

SHINING A LIGHT ON THE..... Schroder Strategic Credit Fund

AT A GLANCE

Investment Objective

The Fund aims to provide income and capital growth in excess of the ICE BofA Sterling 3 Month Government Bill Index (after fees have been deducted) over a three to five year period by investing in fixed and floating rate securities of companies worldwide but this cannot be guaranteed and investors capital is at risk. The Fund is actively managed and invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by companies worldwide. The Fund may also invest in fixed and floating rate securities issued by governments, government agencies and supra-nationals worldwide.

Inception Date

4th April 2006

Fund Factsheet Link

<https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR06P6G>

Management

Manager Name

Peter Harvey

Start Date

4th April 2006

FUND PERFORMANCE

Performance from 4th April 2006 to 31st January 2023:

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

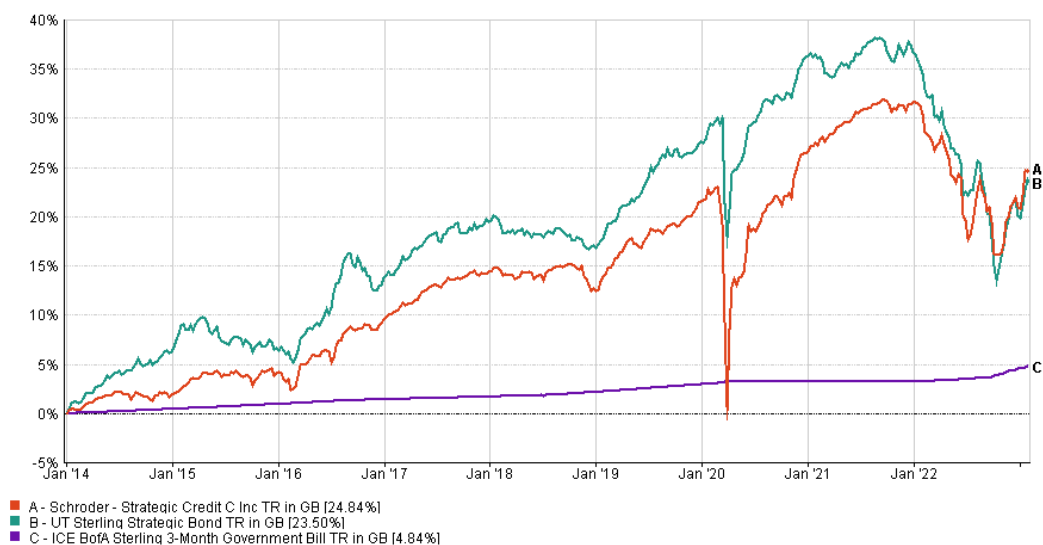


04/04/2006 - 31/01/2023 Data from FE fundinfo 2023

We have also run a chart vs the ICE BofA Sterling 3-Month Government Bill Index which only runs from 2014.

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Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



31/12/2013 - 31/01/2023 Data from FE fundinfo2023

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Index	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓	↑↓
ICE BofA Sterling 3-Month Government Bill TR in GB	0.35	1.29	-0.01	0.30	0.76	0.47	0.28	0.46	0.50	0.46	
Schroder Strategic Credit C Inc TR in GB	4.08	-8.16	3.81	4.20	8.10	-1.67	4.41	5.13	2.19	2.00	3.78
Sector UT Sterling Strategic Bond TR in GB	2.85	-12.36	0.14	7.22	8.98	-2.40	4.86	7.28	-0.29	6.75	2.59

