

Schroders

Schroder Multi-Asset  
Total Return Fund



# Schroder Multi-Asset Total Return Fund

**The fund aims to deliver attractive stable returns through changing market conditions**

## Targeting attractive stable returns

A wide range of investments have the potential to give you attractive returns over the long term. But most can be thrown off course from time to time by changing market conditions.

If you want a more stable investment in a world which can be beset by uncertainty, there are fewer options. This is particularly true if you're seeking a meaningfully higher return than a bank can offer: After years of ultra low interest rates the yields from bonds, a traditional source of stable returns, are well below the levels of the past.

The Schroder Multi-Asset Total Return Fund is designed to help plug this gap.

The fund adapts to changes in the market environment, investing in a broad range of assets that can perform well in different conditions. This doesn't mean you can expect a positive return at all times. As with any investment, the value of a holding in the fund can go down as well as up and you might not get back the amount invested. However, it should help to cushion the impact of any steep falls in investment markets.

### Our aim in simple terms

1

To deliver attractive stable returns through changing market conditions

2

To limit the impact when markets fall

### Our technical target

The fund aims to provide capital growth and income of UK 3 month LIBOR\* + 4% per annum (gross of fees) over rolling three year periods.

Please note that this is a target, cannot be guaranteed and your capital is at risk.

\* LIBOR is the London Interbank Offer Rate and is an average of the rate at which banks borrow from other banks. The rate is usually taken as the cash benchmark, more commonly recognised as the Bank of England base rate.



## How we aim to achieve this objective

The key word is Multi-Asset. The fund invests in a broad range of asset types, which can help to generate positive returns or reduce risk at different times. These include assets that are familiar to most, such as equities and bonds, along with assets in more specialist investment areas such as currencies and commodities. By casting our net as widely as possible, we

can exploit opportunities in places that others may not be able to access.

We think about assets in terms of how they can help us to achieve the fund's objectives, aiming to achieve the right balance for the prevailing market conditions.

**At any point in time, the fund will contain a balance between assets that we define in three ways:**



### **Return seekers**

These are the assets that offer the most attractive return potential on a 1 to 3 year view



### **Risk reducers**

These are the assets that can help us to reduce the risk of short-term falls in the market



### **Diversifiers**

These are assets that have little or no correlation with bonds and equities, which can help to smooth the performance of the portfolio

One of the most important factors that we seek to control is the level of volatility that investors are exposed to, so when market conditions are unsettled, we employ a range of strategies to help to minimise the impact on the fund.

We always explain what we are doing and why in the regular reports that we provide, so you can readily understand where we are taking (or reducing) risk to meet objectives.



# Understanding risk better



When your aim is to deliver attractive, stable returns through changing market environments, you need to really understand what drives the performance of asset classes at different times.

A team of over 45 investment professionals researches the risk factors that drive the returns of asset classes and develops tactical investment ideas that feed into portfolio construction. This is determined by our view of where we are in the economic cycle in combination with a forward looking view of potential short-term risks. We pay particular attention to diversification, carrying out in-depth

analysis of the risks of every position in the portfolio to ensure that risk isn't unwittingly concentrated in a narrow range of investment themes.

Each team member focuses on generating strong ideas for the fund and is held directly accountable for the impact of these ideas on performance.

Examples of asset types that may be held by the fund

Return seekers	Risk reducers	Diversifiers
Equities	Government bond	Systematic strategies
High yield debt	Currencies	Fundamental relative value

For illustrative purposes only and not to be considered as a recommendation to buy or sell

# The expertise and experience to deliver

The fund is managed by Schroders' highly experienced Multi-Asset Team, one of the best resourced in the industry. The team have successfully managed similar strategies in unpredictable markets for more than a decade.

## Fund managers

### Johanna Kyrklund

Global Head of Multi-Asset Investment



- Over 20 years of experience
- CFA Charterholder
- Degree in Philosophy, Politics and Economics from Oxford University

### Alastair Baker

Fund Manager Multi-Asset



- Over 10 years of experience
- CFA Charterholder
- Degree in Economics and Econometrics from the University of Bristol

## Multi-Asset team profile



More than 90 investment professionals



Located in London, New York, Hong Kong, Zurich, Singapore and Sydney



Manage over £64 billion of assets\*

## What are the risks?

- Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested
- Part of the fund is invested in bonds. The government or company issuer of a bond might not be able to repay either the interest or the original loan amount and therefore default on the debt. This would affect the credit rating of the bond and, in turn, the value of the fund. Investment in bonds and other debt instruments (including related derivatives) is subject to interest rate risk. The value of the fund may go down if interest rates rise and vice versa
- Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. The fund may invest in higher-yielding, or non-investment grade, bonds. The risk of the issuer defaulting on the capital repayment is higher than with investment grade bonds
- The fund may also invest in emerging markets equities and this can involve a higher degree of risk
- The fund holds investments denominated in currencies other than sterling and changes in exchange rates will cause the value of these investments (and the income from them) to rise or fall.

\*Source: Schroders, as at 30 June 2017.

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**In the Schroder Multi-Asset Total Return Fund we are blending modern strategies and sophisticated portfolio construction techniques developed over many years of managing multi-asset portfolios. We have created an innovative solution that we believe is well placed to deliver resilient performance across a range of market conditions**

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**Johanna Kyrklund**

- A derivative may not perform as expected, and may create losses greater than the cost of the derivative. The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. The fund uses derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss.
- In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares. A failure of a deposit institution or an issuer of a money market instrument could create losses.
- Failures at service providers could lead to disruptions of fund operations or losses.

#### Technical information

<b>Ongoing charge</b>	0.85%*
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<b>Initial charge</b>	0.0%
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<b>Minimum investment amount</b>	£5,000
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Z Acc and Z Inc shares \*Source Schroders, as at 30 June 2017.

## About Schroders



- €476.3bn assets under managed and administration.



- An extensive global network of 4,100+ employees.



- 41 offices in 27 countries across Europe, the Americas, Asia, Middle East and Africa.



- Over 200 years' experience of investment markets.

Source: Schroders, as at 30 June 2017.

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**Important information:** \*For your security, telephone calls to Schroders may be recorded. Before investing, refer to the latest Key Investor Information Document (KIID) and Supplementary Information Document (SID), available at [www.schroders.co.uk/investor](https://www.schroders.co.uk/investor) or on request. For further explanation of any financial terms, visit [www.schroders.co.uk/glossary](https://www.schroders.co.uk/glossary). The data contained in this document has been sourced by Schroders and should be independently verified before further publication or use. Third party data is owned or licensed by the data provider and may not be reproduced

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