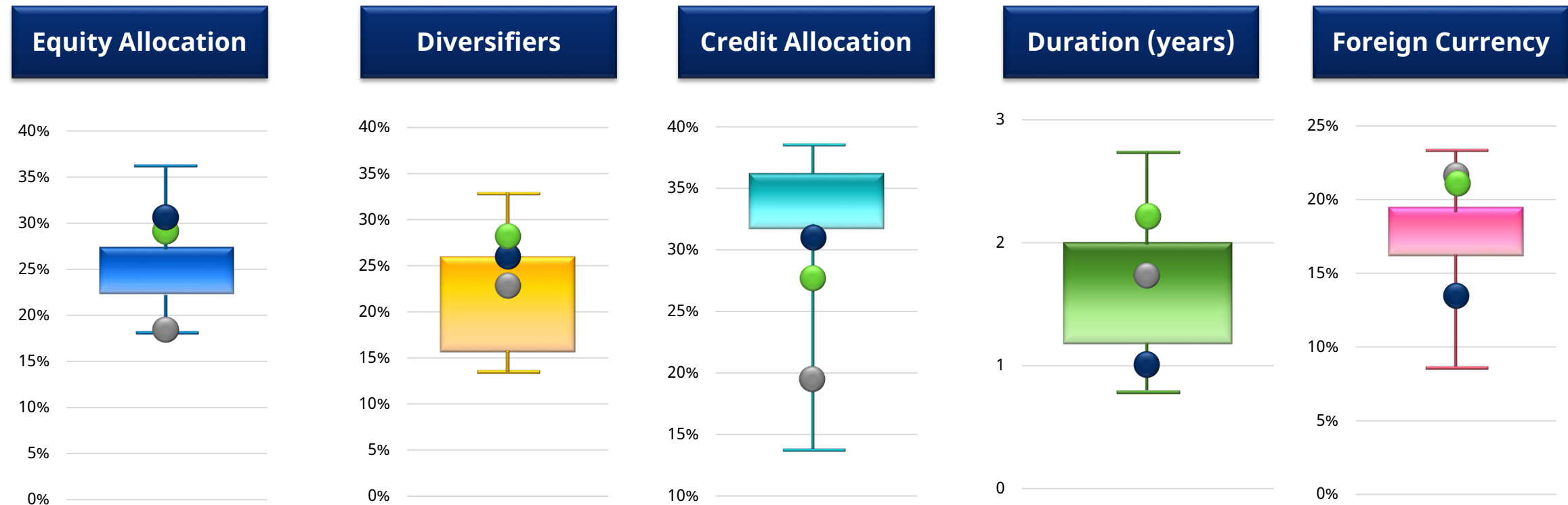
Top Relative Value	+/-
US 5/10/30 Butterfly	4.00%
AU 5/10/20 Butterfly	2.55%
CEE3 vs EUR	0.45%

Key foreign currency exposure	Oct 22
USD	12.3%
JPY	5.0%
TWD	0.6%
KRW	0.5%
HKD	-1.0%
Others	4.2%
Total	21.6%
Change vs. Dec 21	+7.9%

Source: Schroders/Aladdin, as at 31 October 2022. Asset allocation and portfolio characteristics for illustrative purposes only and subject to change.

Schroder Real Return Fund

Key risk position changes – current vs. historical range since Nov 2018








- December 2021
- October 2022
- August 2022

Portfolio de-risking since October / November last year. Whilst recently, we have increased equity allocation with cautious. Diversifiers reduced by cutting dividend futures, commodities and emerging market credits. We have increased credit exposure recently, driven by rising yields and widening credit spreads. Duration and foreign currency exposure have been increased, as growth concerns increase.

Source: Schroders, Blackrock/Aladdin. Exposure from 30 November 2018 to 31 October 2022.