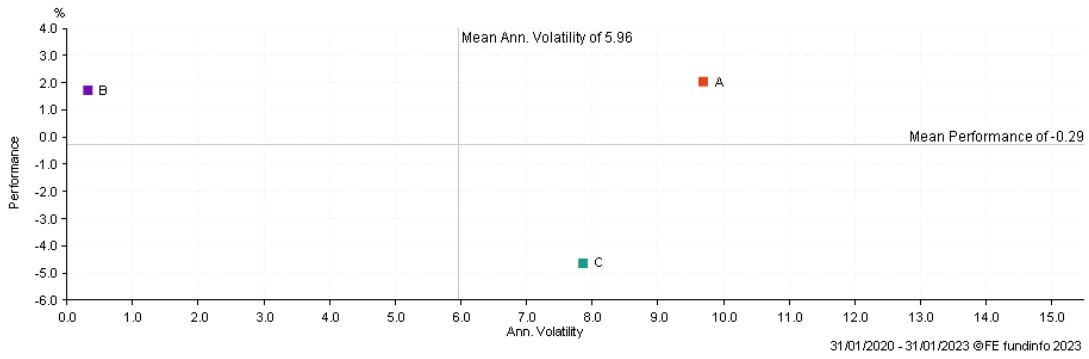
Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

RATIO DATA (3-years)

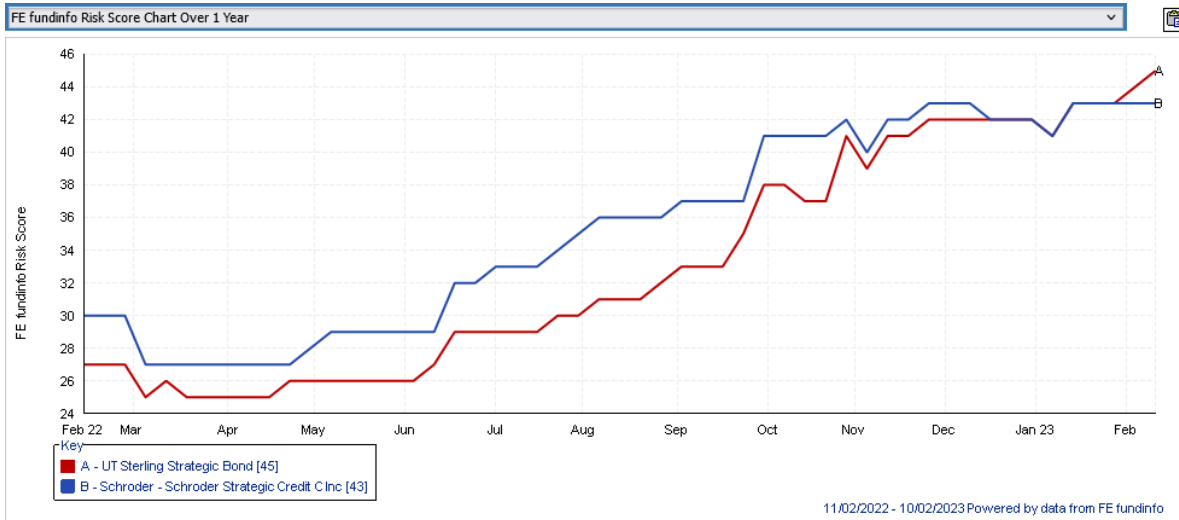
Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
2.52	1.02	-13.94	5.22	-13.94	55	98	7.48

VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
A	Schroder - Strategic Credit C Inc TR in GB	2.04	9.99
B	ICE BofA Sterling 3-Month Government Bill TR in GB	1.73	0.32
C	UT Sterling Strategic Bond TR in GB	-4.64	7.86



