



Innovation in asset management

AFM Conference and AGM 2023

3 October 2023

Marketing material for professional clients
only.

Emily Pollock

Schroders

Why are private assets attractive?

A selection of reasons why private markets are increasingly relevant

For investors



Typically outperform public markets ^[1]



Illiquidity/complexity premium



Improved risk/return profile



Access to other industries



Low correlation to public markets



Active ownership for improved sustainability

Past performance is not a guide to future performance.

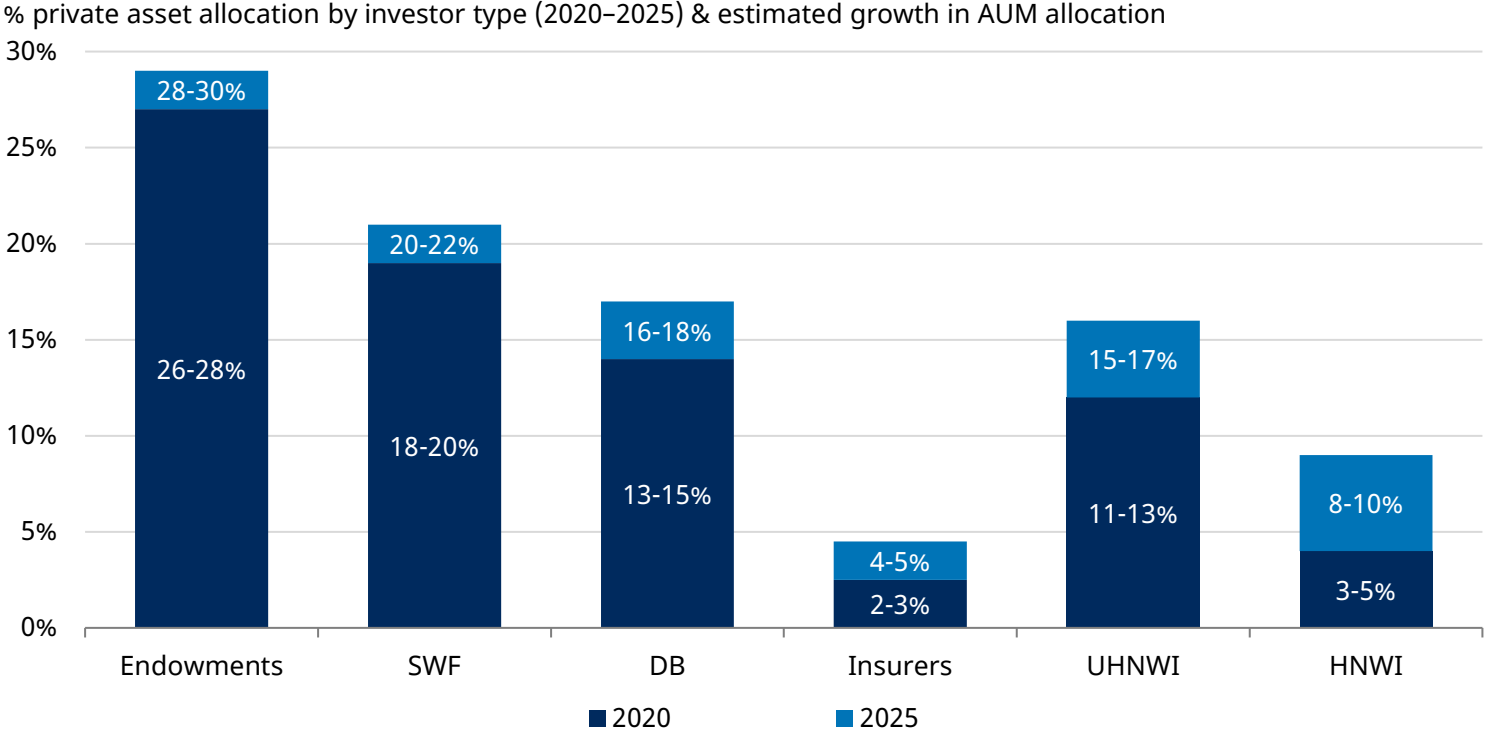
Source: Cambridge Associates, Schroders Capital, 2023. ^[1] Between 2000 and 2020, private equity outperformed the Russell 2000, the S&P 500, and venture capital.