Key Investment Views

Recession risks and concerns over earnings driving defensiveness

	Investment Backdrop	Our key views
	Inflation likely to remain sticky but tentative evidence of a peak. Fed to remain hawkish but mostly priced.	<ul style="list-style-type: none"> We still believe a recession is likely and corporate profits will likely fall 10-15%, however, this may be a 2023 story. The economy is holding up with US nowcast GDP now bouncing and PMIs holding up. Earnings are holding in and expectations are low for Q3. Potential for a year end rally but outlook darker next year. However, value is appearing across the board.
	Equities: Cautiously constructive. Valuations have improved presenting a more constructive outlook medium term.	<ul style="list-style-type: none"> Valuations have improved in equities presenting a more constructive outlook for equity returns and a more asymmetric risk outlook than we have seen for some time. Markets could rally on any moderation in the pace and size of tightening. Positioning surveys are also consistent with an oversold asset class which would support this view. Dark clouds for next year as recession and earnings downgrades come into focus.
	Credit: Cautiously constructive. Spreads are broadly consistent with previous cycle wiles, outside of the GFC.	<ul style="list-style-type: none"> The rise in sovereign yields and widening in credit spreads has improved the attractiveness of credit across the curve. Yields of close to 10% in Global High Yield and 5-6% in Investment Grade represent attractive medium-term opportunities. Rising interest rates and a likely recession can create credit events which can see spreads widen substantially more, but current yields provide some buffer against this risk.
	Duration: Risks to yields balanced in both directions but getting close to the Fed moderating its aggressive tightening.	<ul style="list-style-type: none"> Rates have risen sharply and globally across yield curves and that while further tightening is assured before year end, much of this is reflected in pricing. Against this, there are tentative signs that inflation is peaking, albeit it is far from clear how far, and or how fast, inflation will moderate.
	Currency: Neutral USD but positive JPY.	<ul style="list-style-type: none"> USD is expensive on most valuation metrics, but supported tactically by both the hawkish Fed and broader global uncertainty. While we do think longer term it will weaken, it remains an effective hedge. We remain positive on the JPY given its cheapness, and the fact that it is typically a good risk-off hedge.

Source: Schroders.