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FUND SIZE

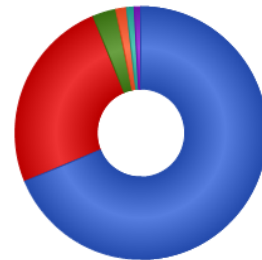


SECTOR WEIGHTING

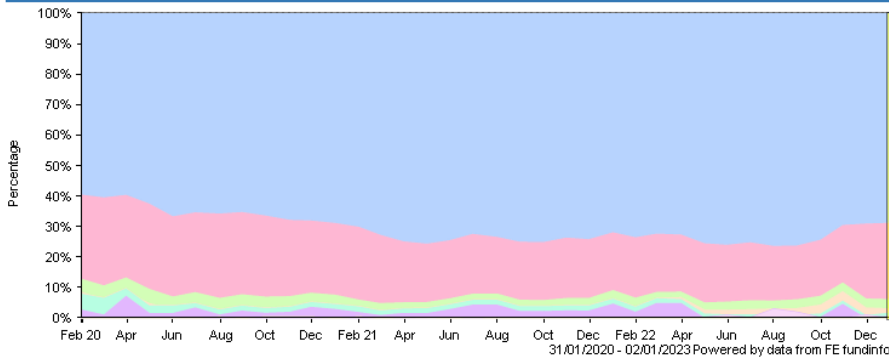
Sector Weightings as at December 31, 2022

Rank	Change	Name	%
1	►	INDUSTRIALS	68.75
2	►	FINANCIALS	25.04
3	►	UTILITIES	3.01
4	►	DERIVATIVES	1.37
5	►	ASSET/MORTGAGE-BACKED SECURITIES	0.99
6	►	MONEY MARKET	0.84

▼ Faller ▲ Riser ► No Change ■ New Entry



Sector Weightings



Sector holdings as at 31/12/2022

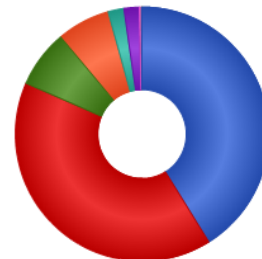
Name	% Weighting
Industrials	68.75
Financials	25.04
Utilities	3.01
Derivatives	1.37
Asset/Mortgage-Backed Securities	0.99
Money Market	0.84
Preference Shares	0.00
Government Bonds	0.00
Others	0.00

REGION WEIGHTING

Region Weightings as at December 31, 2022

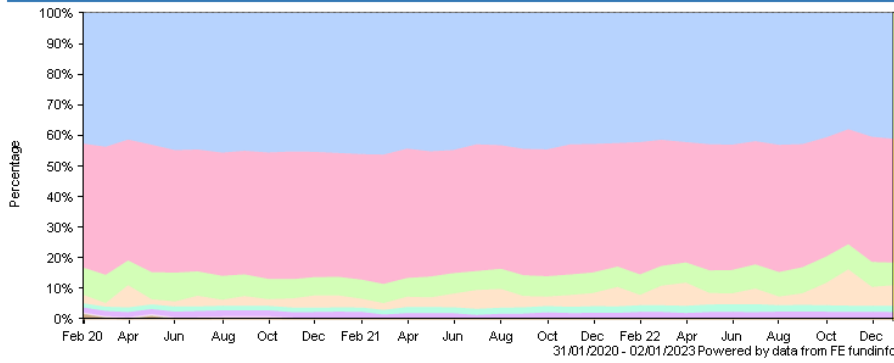
Rank	Change	Name	%
1	▲	EUROPE EX UK	41.15
2	▼	UK	40.40
3	►	NORTH AMERICA	7.32
4	►	MONEY MARKET	6.82
5	►	MIDDLE EAST/ AFRICA	2.02
6	►	AMERICAS	1.95
7	►	SOUTH AFRICA	0.24
8	▲	JAPAN	0.08
9	▼	EU	0.02

▼ Faller ▲ Riser ► No Change ■ New Entry



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Region Weightings



Region holdings as at 31/12/2022

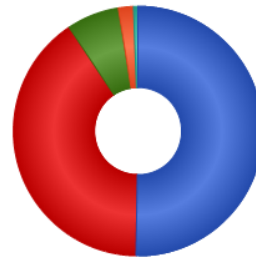
Name	% Weighting
Europe ex UK	41.15
UK	40.40
North America	7.32
Money Market	6.82
Middle East/ Africa	2.02
Americas	1.95
South Africa	0.24
Japan	0.08
EU	0.02
Others	0.00

