

This document provides you with key investor information about this fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this fund. You are advised to read it so you can make an informed decision about whether to invest.

# Schroder Strategic Bond Fund

## an Authorised Unit Trust of Schroder Unit Trusts Limited

### Class Z Income GBP (GB00B717KH50)

This fund is managed by Schroder Unit Trusts Limited, which is a member of the Schroders Group.

## Objectives and Investment Policy

### Objectives

The fund aims to provide income and capital growth of between 2.5% and 4.5% per annum (after fees have been deducted) over a 3 to 5 year period by investing in bonds issued by governments, government agencies, supra-nationals and companies worldwide. This cannot be guaranteed and your capital is at risk.

### Investment Policy

The fund is actively managed and invests at least 80% of its assets in bonds denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supra-national and corporate issuers worldwide.

The fund may invest up to 40% of its assets in asset backed securities and mortgage backed securities.

The fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The fund may also invest directly or indirectly in other securities (including in other asset classes), countries,

regions, industries or currencies, collective investment schemes (including Schroder funds), warrants and money market instruments, and hold cash.

The fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. The fund may use leverage and take short positions.

### Benchmark

The fund's performance should be assessed against the income and capital growth target of between 2.5% and 4.5% per year, and compared against the Investment Association Strategic Bond sector average return.

### Dealing Frequency

You may redeem your investment upon demand. This fund deals daily.

### Distribution Policy

This unit class pays income received from the fund's investments to you half yearly.

## Risk and Reward Profile



### The risk and reward indicator

The risk category is based upon the fund's risk target and there is no guarantee that the fund will achieve it.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk-free investment.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

### Risk factors

The following risks may affect fund performance.

**ABS and MBS risk:** Mortgage or asset-backed securities may not receive in full the amounts owed to them by underlying borrowers.

**Capital risk / negative yields:** When interest rates are very low or negative, the fund's yield may be zero or negative, and you may not get back all of your investment.

**Counterparty risk:** 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.

**Counterparty risk / money market & deposit:** A failure of a deposit institution or an issuer of a money market instrument could create losses.

**Credit risk:** A decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless.

**Currency risk:** The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses.

**Derivatives risk:** A derivative may not perform as expected, and may create losses greater than the cost of the derivative.

**Emerging markets & frontier risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk.

**High yield bond risk:** High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk.

**Interest rate risk:** A rise in interest rates generally causes bond prices to fall.

**Leverage risk:** 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.

**Liquidity risk:** 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.

**Negative yields:** When interest rates are very low or negative, the fund's yield may be zero or negative.

**Operational risk:** Failures at service providers could lead to disruptions of fund operations or losses.

**Performance risk:** Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

## Charges

One-off charges taken before or after you invest	
Entry charge	None
Exit charge	None
This is the maximum that might be taken out of your money before it is invested.	
Charges taken from the fund over a year	
Ongoing Charge	0.79%
Charges taken from the fund under certain specific conditions	
Performance fee:	None

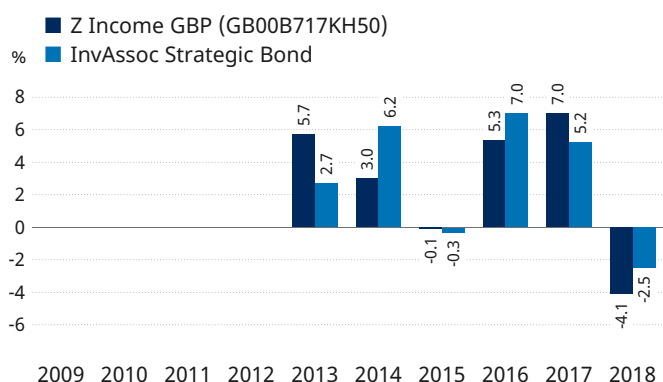
The charges you pay are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

The entry and exit charges shown are maximum figures and in some cases you might pay less. You can find out the actual entry and exit charges from your financial advisor.

The ongoing charges figure is based on the last year's expenses for the year ending August 2018 and may vary from year to year.

Please see the prospectus for more details about the charges.

## Past Performance



Past performance is not a guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the amount you originally invested.

The chart shows performance in British pound after the ongoing charges and the portfolio transaction costs have been paid.

The fund was launched on 27 March 2012.

## Practical Information

**Benchmark:** The income and capital growth target has been selected because the investment manager deploys strategies that aim to deliver the level of income stated in the investment objective.

The comparator benchmarks have been selected because the investment manager and the manager believe that each of these benchmarks is a suitable comparison for performance purposes given the fund's investment objective and policy.