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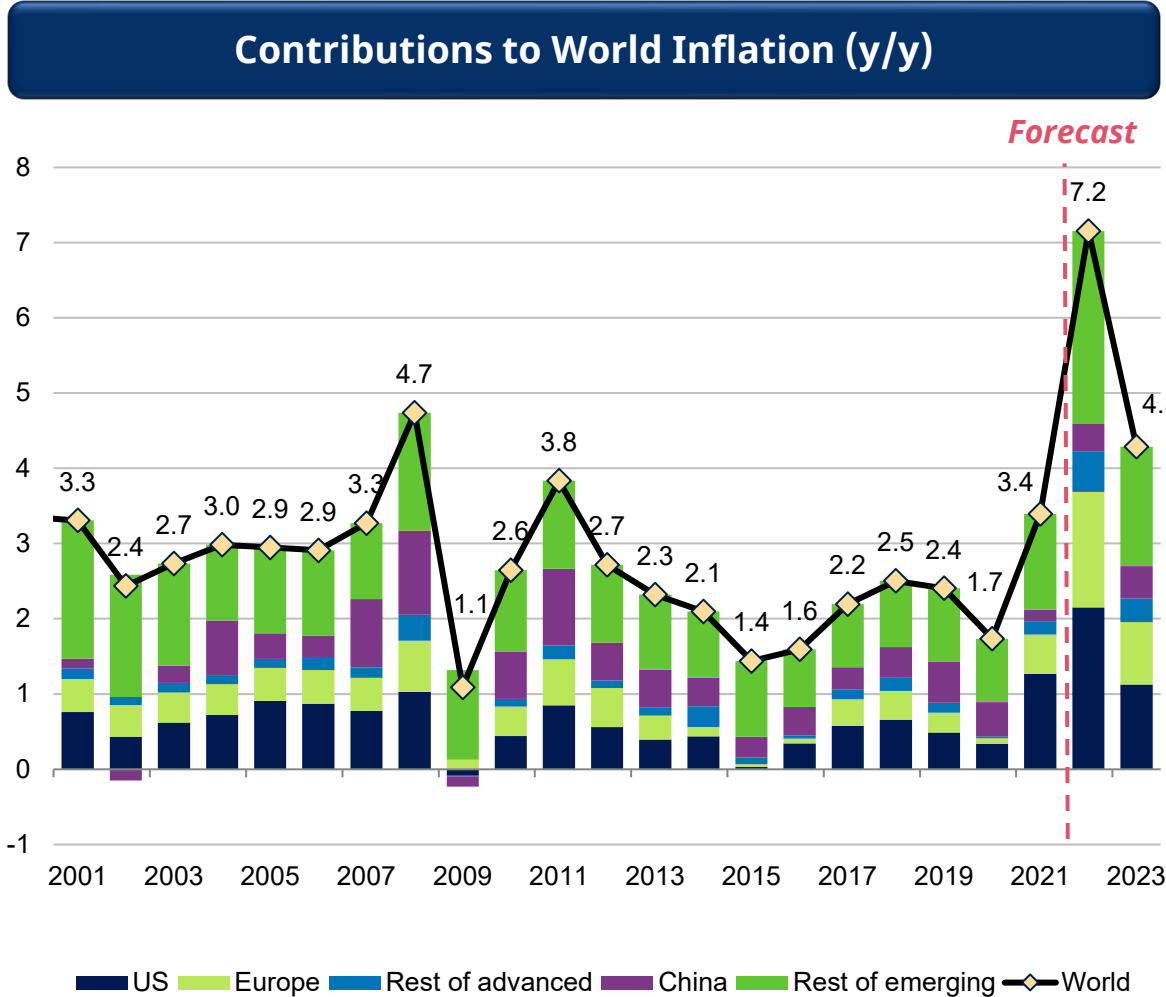
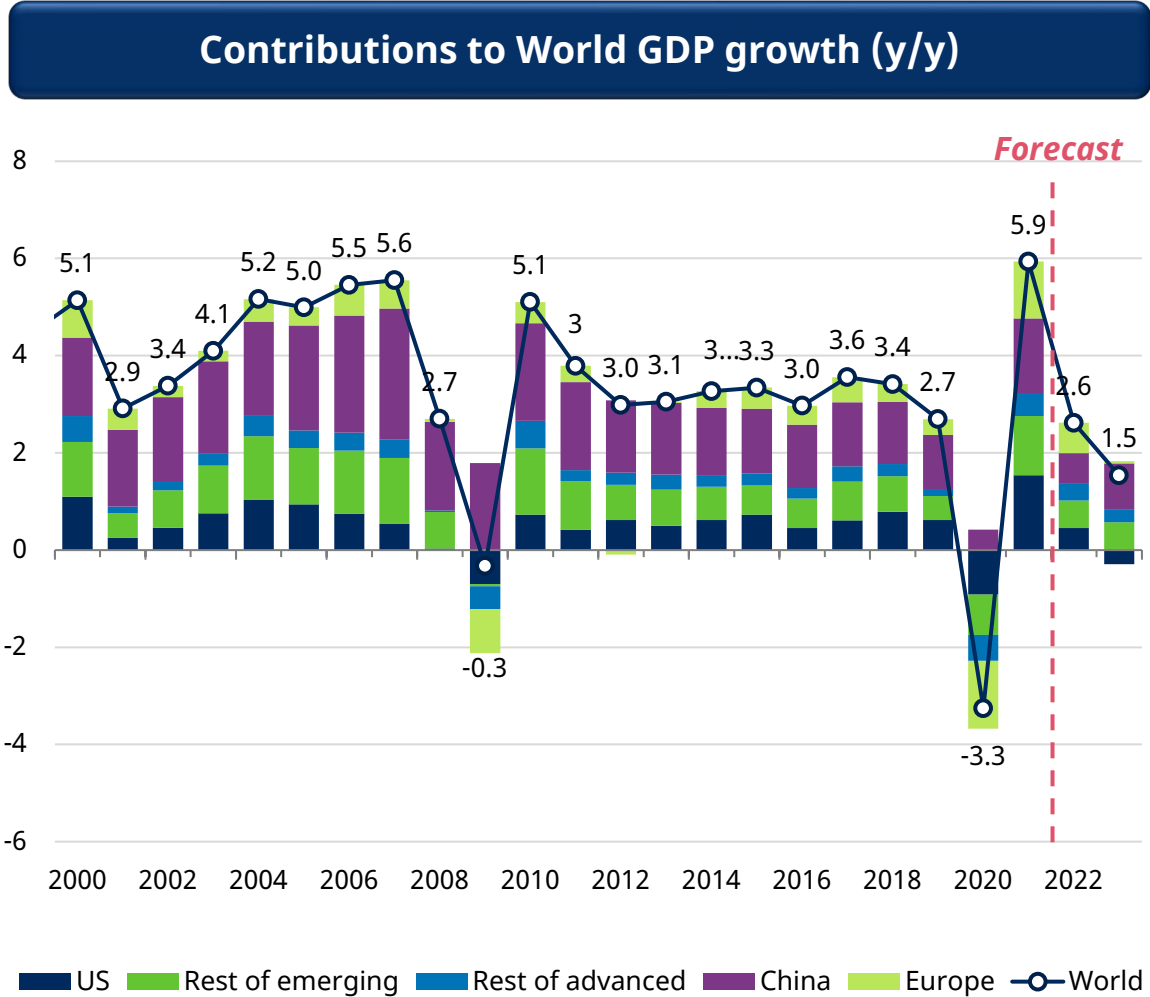
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Recession for US and Europe in 2023