ASSET / CURRENCY / CREDIT RATING WEIGHTINGS

Asset Weightings as at December 30, 2022

Rank	Change	Name	%
1	▶	GLOBAL FIXED INTEREST	50.25
2	▶	UK FIXED INTEREST	40.40
3	▶	MONEY MARKET	6.82
4	▶	AMERICAN EMERGING FIXED INTEREST	1.95
5	▶	EUROPEAN EMERGING FIXED INTEREST	0.58

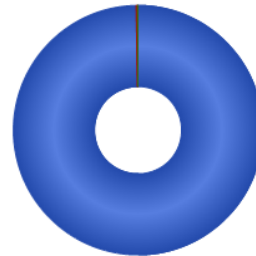
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Currency Weightings as at January 31, 2023

Rank	Change	Name	%
1	▶	BRITISH POUND	99.77
2	▶	EURO	0.15
3	▶	US DOLLAR	0.08
4	▶	SWISS FRANC	-0.01

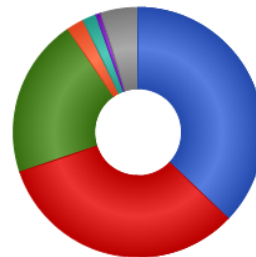
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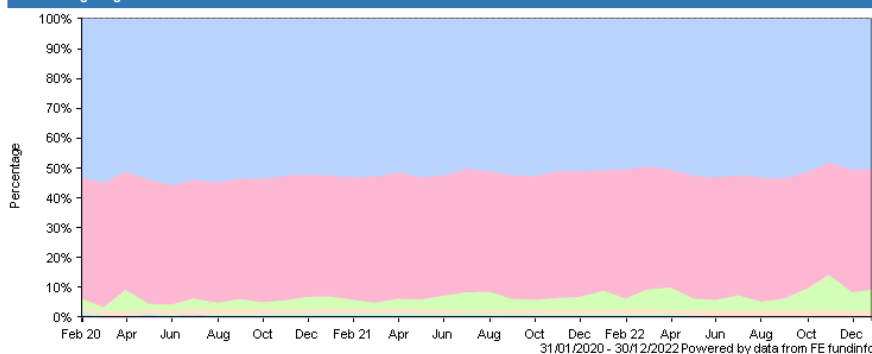
Credit Rating Weightings as at December 31, 2022

Rank	Change	Name	%
1	▶	BB	38.88
2	▶	B	34.25
3	▶	BBB	21.64
4	▶	CCC	2.36
5	▶	A	1.87
6	▶	CC	0.67
7	▶	AA	-4.74
8	▶	OTHERS	5.06

▼ Faller ▲ Riser ▶ No Change ■ New Entry



Asset Weightings



HOLDINGS

Top 10 Holdings as at December 31, 2022

Rank	Change	Name	%	Sector Ranking*
1	▶	PINEWOOD FINANCE LTD 3.25% BDS 30/09/25 GBP100000	1.90	n/a
2	▲	QUILTER PLC 4.478% NTS 28/02/28 GBP200000	1.68	n/a
3	▼	MERLIN ENTERTAINMENTS PLC 5.75% BDS 15/06/26 USD200000	1.68	n/a
4	▶	GRUENENTHAL GMBH 4.125% BDS 15/05/28 EUR100000	1.53	n/a
5	▶	TALK TALK TELECOM GROUP PLC 3.875% BDS 20/02/25 GBP100000	1.37	n/a
6	▶	VOYAGE CARE BONDCO PLC 5.875% BDS 15/02/27 GBP100000REG S	1.34	n/a
7	▶	NIDDA HEALTHCARE HOLDING AG 7.5000 21/08/2026 SERIES REGS	1.33	n/a
8	▶	UGI INTERNATIONAL LLC 2.5000 01/12/2029 SERIES REGS	1.23	n/a
9	▶	CHEPLAPHARM ARZNEIMITTEL 3.5% NTS 11/02/27 EUR1000144A	1.12	n/a
10	▶	LIMACORPORATE SPA FRN 15/08/2023 REGS	1.11	n/a
Total			14.29	

* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).

