

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, June 6, 2024, at 12:30 PM
City Hall Conference Room 3C**

AGENDA

1. CALL TO ORDER

2. PUBLIC COMMENT

3. INVESTMENT AND FINANCIAL MATTERS

Schroder Securitized Fixed Income

4. INFORMATION

- a. Next regular BOT meeting scheduled for Thursday, June 27, 2024, at 2 PM
- b. Harrison Street – Real Estate discussion scheduled for Thursday, August 1, 2024, at 12:30 PM

5. PRIVILEGE OF THE FLOOR

6. ADJOURNMENT



SECURITIZED PRODUCT & ASSET- BASED FINANCE

Review of Flexible Secured Income (FLEXSI), L.P.

Michelle Russell-Dowe, Co-Head of Private Debt & Credit
Alternatives (PDCA)

Karen Kwon, Institutional Director

Jason Kezelman, Head of PDCA Sales, Americas

Data as of April 2024

Marketing material for professional clients only, for use on in the Americas,
Oceania. Materials related to a private fund and are not for forward distribution.



CONTENTS

- Introduction to Schroders, our business and our team
- Overview of our process and philosophy
- Overview of the strategy
- Performance

Schroders

A worldwide team dedicated to asset management

Focus

- Asset management is our sole business,
- \$818.9 billion in AUM globally

Experienced owners

- Over 200 years of financial services experience
- Founding Schroder family controls 44.1% of voting equity

Resources of a large firm

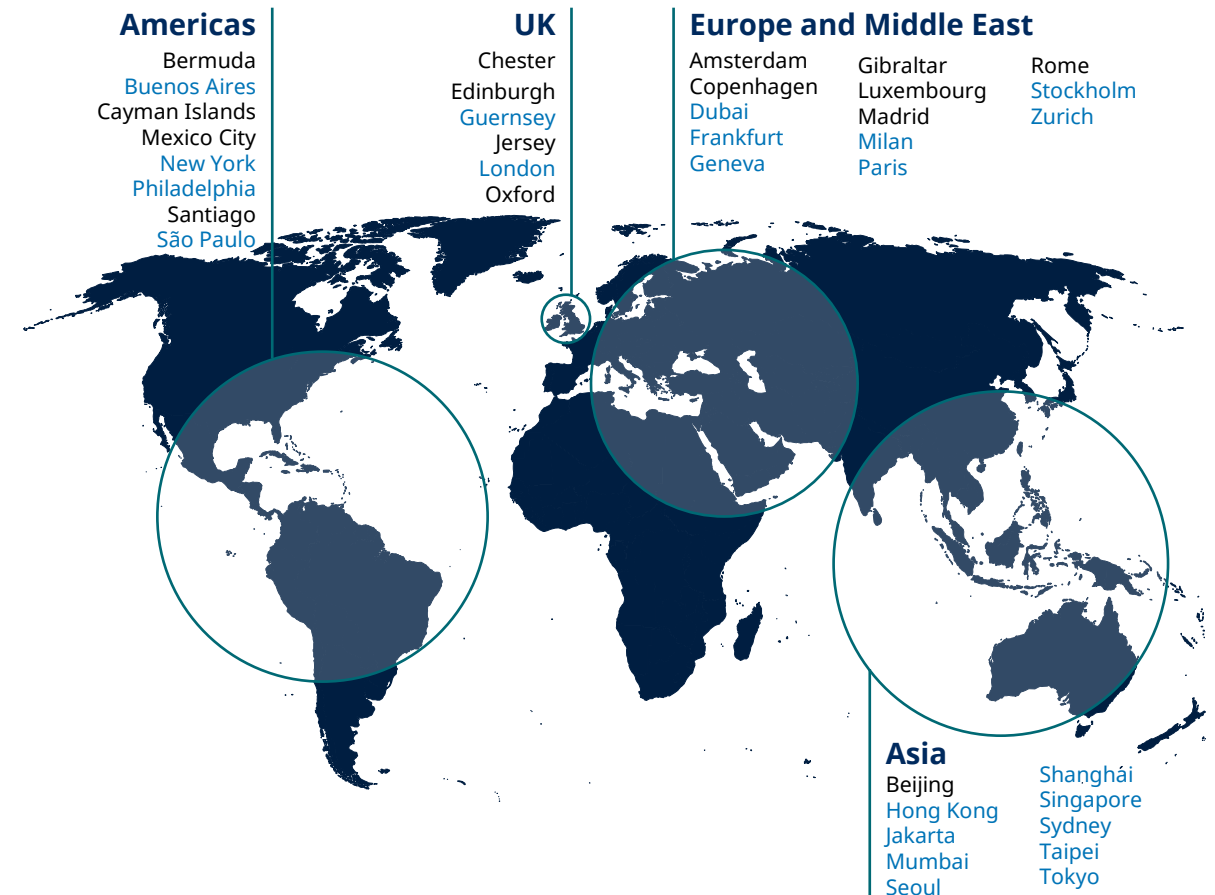
- Established teams, boots on the ground globally
- 420+ portfolio managers and analysts worldwide
- 4,000+ personnel in 28 countries

Innovation & longevity

- Longevity 200 years of firsts
- We innovate and move as markets & needs evolve

Schroders offices

Investment offices in blue



Source: Schroders. Statistics are as of 31 December 2023.

Securitized Product & Alternatives platform

Experienced, proven team with a long history together through cycles

A pioneer in evaluating, structuring and investing in asset-based debt

1988 – Hyperion Capital Management (HCM), a mortgage credit specialty firm formed by **Lewis Ranieri**, one of the first non-agency MBS & CMBS b-piece buyers.

2005 – HCM bought by **Brookfield Asset Management** forming Hyperion-Brookfield Investment Management.

2016 – Business acquired by Schrodgers, retaining all client relationships including Brookfield sub-advisory. Integrated to **Schrodgers Capital** (2021).

2023 – Merged to form Schrodgers Capital Private Debt & Credit Alternatives (PDCA) pillar in Schrodgers Capital

Sourcing relationships established through equity stakes, loan acquisition and warehouse arrangements. Partners include US commercial real estate loan originator/servicers, owner/operators, law firms, banks and proprietary partners.

\$17+ billion in AUM invested across a range of strategies: bespoke solutions provides through fund structures and segregated mandates.

Experienced team with decades together through cycles

Managing securitized product & specialty finance strategies over two decades.