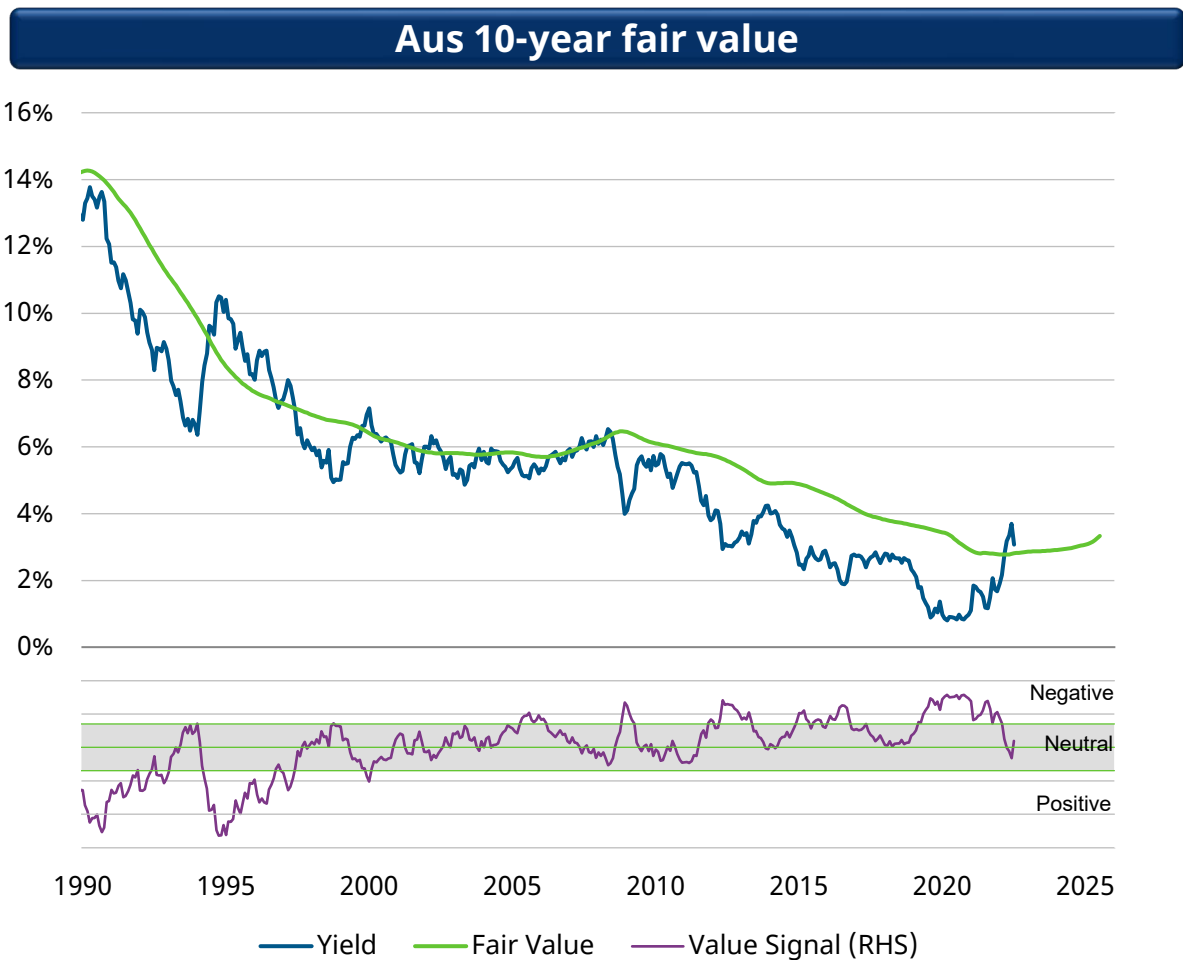
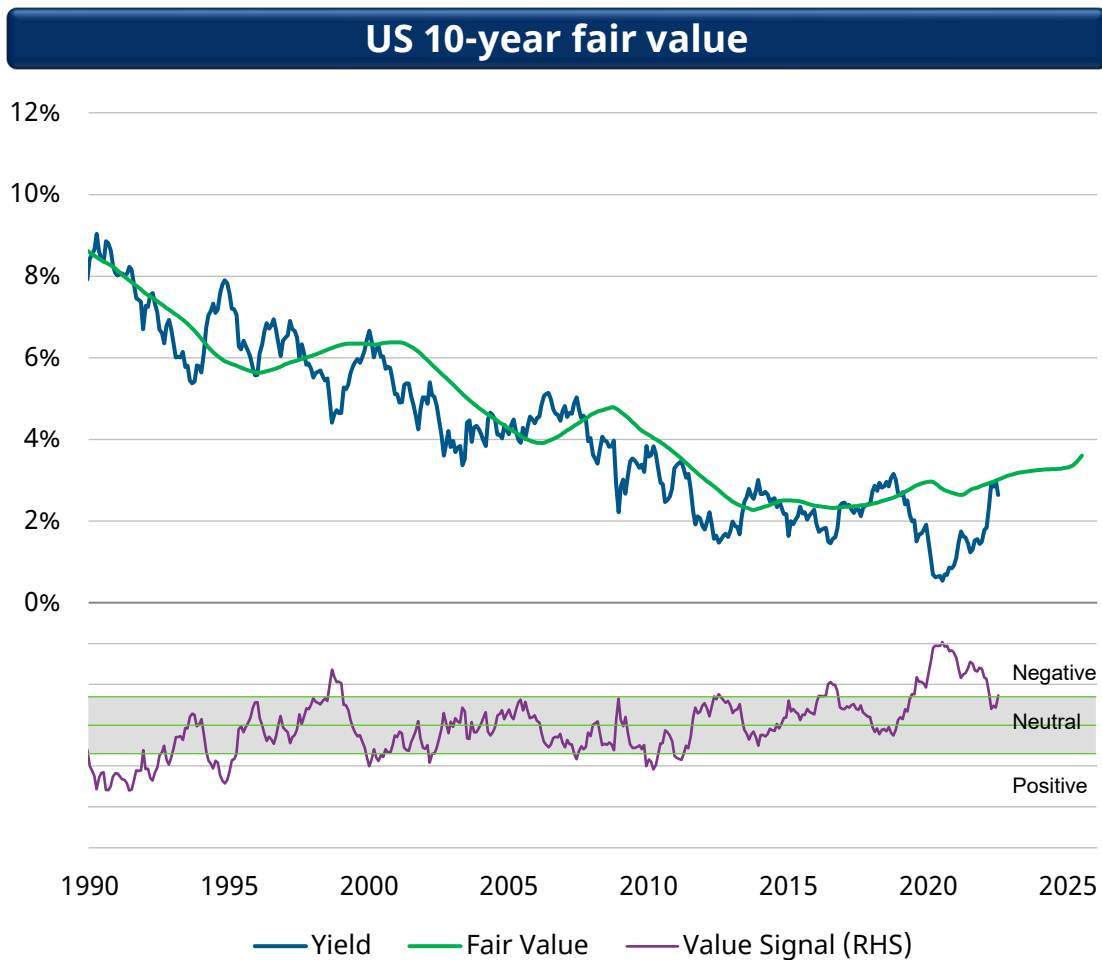
Baseline forecast of lower growth and still high inflation