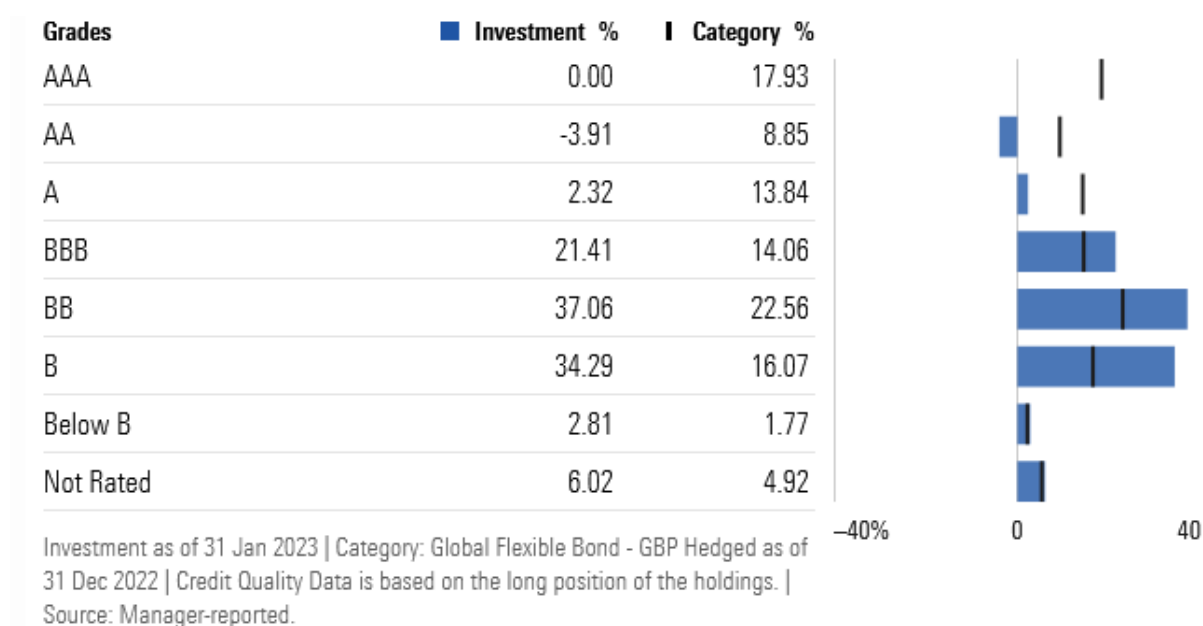


FIXED INCOME MEASURES

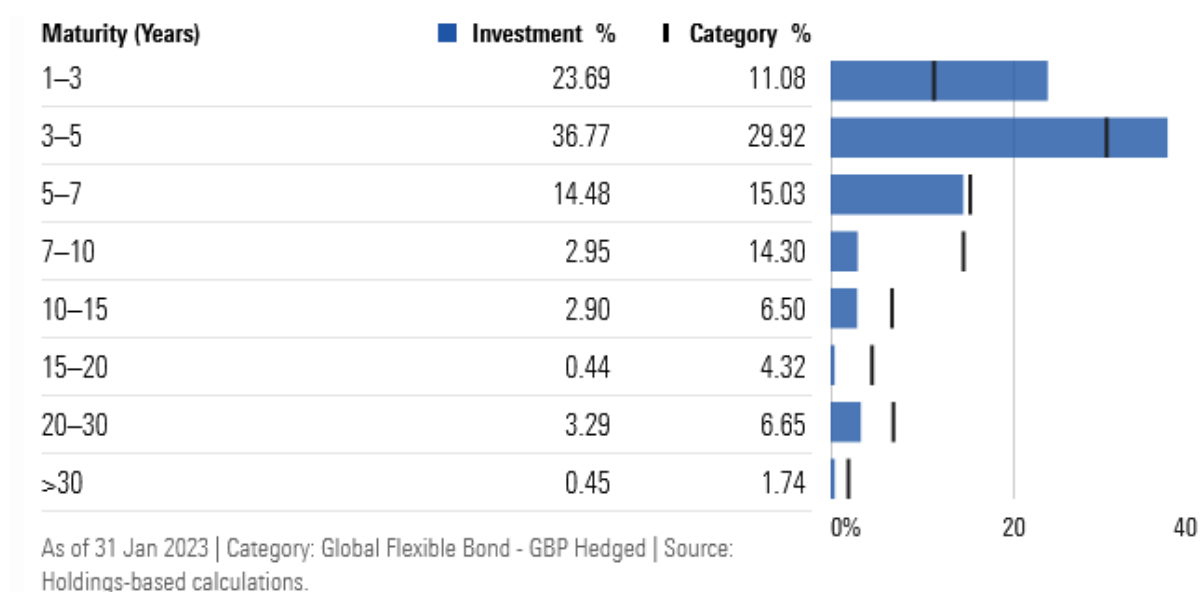
Fixed Income Measures	Investment	Category Average
Effective Duration	2.65	4.43
Modified Duration	—	4.82
Effective Maturity	6.63	7.31
Credit Quality	BB-	BBB
Weighted Coupon	5.11	4.42
Weighted Price	90.72	85.91
Yield to Maturity	8.88	5.96

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CREDIT QUALITY