Team of 21 led by Michelle Russell-Dowe:

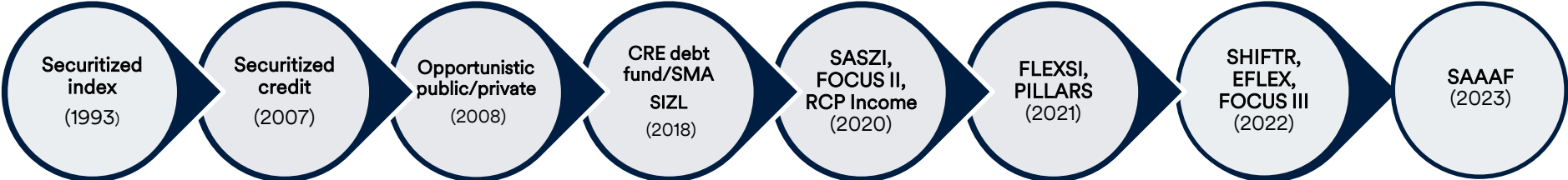


Michelle Russell-Dowe **Anthony Breaks** **Jeffrey Williams** **Nicholas Pont** **Christopher Ames** **Alyse Kelly**

Flexible best ideas process evolved over decades and cycles, incorporating proprietary models, data and analytics built to assess opportunities and mitigate risks of higher income securities.

Diverse global toolkit incorporating full range of senior and subordinate securities, short and longer-term financing, risk transfer and direct lending on assets.

Evolving products as market conditions change



Source: Schrodgers Capital, as at March 2024. Past performance is no guarantee of future results.

Our focus is cashflow from repayments on secured debt, public and private

- Our platform invests in debt backed by assets across syndicated and non-syndicated markets
- We **focus on fundamentals** across borrowers from consumers to corporations and across assets from homes, to commercial real estate, to equipment and automobiles
- We look **across advanced economies** (US, UK, EU and AU)
- We are fundamentals first, identifying attractive sectors and regions, identifying attractive income and moving across sectors as fundamentals change
- We identify gaps in capital provision owing to policy, regulation and liquidity
- Our team has nearly **three decades of experience** in moving to areas where inefficiencies drive excess return
- Top-down research on the economy, fundamental assessment of data rich sectors, collection of proprietary data, development of analytics, models and metrics combine to optimize income and mitigate volatility
- Exposure type includes, securities, lending, acquisition finance, financing, risk transfer or credit linked notes



What flexible means: we can move with the cycle, with fundamentals

We focus on fundamentals, structure, borrower quality and cashflow stability



Housing debt

- Home loans (mortgages)
- Apartment loans
- Rental housing loans
- HELOC
- Bank portfolio capital relief
- Mortgage insurance



Consumer debt

- Credit card
- Auto
- Equipment (RV, ATV)
- Student loans
- Manufactured housing
- Personal loans
- Claims



Real estate debt

- Retail
- Industrial
- Self Storage
- Hotel
- Office
- Mixed-use



Commercial finance

- Equipment (trucks, agriculture equipment, airplanes)
- Project finance/infrastructure
- Inventory, whole business
- Receivables/contingent cashflows
- Leveraged loans/ private placements

Our investment universe

Consumer receivables, business/commercial finance, residential & commercial real estate loans

The universe of asset-backed lending

What we access is data rich, specialist credit How we access it, aligns to the opportunity	Commercial real estate & residential real estate	Consumer loans & receivables	Business/sponsor finance
Lending to borrower	Yes	No	Yes
Buying loans / buying pools of loans	Yes	Yes	Yes
Providing financing on loans or warehousing loans	Yes	Yes	Yes
Risk transfer – banks (SRT), insurer/guarantor (CRT)	Yes	Yes	Yes
Securities	Yes	Yes	Yes
Examples	Bridge loan, rental home loan, real estate security, MBS	Auto loan, student loan, insurance claim,	Equipment lease, inventory, finance, contingent cashflows, CLO

- Our expertise is international, particularly key developed markets, in data rich sectors with longer histories: real estate, housing, autos, insurance, infrastructure
- This is magnified through our proprietary data/systems as we compose attractive risk/return profile through combination of cashflow and structuring.
- Banks would rather not partner with competitors that are specialty finance lenders or direct lenders

Source: Schroders Capital Securitized Product & Asset-Based Finance

US product continuum and the team's funds

Strategies with funds for US clients



SHIFTR

- Fund with monthly liquidity.
- Open to US ERISA investors and other US plans
- Investment grade only, all CUSIPs
- Alternative to corporate credit with lower duration and lower volatility
- Outperform 1-5yr Corporate Index



PILLARS

- Fund with quarterly liquidity
- Open to US ERISA investors and other US plans.
- Mix of CUSIPs and private loans, securities
- Alternative to US Corporate Index
- Corp Index + 150bps



FLEXSI/EFLEX

- Funds with quarterly liquidity
- ERISA fund and fund for non-ERISA, no EU/UK investors
- Mix of syndicated and non-syndicate investments
- Income alternative to high yield corps, leveraged loans or direct lending
- Cycle target cash + 500



FOCUS

- Closed-ended funds with a 5-year term
- Delaware/Cayman.
- Primarily private investments, but can span public and private markets
- Opportunistic credit, direct lending/ private credit diversifier
- IRRs 15%/ GEM 1.7x – 1.9x



PHILOSOPHY & PROCESS

Flexible best ideas in a risk managed framework



Our philosophy- flexible best ideas

Go where the market affords opportunity

- We believe a strategy benefits from being able to identify the best assets and then to consume their cashflow in the most attractive format.
- This allows us to benefit from the opportunities as they present themselves across markets.
- Some opportunities are fundamental, some are structural, and some are driven by valuation.
- Valuation opportunities typically only present in “liquid markets”, and require quick action, capital at hand.
- Fundamental opportunities require asset quality, and control over terms and work-outs.
- A more flexible playbook is a benefit.
- Our focus on markets intermediated by regional banks is a critical opportunity.

Source: Schroders Capital. The views and opinions shared are those of the Schroders Capital Securitized Products & Asset-Based Finance Team and are subject to change.

There is no guarantee that any forecasts or opinions will be realized. The forecasts included should not be relied upon, are not guaranteed and are provided only as at the date of issue. Our forecasts are based on our own assumptions which may change.

Culture leads to structure

Flexible best ideas execution requires several pillars to support the process



Team structure

- No silos
- Strategy teams
- Diversity of perspective



Tool kit

- Scalable markets
- Idiosyncratic opportunity
- Ability to self-generate the right point of asset exposure



Systems

- Consistent approach
- Common ground (risk profiles)
- Analytics that work across sectors, investment and risk
- Assessment across risks, including sustainability



Risk Management

- Measure risk
- Choose the level of desired risk
- Consistently deploy
- Efficiency to benefit from scale
- Feedback to returns/ attribution: prepare, perform, reflect

Culture: strategy-team based, aligned to client objectives

Specialist expertise deployed within a best ideas framework

Michelle Russell-Dowe

Global Head of Securitized Product & Asset-Based Finance
(Strategic asset allocation & strategy team lead)

Team based, strategy-oriented framework	Low Duration	Benchmark Relative	Opportunistic (public/private)
	Team of six including senior team of: Anthony Breaks Chris Ames Alyse Kelly Bob Graham Adam Pinkerton	Team of five including senior team of: Anthony Breaks Eric Richter Bob Graham Adam Pinkerton	Team of six including senior team of: Anthony Breaks Chris Ames Alyse Kelly Jeff Williams Paul Bratten
	Tom Hoffer – Head of Implementation / Bridget Hu – Portfolio Holdings Risk Manager / Sagar Regmi – Head of Quantitative Risk Systems/ Gina Harnett -COO		