Source: Schroders Economics Group, 22 August 2022. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Forecast may not be realised.

Government bonds starting to look attractive

US 10-year at fair value today, preference for Australian duration

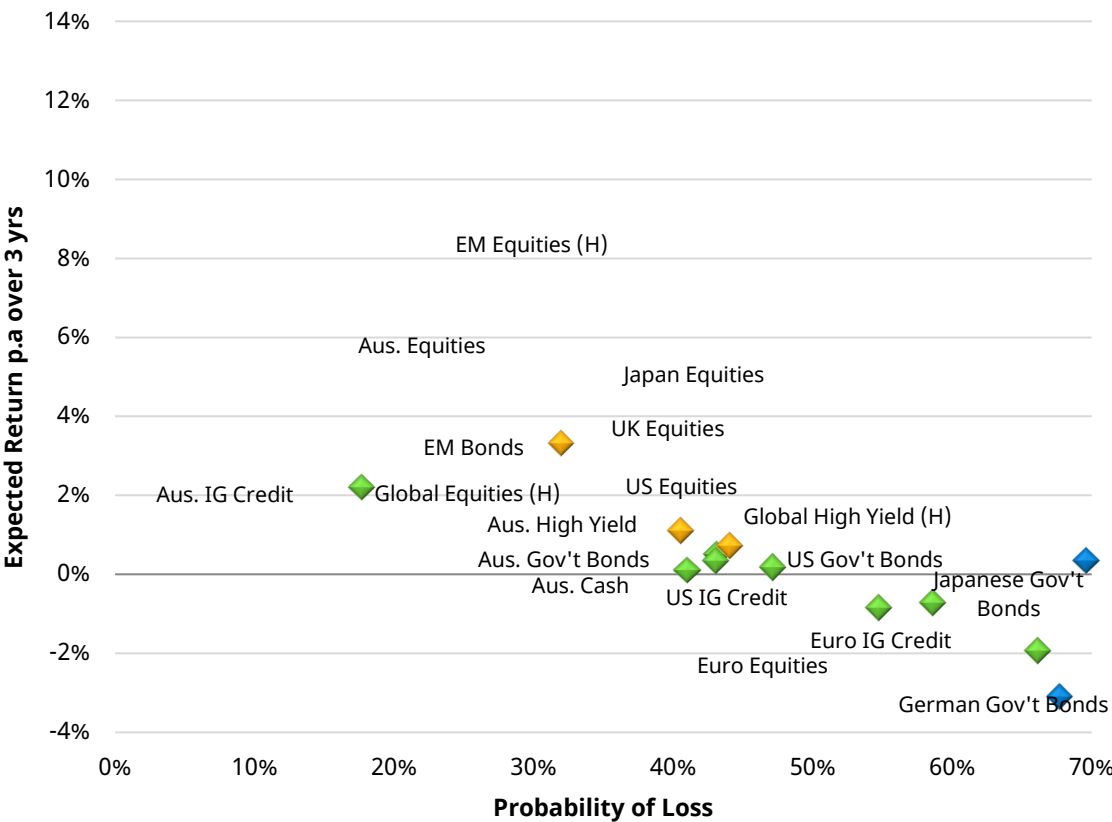


Source: Bloomberg, Schroders, July 2022. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