MATURITY SCHEDULE



OTHER DATA

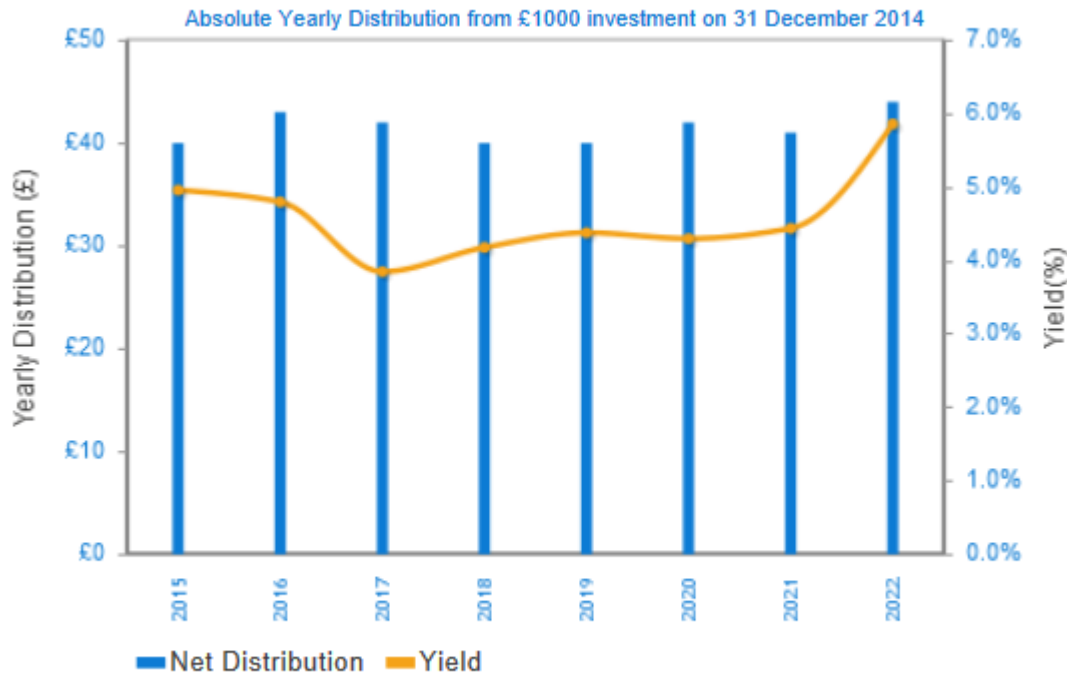
Benchmark	ICE BofA Sterling 3-Month Government Bill Index
Yield	5.60%
Fees	0.77%

Bull Points (pros)	Bear points (cons)
<ul style="list-style-type: none"> Defensive mindset Strong yield Stable investment team Flexible short dated corporate bond fund 	<ul style="list-style-type: none"> Specific part of the fixed income asset class Manager risk

UPDATE....