Credit specialism	US commercial real estate	Global residential housing	Consumer	Equipment/Receivables	Leveraged loan
	Five team members led by Jeff Williams 35 years of CRE experience *Partners for market data/sourcing	Six team members led by Michelle Russell-Dowe & Anthony Breaks averaging more than 25 years of experience, including regional partners	Five team members led by Michelle Russell-Dowe and Chris Ames averaging more than 30 years of experience	Four team members led by Anthony Breaks averaging more than 25 years of experience	Three team members led by Anthony Breaks and Alyse Kelly averaging more than 25 years of experience in leveraged loans/CLO

Product Strategy Team

Team of four led by Nicholas Pont

Our integrated process is team-based

Top-down and bottom-up

- Top down begins with our quarterly investment committee series
 - Quarterly series-perspective is everything -eight meetings, all investment/product
 - #1 Economic conditions, rates and growth
 - #2,#2,#4, #5: Pillar fundamentals: Consumer, housing, real assets, corporate finance,
 - #6 Regulation, banks, insurance, #7 liquidity and capital flows, #8 Final IC
- Top-down process determines risk appetite, liquidity needs and volatility tolerance as well as fundamental preference and rates exposure
- Bottom-up process is where we choose exactly how that risk is deployed, sector, security and structural selection
 - Strategy teams meet weekly
 - Consensus driven, leader decides
 - 3x per week morning team calls
- Surveillance is quarterly on similar schedule to top-down. Drives feedback on trends, and top-down assessment (actual versus expected)

Source: Schroders Capital

Identifying themes and trends:

- ✓ Macro-economic picture
- ✓ Credit risk/duration risk
- ✓ Sector preference/fundamentals
- ✓ Regional preference

Top down
(qualitative analysis)

Manifesting top down specifically:

- ✓ Issuers
- ✓ Tranche/risk exposure
- ✓ Capital structure, triggers
- ✓ Public/private
- ✓ Syndicated/not

Bottom up
(quantitative analysis)

Portfolio construction applied across all strategies

Determining risk appetite and investment themes

1 Determine our risk appetite

- Evaluate macro environment and general level of spreads/compensation for risk
- Fundamental and technical factors, valuations

2 Rank importance of major factors

- Liquidity
- Credit Risk
- Volatility
- Duration
- Spread duration
- Complexity

3 Determine investment themes and credit cycle

- Evaluate and rank sectors based on relative attractiveness and stage in underlying credit cycle
- Investment theme exposure
- Opportunity or risk mitigation

4 Enhance returns through security specific value

- Unique asset specific proprietary analysis
- Forward returns/scenario based assessments
- Idiosyncratic option value driven by collateral/structure

5 Allocate across 9 risk groupings

- Weights to risk groupings are determined in (1) and (2), weightings within risk groupings are a function of (3) and (4)



Source: Schroders. The opinions stated in this document are those of the Schroders Securitized Credit team and are subject to change.

Understanding risk profile is key

Differentiated flexible approach managed through cycles by experienced specialists

Philosophy: An in-depth understanding of collateral cash flow and the impact of structure is the foundation of generating returns in a market where size and complexity leads to exploitable inefficiency. Portfolio construction benefits from combinations which optimize return and minimize downside

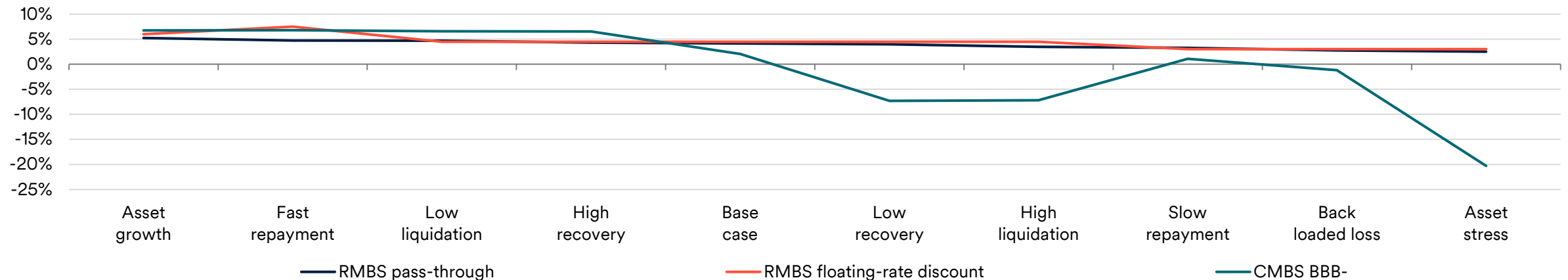
Collateral cash flow

- Establishing the range of outcomes: 'shoulds' and 'coulds'
- Asset specialty is critical: a historical understanding of markets including quality, performance, depth and liquidity
- Yield profiles can vary significantly, pricing is inefficient
- Data: quality and amount of data impact accuracy

Structure

- The right packaging can add protection or enhance return
- Relative value can be identified by comparing risk profiles, there can be material gaps across markets that are often silos
- Sensitivity analysis Isolates the critical sources of performance and variation

Scenario Yield



Source: Schroders. The opinions stated in this document are those of the Schroders Securitized Credit team and are subject to change. Sectors are mentioned for illustrative purposes only and should not be viewed as a recommendation to buy/sell. For illustrative purposes only, actual results may vary.

Securitized Product & Alternatives platform advantages

Uniquely positioned to deliver through dynamic market change



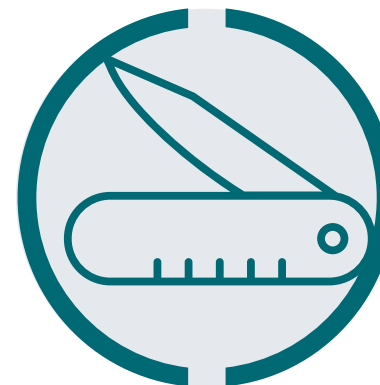
Experienced Team

- Very experienced team
- Longest tenure in the industry, experience together through cycles
- Diverse backgrounds
- Client focused institutional background
- Long client tenure



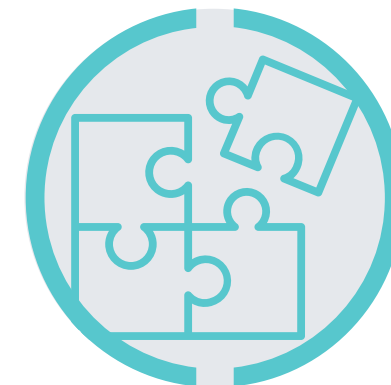
Consistent Process

- Flexible best ideas process grounded in risk management
- Process developed by the same team over cycles
- Public/private process allows a comprehensive survey
- Process is consistent across the platform
- Long track record, globally



Diverse, flexible toolkit

- We have a global platform, with a diverse tool kit
- Experienced leaders with multi-regional platform and core partners
- Experienced at the asset level/ lending, financing
- Focus on regions, on assets, on structures that are strong



Innovation

- We have a track record of being able to use data and address market shifts
- We have a quantifiable process
- We have incorporated social pillars for decades and are early adopters of sustainable measures

Source: Schroders Capital. The views and forecasts shared are those of the Schroders Capital Securitized Products & Asset-Based Finance Team and are subject to change.



