Schroders

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Flexible Cat Bond

a sub-fund of **Schroder Investment Fund**

Class C Distribution USD (LU1940198077)

This product is managed by Schroder Investment Management (Europe) S.A, a member of the Schroders Group. For more information on this product, please refer to www.schroders.lu or call +352 341 342 212. Commission de Surveillance du Secteur Financier (CSSF) is responsible for supervising Schroder Investment Management (Europe) S.A. in relation to this Key Information Document. Schroder Investment Management (Europe) S.A. is authorised in Luxembourg and regulated by the CSSF.

This document was published on 21/12/2023.

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type

This is an open ended Alternative Investment Fund (AIF).

Investment Objective and Policy

Investment Objective: The fund aims to provide capital growth and income by investing in insurance linked securities worldwide that meet the investment manager's sustainability criteria.

Investment Policy: The fund invests in catastrophe bonds and cat bond lites worldwide. These are securities whose value is linked to insurance loss events (insurance-linked securities) relating to catastrophes such as hurricanes and earthquakes. The fund may also invest in other types of insurance-linked securities, for example life insurance risks, health risks or motor risks.

The fund invests:
- at least 80% of its assets in investments linked to natural catastrophe and/or life risks;
- at least 50% of its assets in investments linked to meteorological risks;
- at least 5% of its assets in investments that are designed to address the unavailability of affordable insurance cover against natural catastrophes.

The fund will not invest in securities linked to life settlements. The fund will not invest more than 10% into collective investment schemes.
The fund maintains a positive absolute sustainability score, based on the investment manager's rating system. The fund invests in investments issued by issuers that have good governance practices, as determined by the investment manager's rating criteria. The investment manager may also engage with issuers or transaction sponsors held by the fund to challenge identified areas of weakness on sustainability issues.

More details on the investment process used to achieve this can be found in the fund characteristics section. The sub-fund does not directly invest in certain risk classes, activities, industries or groups of issuers above the limits listed under “Sustainability Information” on the sub-fund's webpage, accessed via https://www.schroders.com/en/schroder-investmentfund/

The sub-fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the sub-fund more efficiently.

Benchmark: The fund does not tie its portfolio construction to the constituents of any benchmark.

Dealing Frequency: Subscriptions: Second Friday (or the next business day if Friday is not a business day) and the last business day in a month; Redemptions: Second Friday (or the next business day if Friday is not a business day) and the last business day in a month.

Distribution Policy: This unit class pays an annual distribution at a variable rate based on gross investment income.

Intended retail investor

The company is intended for retail and institutional investors.

Recommendation: Investors should seek independent advice or satisfy themselves that they have an understanding of the strategies and techniques employed by the manager.

What are the risks and what could I get in return?

Risk indicator

1	2	**3**	4	5	6	7

Lower risk ← → Higher risk

! The risk indicator assumes you keep the product for 3 years. The risk is considered to be higher if the holding period is shorter.

You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 3 out of 7, which is a medium-low risk class.

The fund is in this category because it seeks to provide rewards whilst limiting price volatility.

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 units.

You can find more information about the other risks in the prospectus at: https://api.schroders.com/document-store/SIF-Prospectus-LUEN.pdf

Investment performance information

The fund offers investors access to returns not correlated with financial markets The income of the fund is driven by insurance risks, mostly natural perils (e.g., tropical cyclones or earthquakes). The fund participates in insurance risk in the form of cat(astrophe) bonds. If for example an insured event occurs that a specific cat bond covers, then this cat bond might lose some or all of its principal. The fund is therefore a capital-at-risk investment strategy.

The fund earns a risk premium paid on cat bonds it invests in. The premium level depends on the peril the cat bond covers, its risk exposure and market conditions at the time when the cat bond is issued. An additional income stream is the return on the collateral held by the fund (typically invested in low-risk assets). Hence, the total compensation is the risk premium plus the income earned on the collateral. The investment income generated from the collateral is variable, whilst the risk premium is typically fixed. Hence the overall return will be affected by interest rate movements. Most cat bonds are denominated in US Dollars. Investors in non-US Dollar unit classes of the fund or who report in a Non-US Dollar currency are exposed to FX risk which may impact the performance of the fund.

The performance of the fund is not managed against a benchmark. The performance objective of the fund is to generate a positive return over three years.

What could affect my return positively?

The maximum return of the fund is limited by the risk premia generated by the underlying cat-bond positions in the fund plus the investment income generated from the collateral held by the fund. In the case where there is no loss to the underlying positions and ignoring other factors (see below) the maximum return can be realised.

If there are positive mark-to-market developments in the fund portfolio and / or if the investment return from the collateral increases due to changes in interest rates, the return of the fund might be positively affected. The same applies if the US Dollar appreciates versus other currencies.