With the increased focus on fixed income this may be a strategy for investors to consider. It has delivered a strong yield since launch, and this is currently at 5.60%.

Income

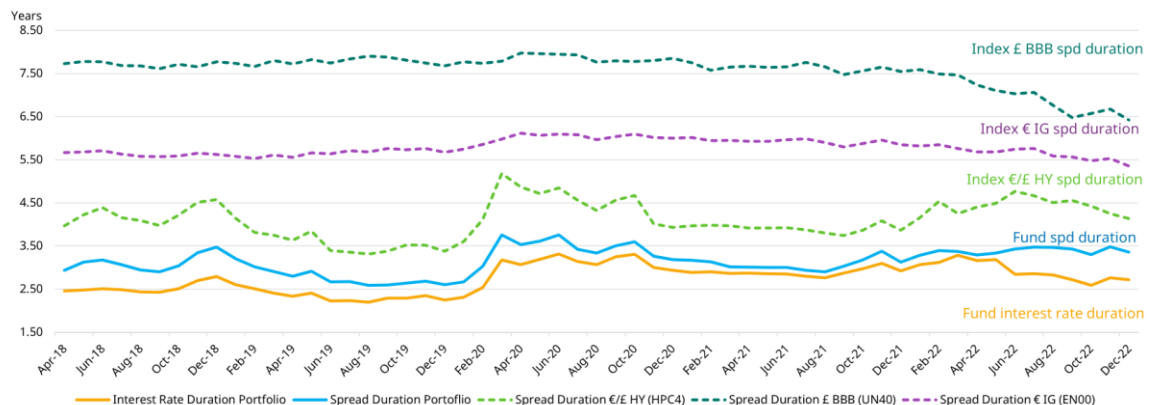


This graph assumes that income is distributed to shareholders and not reinvested. Yield represents share price fluctuations.

It focuses on corporate high yield and investment grade debt, with low interest rate duration. The aim is to deliver a sustainable income and protect capital. The strategy has been managed by Peter Harvey since it was launched in 2006.

This really should be seen as a sleep easy strategy for investors, with less interest rate risk. It will not shoot the lights out but the dependability could be the argument for holding a bond fund, although this has become muddled by some strategies. Investors need to understand what they are buying into and that is not always the case.

Spread duration and interest rate duration



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This is searching out the quality end of the bond market. The chart below provides some examples. Even at the lower end there are strong companies.

	BBB	BB	B
Typical Leverage	2-3 x	3-4 x	5-6 x
5yr Yield £	5.4%	6.8%	8.8%



The focus for them is not to take risk and they feel they don't need to do this in focusing on the more defensive sectors. The fund is mostly Pan European but they do have some exposure to the US.

They would argue this is a bottom up strategy and is about understanding the companies and the debt. Can they have a degree of certainty that the debt will be repaid? Although high yield can pay more, they believe they can still get good returns without taking that level of risk.

There are risks, especially around inflation becoming embedded and central banks pushing higher with rates. However they think the worst is over for bonds. This strategy has come through different cycles and the manager feels, for investors just wanting a traditional bond fund with relatively low levels of risk and a stable income, this is one to consider.

In summary, there is not much to say about this. It is a plain vanilla corporate bond fund that looks to protect assets and provide a strong yield to investors. Investors shouldn't get any nasty shocks and therefore for those wanting a traditional sleep easy strategy this is one to consider. Investors have the potential to get higher returns via other strategies, but it is important to understand the risk that is associated with these.

The source of information in this note has been provided by Schroder and is correct as of January 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.