FLEXSI, L.P.

Flexible Secured Income, a fund focused on opportunities and income in secured debt, across securitized products, specialty finance, & asset-based finance

Schroder Flexible Secured Income, L.P.

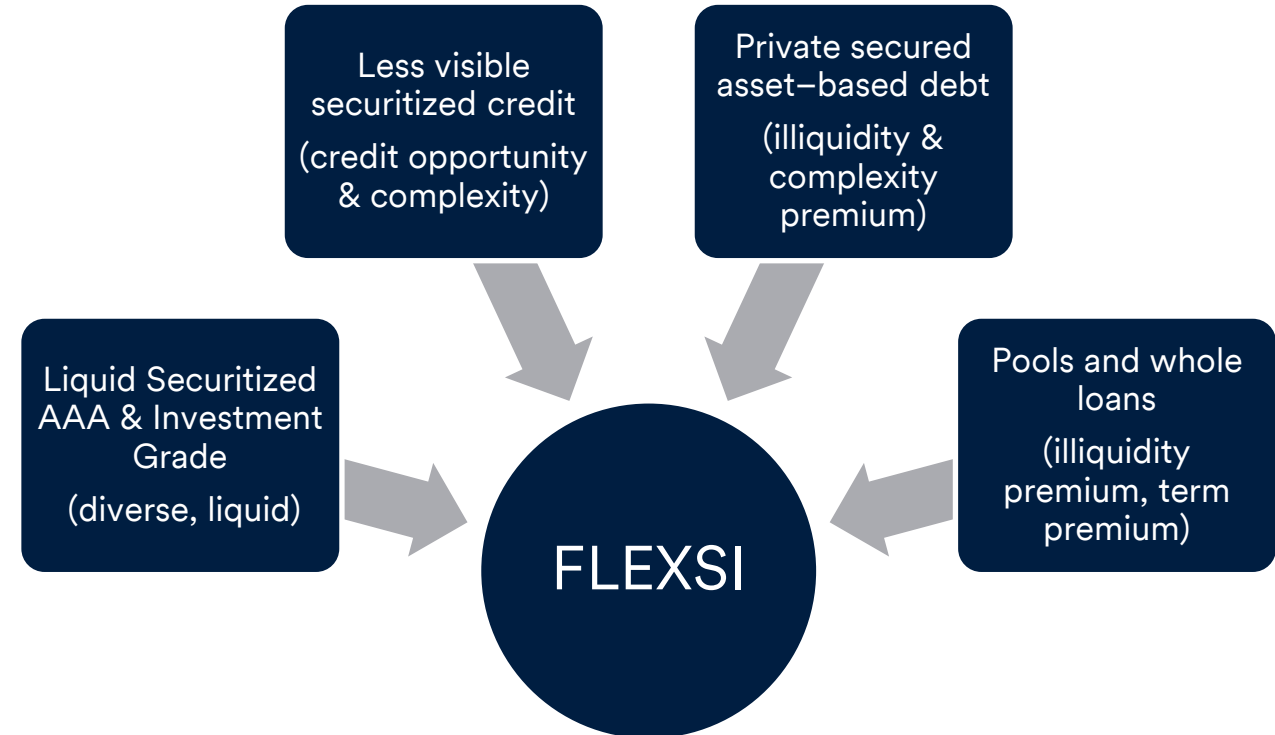
Fund terms

Fund terms	Schroder Flexible Secured Income, LP. (FLEXSI)
Objective	Income, cycle return of cash + 500 bps per annum
Reference benchmark	50% US High Yield Corporate Index/ 50% US Leveraged Loan Index
Eligible investments	ABS, MBS, CMBS, CLO, the underlying loans and receivables and other secured debt
Minimum Commitment	\$10 million
Liquidity	Quarterly liquidity, 18-month initial lock-up.
Structure	Cayman, LP/Delaware, LP
Leverage	The fund does not employ leverage
Investors	Not available to EU/UK investors, ERISA investors limited to 25% of the fund
Composite	Schroders Opportunistic Securitized (public/private)

Let's talk about Flex: flexible, global, best ideas approach

Robust, predictable cashflows offer quality income and diversification of risk premia

- We use diversified risk premia to ensure a more predictable return. We can use both **public or private** market to earn liquidity or complexity premium, in addition to the traditional credit, prepayment or term premiums
- We access a diverse range of sectors to navigate through cycles. Navigate cycles by **emphasizing sectors with fundamentals we like**, with the protection, control and opportunity we require
- Flexibility in structure offers a range of tools to mitigate risk: Structure allows us to add protection or enhance return, we can access a market in the most attractive form/structure/loan.
- We capitalize on opportunity where it exists. Inefficiency and opportunity may occur in public or private markets, and in particular sectors, this can shift quickly, **being flexible to capture alpha is key**
- We can access large, liquid, primary and secondary markets, as well as more unique public or private markets, to create an **evergreen opportunity**



We have a long history of successfully identifying opportunity and developing a variety of return profiles that access it

