

30 September 2019

Updates to Schroder multi-asset Product Disclosure Statements effective 1 November 2019:

- **Clarification of risk objectives across our range of Real Return strategies**
- **Schroder Balanced Fund – Name change to Schroder Strategic Growth Fund**

Schroders will be rolling our Product Disclosure Statements (PDS) across our entire product range on 1 November 2019. There are a number of updates to our multi-asset product range which we wish to advise:

Clarification of risk objectives across our range of Real Return strategies

We will be taking this opportunity to make our risk objectives more explicit in our Real Return range of funds. As you are aware, our risk objectives of minimising the frequency and size of drawdowns is as important as our return objectives. While our risk objectives are mentioned in other sections of the current PDS we believe it is important to clarify these in the Investment Objectives for our funds. To this end the following updates will be included in the PDS update effective 1 November 2019:

Schroder Real Return CPI Plus 5% Fund

Investment Objective: To achieve a return of CPI plus 5% p.a. before fees over rolling 3 year periods while minimising the incidence and size of negative returns in doing so.

CPI is defined as the RBA's Trimmed Mean, as published by the Australian Bureau of Statistics

We will also be making the risk objectives of the Schroder Real Return CPI Plus 3.5% Fund more explicit and given the increased focus on managing downside loss the additional risk clarification will be as follows:

Schroder Real Return CPI Plus 3.5% Fund

Investment Objective: To achieve a return of CPI plus 3.5% p.a. before fees over rolling 3 year periods while minimising the risk of a negative return over a 12 month period.

CPI is defined as the RBA's Trimmed Mean, as published by the Australian Bureau of Statistics

Schroder Balanced Fund – Name change to Schroder Strategic Growth Fund

We are also writing to advise that, with effect from 1 November 2019 the Schroder Balanced Fund will be renamed the Schroder Strategic Growth Fund (the **Fund**).

The Schroder Balanced Fund is one of Schroders' longest standing strategies and has consistently outperformed CPI+5% gross of fees over the medium to long term in line with its objectives.

The Strategic Asset Allocation (SAA) anchor of the Schroder Balanced Fund means that it is more biased to growth assets and that its return objectives are subject to greater short term variability. The Fund is most suitable for investors who have a growth objective and a longer term time horizon for investing (typically younger savers). We believe that the new name provides a better description of the appropriate timeframe and return objective we seek to achieve for our investors.

While there are no changes to the investment objective, philosophy or process, we have also just completed a SAA review for the Fund and will be making the following minor adjustments effective 1 November 2019:

- Reallocating the 4% REIT exposures back to Australian and global equities. This simplifies the equity exposures (REITs are already included in the broader equity benchmarks) and is further supported by the unfavourable valuations and return expectations that we have for the A-REIT market. This leaves our SAA to 'Growth' assets unchanged.
- A small increase to the Higher Yielding Credit and Emerging Market Debt component of the portfolio by 2%, driven by favourable valuations on a relative basis when compared to Investment Grade bonds and cash. This brings our SAA to 'Diversifying' Assets to 18%
- A small decrease to Global Investment Grade Credit and Cash by 1% each driven by lower longer run cash and bond return forecasts lowering our 'Defensive' SAA to 20%

Our current and new SAA is shown in the following table:

	Existing SAA Target	New SAA Target	Change	Min	Max
Growth Assets	62%	62%	0%	40%	70%
Australian Equities	32%	34%	2%	20%	40%
Global Equities	26%	28%	2%	18%	40%
Australian REITs	4%	0%	-4%	n/a	n/a
Diversifying Assets	16%	18%	2%	0%	30%
Higher Yielding Credit and EM Debt	6%	8%	2%	0%	15%
Objective Based	10%	10%	0%	0%	20%
Alternatives	0%	0%	0%	0%	10%
Defensive Assets	22%	20%	-2%	10%	60%
Australian Fixed Income	8%	8%	0%	5%	35%
Global Investment Grade Credit	6%	5%	-1%	0%	15%
Australian Cash	8%	7%	-1%	0%	30%

This communication is for informational purposes only as no action is required on your part.

If you have any questions, please contact a member of our Client Service team on 1300 136 471.

Yours sincerely,



Graeme Mather
Head of Product and Distribution