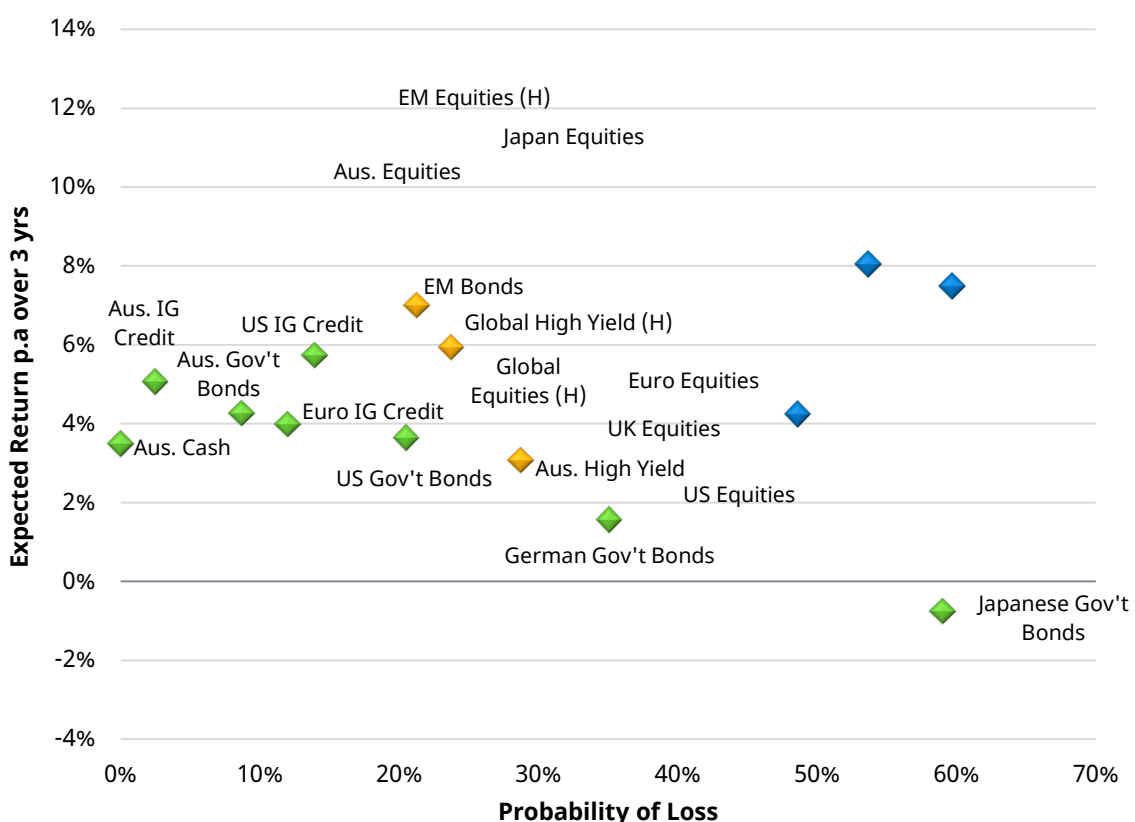
Where are the opportunities?