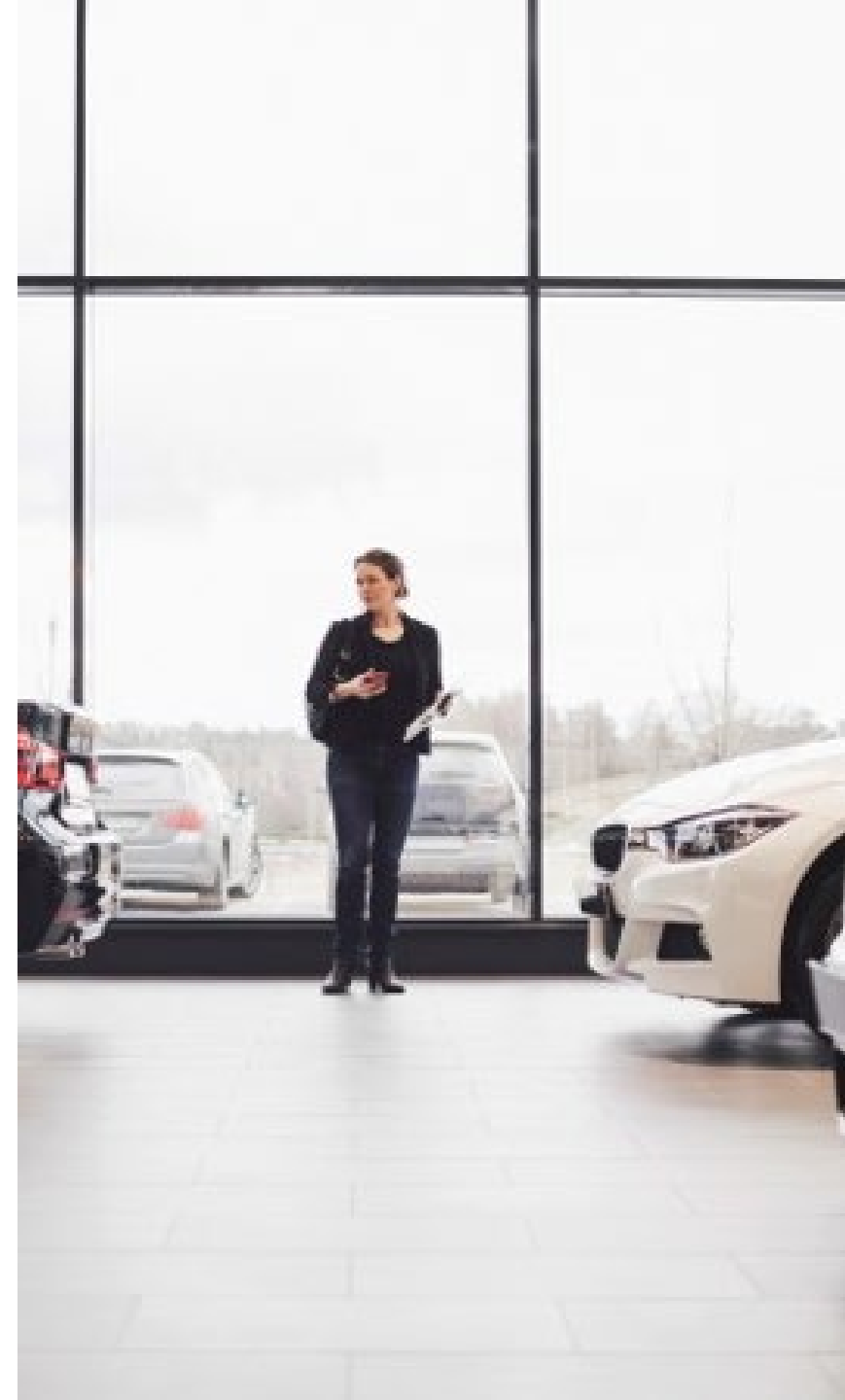
Source: Schroders Capital. The opinions stated in this document are those of the Schroders Capital Securitized Products & Asset-Based Finance Team and are subject to change. There can be no guarantee that any investment objectives or outcomes will be achieved. Diversification cannot ensure a profit or protect against the loss of principal.

Critical benefits of global ABS today

Attractive opportunity created by absence of key buyers

- Strong opportunity to earn excess return by stepping into the void left by banks that are attending to RWA.
- Agency MBS, AAA CLO and other shorter tenor ABS & MBS debt is where banks have played a role in securities
- Amortizing debt affords liquidity, de-leverages exposure, and reduces maturity risk.
- Pools of thousands of borrowers insulates from idiosyncratic risk.
- Customize exposure based on volatility, liquidity and credit:
 - A wide range of debt types allows for credit selection amongst collateral and borrower types: choose solid fundamentals.
 - A wide range of notes issued across ratings allows for customization of risk exposure: choose structural protection.
 - Secondary markets trading at a discount allow for an investor to customize return profile, mitigate call risk: choose valuation protection.
- Attractive and diversifying alternative, at all points in the cycle, to intermediate corporate securities.

Source: Schrodgers Capital, Bloomberg, as of June 2023. The views and opinions shared are those of the Schrodgers Capital Securitized Products & Asset-Based Finance Team and are subject to change



Realized private loan: 9.9% IRR stabilized grocery-anchored retail

SUMMARY Opportunity to provide financing secured by a portfolio of three grocery-anchored retail centers located in the Jacksonville, FL MSA. Each center is anchored by Walmart Neighborhood Market with the inline tenancy consisting of a mixture of national, regional, and local tenants. Totaling 204,973 sf, the portfolio maintained an average occupancy of 97% during the loan term. The Sponsorship was Gatlin Development Company, a Jacksonville-based real estate owner/operator/developer, specializing in retail.

LOCATION The properties are in the Mandarin submarket of Jacksonville, FL with proximity to major roadways and residential neighborhoods.

LOAN TYPE Senior mezzanine loan

ORIGINATION DATE November 2017

STATUS Realized February 2022



Loan Overview			
Borrower	Gatlin Development Company	Loan-to-Cost	67%
Lender	State pension fund	Loan Term	72-months
Total Units	204,973sf	Extension Options	None
Total Initial Loan Amount	\$3,520,000	Coupon	9.75% fixed
Fully Funded Loan Amount	\$3,520,000	Realized IRR/EM	9.98% / 1.27x

Acquisition / pre-development commercial mortgage loan

SUMMARY

Opportunity to finance the purchase of a 35,290 lot SF (0.8 acre) land parcel and site planning for the future development of a 272-key Edition branded hotel and 56-Edition-branded condominium residences. The Edition brand falls within Marriott’s lifestyle-oriented Distinctive channel which caters to high-income leisure travelers. Borrower has executed a 30-year Hotel Management Agreement with Marriott. Nashville has been one of the fastest growing markets in the nation driven by corporate and personal migration. This project will fill a void within this hotel class and residential product segments.

LOCATION

The site of this project is located with the Gulch neighborhood, adjacent to Amazon’s Nashville Yards (HQ2) and within walking distance to primary business and entertainment districts.

LOAN TYPE

Senior secured mortgage

ORIGINATION DATE

March 2023

STATUS:

Current



Loan Overview

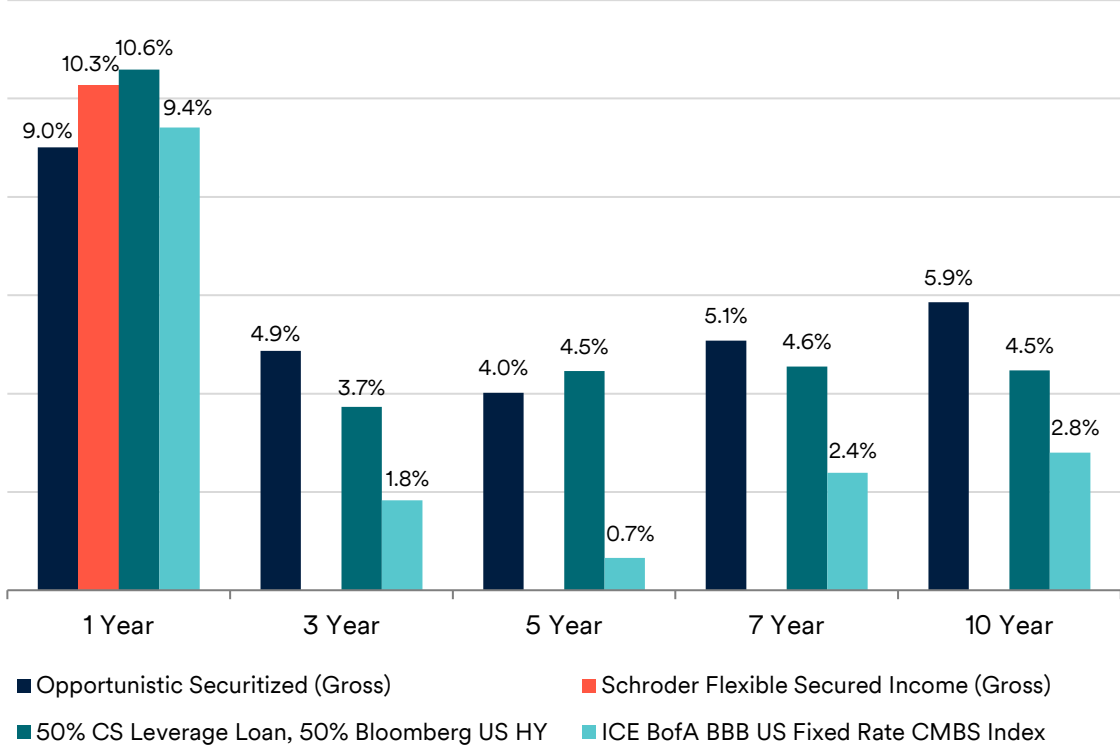
Borrower	Tidal Real Estate Partners, LP	Loan-to-Cost	43%
Lender	FLEXSI	Initial Loan Term	12 Months
Total Units	56 residential condominiums / 272 hotel rooms	Extension Options	Two, 6 Month Extension
Total Commitment	\$14,000,000	Spread	SOFR + 800bp
FLEXSI Commitment	\$14,000,000	Expected IRR / Multiple	14.3% / 1.11x

The opinions stated in this document are those of the Schroders Securitized Product & Asset-Based Finance team and are subject to change. Not a recommendation to buy or sell any security.

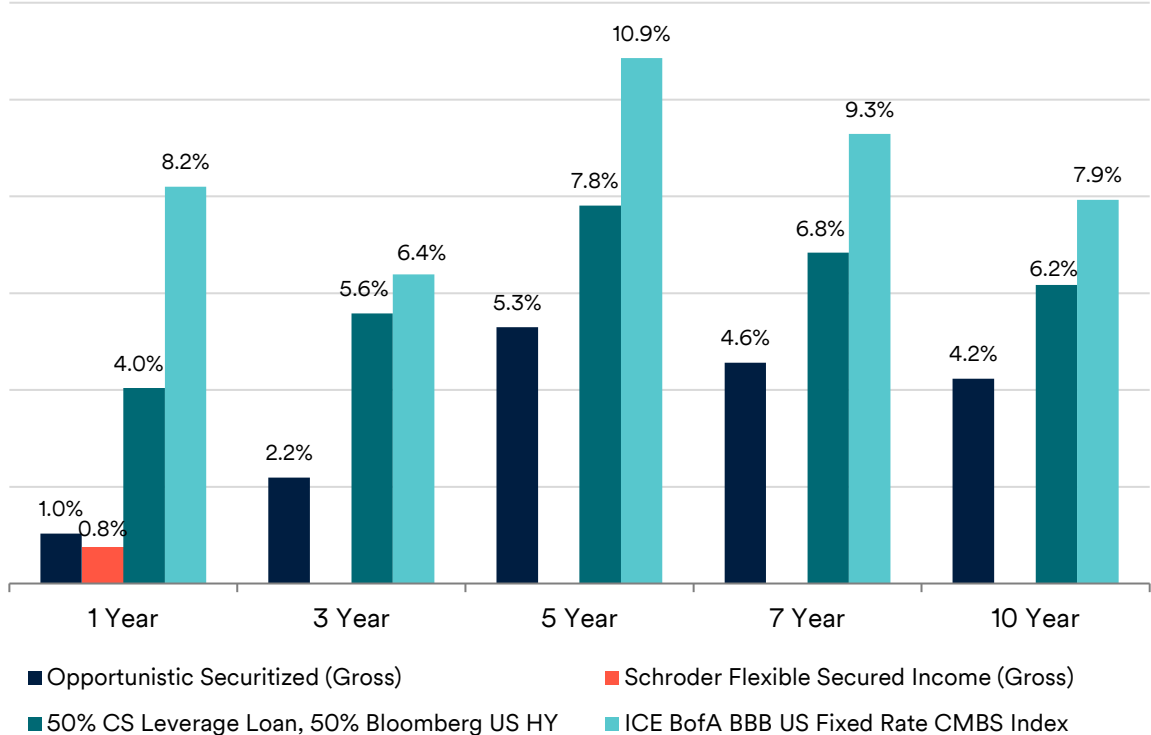
Schroder Opportunistic Securitized

Composite and Fund performance & volatility as of April 2024

Performance (greater > 1 year is annualized)