In addition, the performance of the fund may be positively impacted by mark-to-market gains due to repricing in the cat bond primary market. When underlying risk spreads of new transactions in the primary market go down, the price of existing positions in the fund goes up and therefore positively impact the net asset value of the fund. Changes in the value of the US Dollar against other currencies can also have a positive impact on non-US Dollar hedged unit classes.

What could affect my return negatively?

Lower returns may be generated when natural catastrophes cause mark-to-market or realised losses to the cat-bond positions held in the fund. The more severe the event is, the greater the losses will be. The maximum exposure to a single peril, e.g., California Earthquake, is however limited as per the fund's risk profile. This allows for portfolio diversification and limits down-side risk.

If there are negative mark-to-market developments in the fund portfolio and / or if the investment return from the collateral decreases due to changes in interest rates, the return of the fund might be negatively affected. The same applies if the US Dollar depreciates versus other currencies.

The fund does not have a maturity date. In difficult market conditions, investors may receive less than initially invested upon redemption of their holding in the fund. Under certain conditions, Schroder Investment Management (Europe) S.A. reserves the right to gate and/or defer redemptions or declare a liquidity event for the fund.

In addition, the performance of the fund may be negatively impacted by mark-to-market losses due to repricing in the cat bond primary market. When underlying risk spreads of new transactions in the primary market go up, the price of existing positions in the fund goes down and therefore negatively impact the net asset value of the fund. Changes in the value of the US Dollar against other currencies can also have a negative impact on non-US Dollar hedged unit classes.

Under severe market conditions, for example an insured loss event occurs, investors may receive considerably less than the amount they invested upon redemption of their holding in the fund and, in an extreme situation, may lose all of their money invested in the fund.

What happens if Schroder Investment Management (Europe) S.A. is unable to pay out?

For your protection the fund's assets are held with a separate company, a depositary, so the fund's ability to pay out would not be affected by the insolvency of Schroder Investment Management (Europe) S.A.. If the fund is terminated or wound up, the assets will be liquidated and you will receive an appropriate share of any proceeds but you may lose part or all of your investment. You are not covered by the Luxembourg compensation scheme.

What are the costs?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest USD 10,000.00. The figures are estimates and may change in the future.

Investment $10,000.00			
Scenarios	**If you cash in after 1 year**	**If you cash in after 2 years**	**If you cash in at 3 years**
Total costs	**$135.09**	**$266.99**	**$395.71**
Impact on return (RIY) per year	**1.35%**	**1.34%**	**1.34%**

The person selling or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Composition of costs

The table below shows:
- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

Cost Composition

This table shows the impact on return per year			
One-off costs	**Entry costs**	0.00%	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	0.00%	The impact of the costs when exiting your investment.
Ongoing costs	**Portfolio transaction costs**	0.11%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.23%	The impact of the costs that we take each year for managing your investments.
Incidental costs	**Performance fees**	0.00%	No performance fees are applied.
	Carried interests	0.00%	No carried interest is applied.

An anti-dilution adjustment is a charge imposed by the manager on a subscription or redemption in the fund to offset the impact of any dealing costs associated with the purchase or sale of underlying fund investments, as a result of such subscription or redemption, to ensure that other holders in the fund are not adversely affected. The total amount of benefit for ongoing holders in the fund derived from this anti-dilution mechanism per year deducted from the transaction costs is 0%

How long should I hold it and can I take money out early?

There is no recommended minimum holding period for this fund but investors should not view this as a short term investment. However, you can redeem your investment without penalty at any time in accordance with the fund's prospectus.

How can I complain?

Should you wish to complain about the fund or any aspect of the service provided to you by Schroders, you may contact the Compliance Officer, Schroder Investment Management (Europe) S.A., at 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg or submit your complaint via the contact form on our website, **www.schroders.lu**.

If you have a complaint about financial advice you have received in relation to the fund, or the service you have received when placing transactions in the fund through a third party, please direct your complaint to your adviser or third party accordingly.

Other relevant information

Depending on how you buy the fund you may incur other costs, including broker commission, platform fees and Stamp Duty. The distributor will provide you with additional documents where necessary.

You can get further information about this fund, including the prospectus, latest annual report, any subsequent half-yearly report and the latest price of the fund from the fund's management company at 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg, and from **www.schroders.lu**. A paper copy of these documents is available free of charge upon request. You can also refer to this website for additional information such as remuneration policy or switching eligibility requirements.

Tax Legislation: The fund is subject to Luxembourg tax legislation which may have an impact on your personal tax position.

Umbrella Fund: This fund is a sub-fund of an umbrella fund, the name of which is at the top of this document. The prospectus and periodic reports are prepared for the entire umbrella fund. To protect investors, the assets and liabilities of each sub-fund are segregated by law from those of other sub-funds.

This Key Information Document is updated at least every 12 months, unless there are any ad hoc changes.

The cost and risk calculations included in this Key Information Document follow the methodology prescribed by the rules of the FCA.