Is now the time to consider private assets?

Why now?

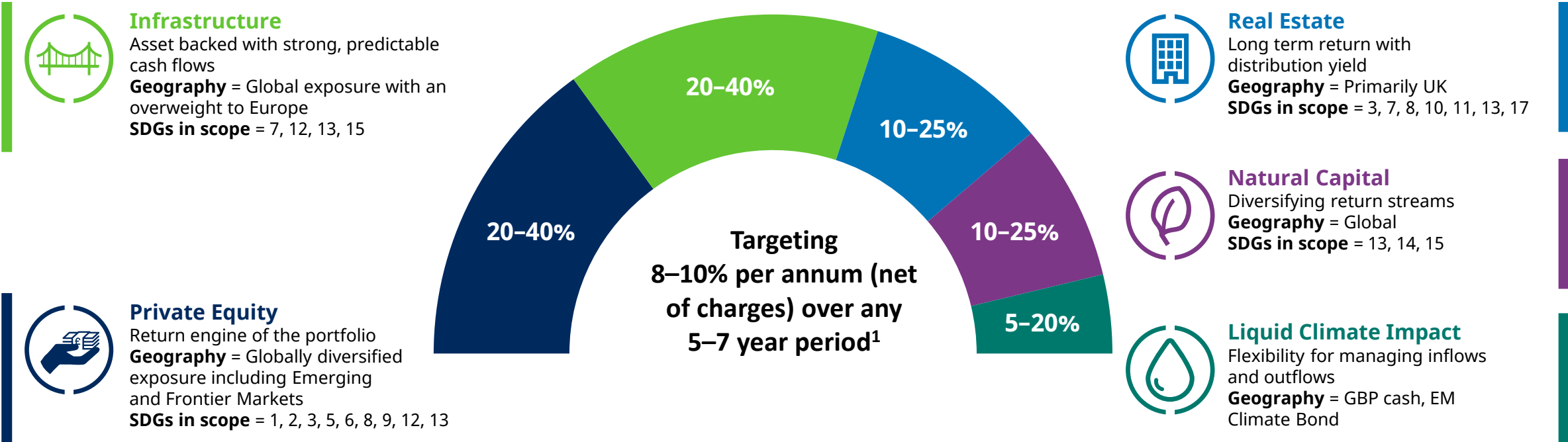
- 1 Broader investment scope
- 2 Higher returns
- 3 Greater access

Growing allocation to private assets



Past Performance is not a guide to future performance and may not be repeated.
 Source: Schroders Capital 2023, Oliver Wyman 2021. Forecasts and estimates may not be realized. Any reference to regions/ countries/ sectors/ stocks/ securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Indicative asset allocation to achieve the objectives



Source: Schroder Capital, March 2023. References to these sectors, countries and securities are example constituents of the indicative portfolio and subject to change. ¹There is no guarantee the Fund will achieve its investment objective or guideline over this market cycle or any other time period.

Delivering measurable impact

Indicative KPIs within the portfolio

Example trends and KPIs (non exhaustive)

Climate Mitigation

- Waste prevention and recycling
- Clean energy access
- Energy innovation
- Terrestrial and freshwater ecosystems

Renewable energy generated per annum (MWh)
 CO2 avoided per annum
 Freight sustainably transported per annum (Tonnes)
 Waste prevention and recycling



Climate Adaptation

- Access to climate insurance in less developed countries
- Climate technology (information and data, insurtech)

People experiencing reduced climate vulnerability through improved adaptation capacity (#)
 Micro, Small and Medium enterprises experiencing reduced climate vulnerability through improved adaptation capacity (#)



Natural Capital and Biodiversity

- Sustainable forestry
- Regenerative agriculture

CO2 captured per annum (Tonnes)
 Area of forest conserved (Ha)



Social Vulnerabilities

- Access to decent work
- Access to housing
- Diversity and inclusion
- Access to financial services

Beneficiaries provided access to financial services in less developed countries (#)
 Homes delivered by housing tenure and rent level (#)



Source: Schroders Capital, UN SDGs, March 2023. For illustrative purposes only. This is not a recommendation to buy or sell.