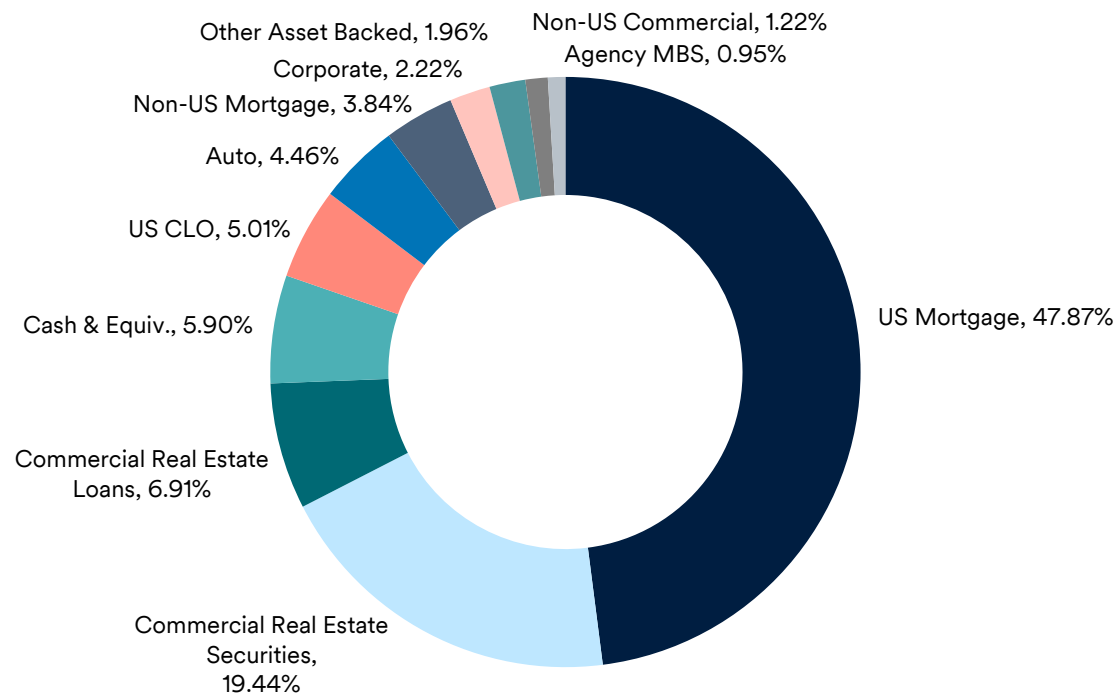
Volatility



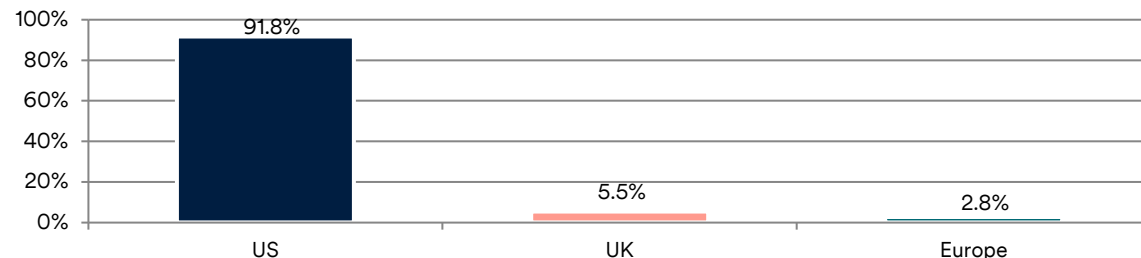
Source: Schroders Capital. Refers to the Opportunistic Securitized Composite. *Benchmark: 6/30/2008 – 2/28/2022: US 1 Month LIBOR, 3/1/2022 – current: SOFR. †There can be no guarantee that any investor objectives or outcomes will be achieved. Gross performance results for the universe do not reflect the deduction of advisory fees, brokerage or other commissions and other expenses a client would have paid and returns will be reduced accordingly. Actual fees will vary depending on, among other things, the applicable fee schedule and account size. Performance shown is past performance which is not a guide to future returns and may not be repeated. Please refer to the Important Information section at the end of the presentation for additional disclosures.

FLEXSI fund allocation & characteristics

Sector allocation



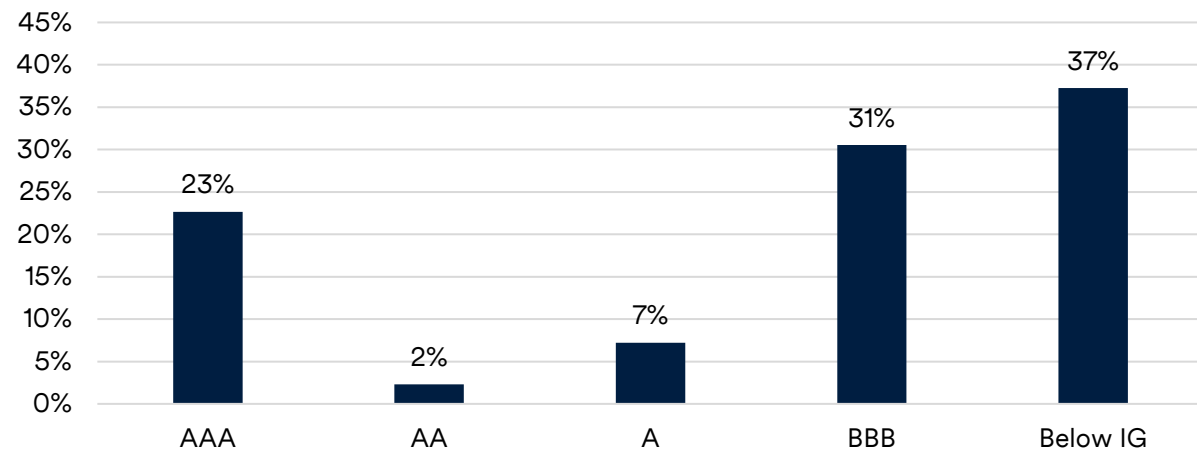
Regional allocation



Portfolio Characteristics

	Portfolio	50% US High Yield Corporate / 50% US Leveraged Loan
Yield	8.8%	8.7%
Spread	377 bps	355 bps
Effective Duration	0.3 yrs	1.6 yrs
Spread Duration	2.2 yrs	2.5 yrs
Effective Convexity	0.0 yrs	-0.1 yrs
Average Coupon	6.7%	5.3%
Average Rating (ex. loans)	A-	B
Average Price	\$97.2	\$94.6
Fund market value	\$364,469,195	-

Credit allocation by sector



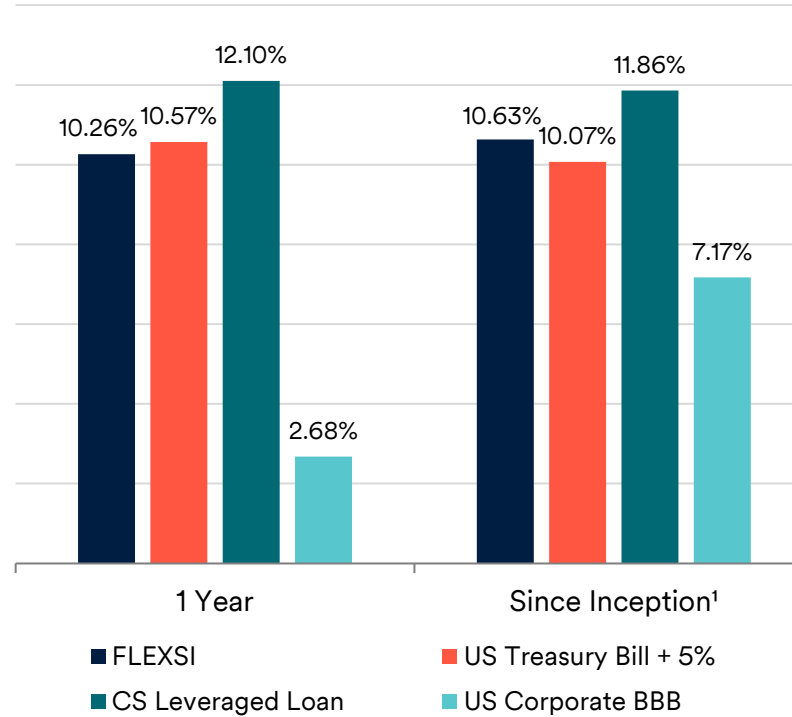
Source: Schroders Capital. April 30, 2024. Composition is subject to change over time. The sectors mentioned are for illustrative purposes only and not a recommendation to buy/sell. Any references to securities, sectors, regions and/or countries are for illustrative purposes only. Credit allocation and average credit quality reflect the higher of S&P, Moody's, Fitch, KBRA, DBRS, and Schroder Manager Ratings. Yield is the yield to maturity using zero loss with a static yield curve. Other Asset Backed consists of Equipment ABS.