Valuations drive risk & return over the medium term

Expected Return vs. probability of loss – September 2021



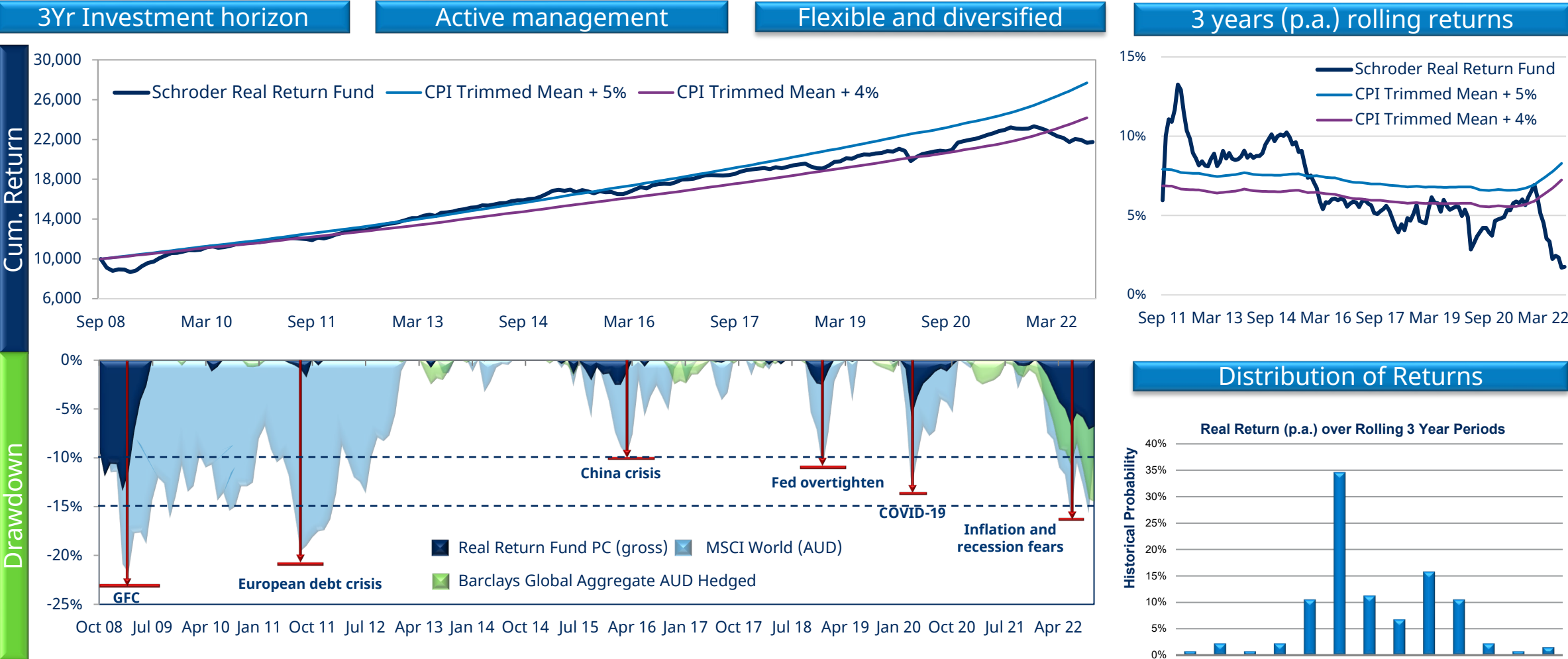
Expected Return vs. probability of loss – September 2022



Source: Schroders, as at 30 September 2022. Countries, stocks and sector weightings and returns are mentioned for illustrative purposes only and should not be viewed as a recommendation to buy/sell. **Past performance is not indicative of future performance. Forward looking projections are not a guarantee of future performance.**

Schroder RRF – performance vs. objective (since inception)

Delivering capital growth whilst managing volatility and drawdowns

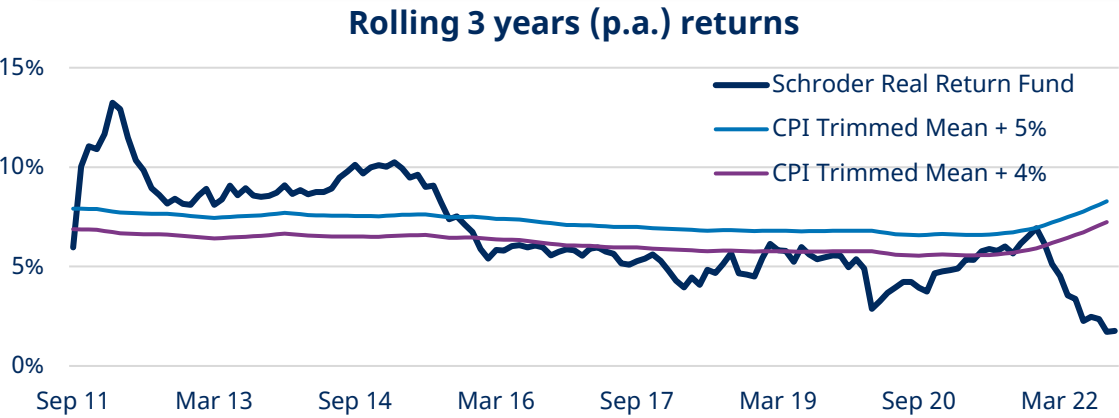


Source: Schroders, ABS. Cumulative performance shown for the Schroder Real Return Fund professional class (gross of fees) since inception (31 Oct 2008) to 31 October 2022. Past Performance is not a reliable indicator of future performance. CPI is measured by the RBA Trimmed Mean as published by the ABS, as at 30 September 2022. The distribution of 3 years relative return chart is updated to 30 September 2022.