CASE STUDY

INSUREILIENCE FUND – IGLOO

Overview

Industry: Insurance/Technology

Country: Singapore

Transaction

Size: USD 10m

Stake: 6.5%

Terms: Board representation,
preference shares

Value creation: Connect with IIF portfolio and network in other markets, Connect with global reinsurance companies, Assisting on the creation of new products and entering new countries

Addressing climate adaptation via PE

Investment highlights

- Southeast Asia is one of the most vulnerable regions to climate change. Igloo is expected to reach out 3 million+ beneficiaries driven by the agriculture insurance project in Vietnam and calamity insurance project in Philippines
- Digital insurance market is growing at 30% CAGR and Igloo is expected to benefit from this and deliver ~5x growth over 2022–27
- Set up by ex-CTO of one of the largest unicorns in Southeast Asia, Igloo's management team is considered one of the best in the industry and has delivered strong results historically
- Limited pool of insurtech assets in South East Asia likely to create strategic /secondary exit options
- Igloo is an example of an investment leveraging technology to quickly reach scalability to make affordable insurance

Impact KPIs and UN SDGs



of digital insurance
beneficiaries by 2027



of Jobs created
by 2027

Source: Schroders Capital, BlueOrchard. Note: For illustrative purposes only, past performance provides no guarantee of future results. Logos are the property of their respective entities. As of December 2022.

Investing with Impact – Climate Mitigation

Multiple renewable energy opportunities across the market

Low carbon farming



UK

Sleaford renewable energy plant



UK

Humber offshore wind farm



UK

Date	September 2019	May 2020	December 2020
Enterprise value	£121m	£238m	£648m
Asset	Construction and operation of two of the worlds largest low carbon greenhouses; heat via Water Source Heat Pump from local waste water plants	Sleaford renewable energy plant – a 39MWe operating straw fired bioenergy plant in Lincolnshire	Humber Gateway – 11% share of the 219MW operating offshore wind farm in Yorkshire
Highlights	<ul style="list-style-type: none"> – Ground-breaking model for decarbonising agriculture and heat, benefiting from Renewable Heat Incentive – Consortium of major UK pension schemes – Greencoat links to developer and key delivery partner cemented the deal; vendor reassured by our team’s experience in construction 	<ul style="list-style-type: none"> – Highly contracted revenues: 2.0 Renewable Obligation Certificates (ROCs) and long-term power price floor under Power Price Agreement – Powering c.70,000 homes – Relationship with vendor advisory team leveraged to secure the project 	<ul style="list-style-type: none"> – Greencoat’s 4th offshore wind acquisition since 2013 – 73 turbines located 8km off the coast, total area is c.25 square kilometres – Well contracted cashflows: 2.0 ROCs

Source: Schroders Greencoat as at 30 September 2022. Forecasts and estimates may not be realized.

Important information

Marketing material for professional clients only.

Any reference to regions/ countries/ sectors/ stocks/ securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

Reliance should not be placed on any views or information in the material when taking individual investment and/or strategic decisions.

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 amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

Schroders has expressed its own views and opinions in this document, and these may change.

This information is a marketing communication.

This document may contain “forward-looking” information, such as forecasts or projections. Please note that any such information is not a guarantee of any future performance and there is no assurance that any forecast or projection will be realised.

For certain businesses acquired recently we have not yet integrated ESG factors into investment decision-making. There are also a small number of strategies for which ESG integration is not practicable or possible, for example passive index tracking or legacy businesses or investments in the process of or soon to be liquidated, and certain joint venture businesses are excluded.

Issued in September 2023 by Schroder Investment Management Limited, 1 London Wall Place, London EC2Y 5AU. Registration No. 1893220 England. Authorised and regulated by the Financial Conduct Authority.