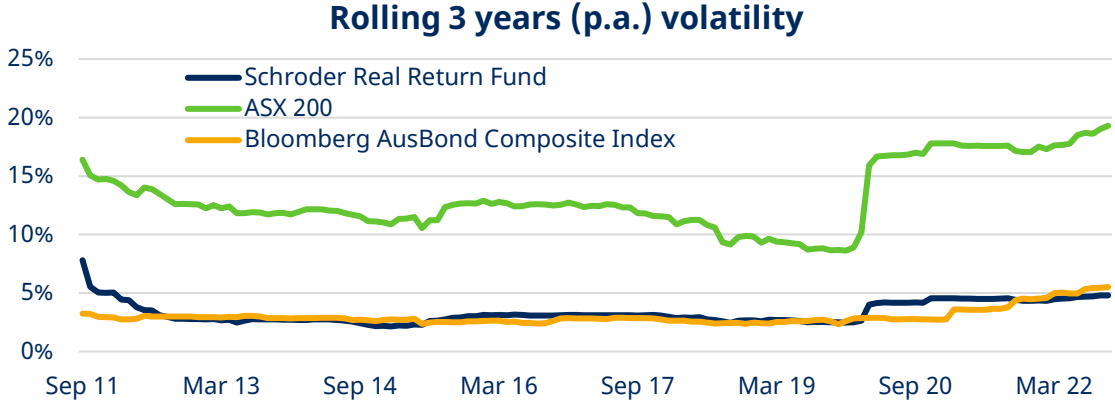
Schroder Real Return Fund

Performance vs. objectives (risk & return)

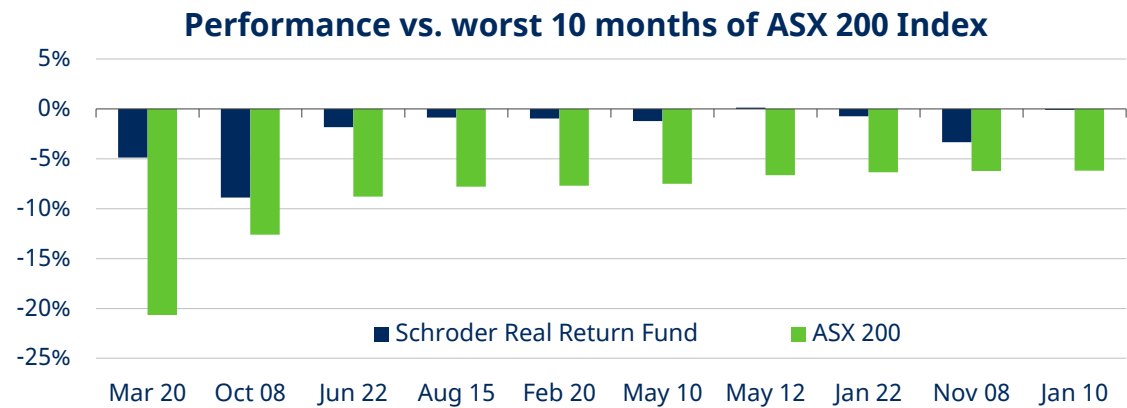
Real Return objective – CPI + 4 – 5%



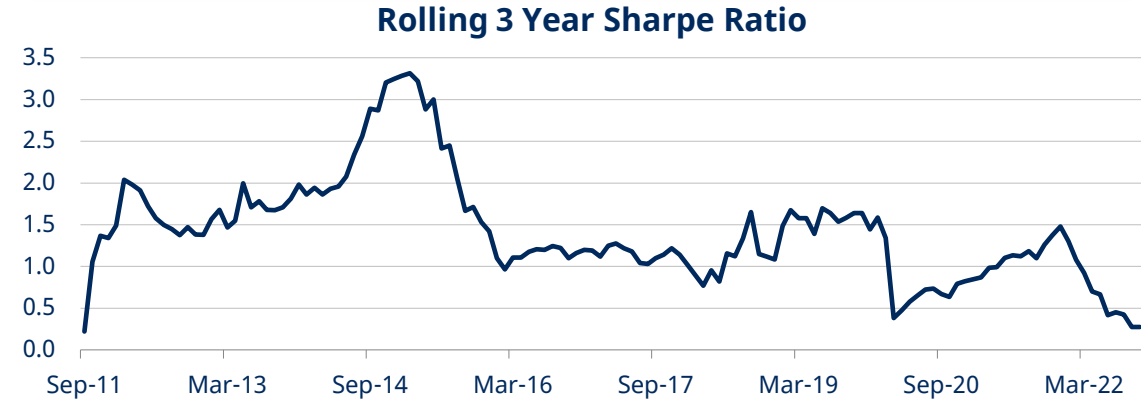
Volatility – acceptable level ~ 5% target (ex-ante)



Drawdown Objective – Minimise incidence of neg. returns



Efficiency Objective – Sharpe ratio



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