PERFORMANCE NOTES

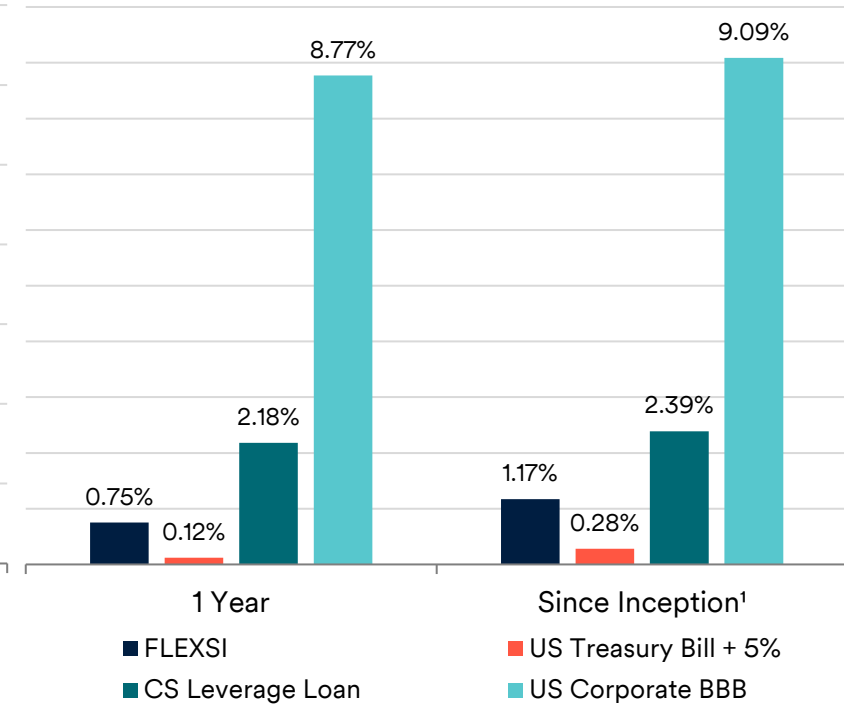
- The fund has had strong performance over the past quarter, 12 months.
- Since the COJ inception the fund has not had a single month with negative return.
- Our preference for strong fundamentals and cash flows, lower spread duration, low interest rate exposure and income driven performance has led to low volatility

Fund performance

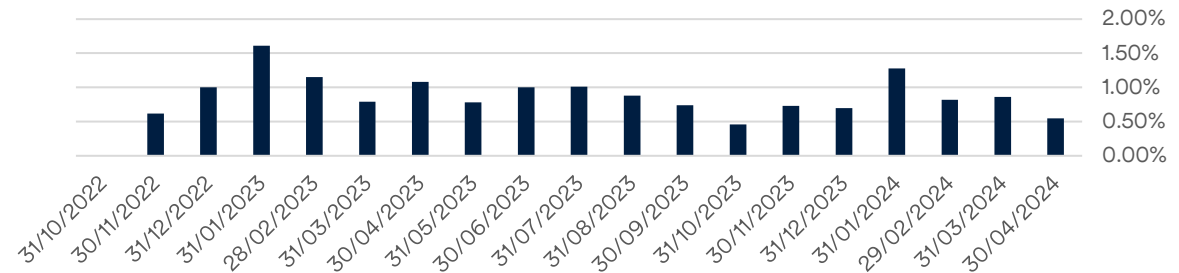
Performance (greater > 1 year is annualized)



Volatility



Fund Return (gross) %



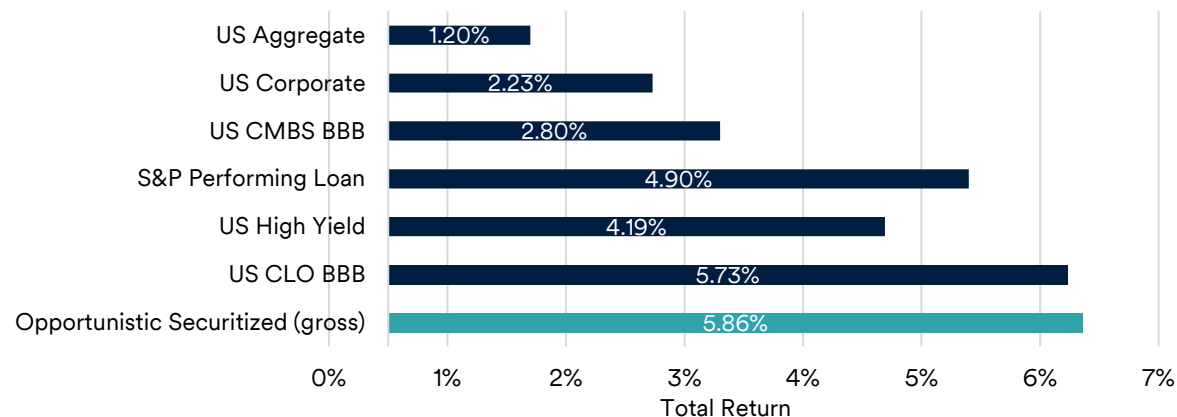
Source: Schroders Capital. ¹City of Jacksonville investment period inception date October 1, 2022.

10-year returns and return correlation matrix – Flexsi composite

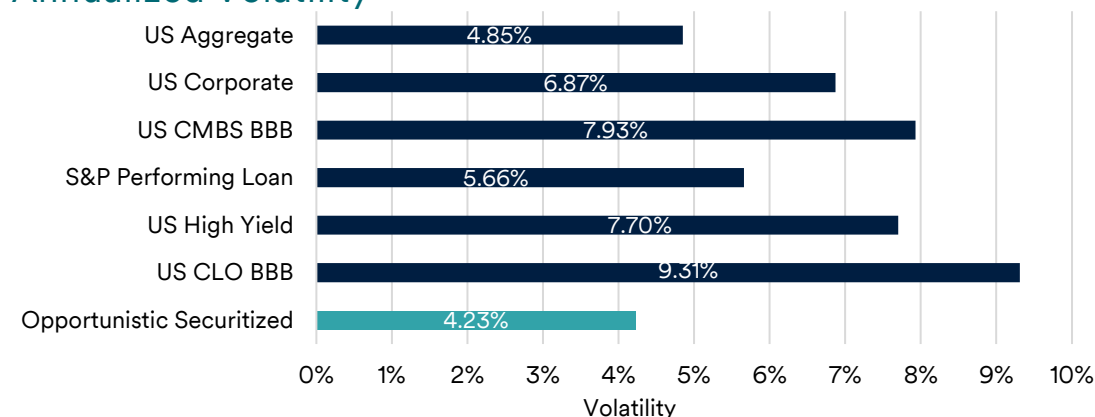
Flexibility across public and private markets creates potential for income with lower volatility

As of April 2024

Returns



Annualized Volatility



Correlation matrix

Correlation Matrix	Opportunistic Securitized (Gross)	J.P. Morgan CLO BBB	S&P/LSTA Leveraged Performing Loan	ICE BofA BBB US Fixed Rate CMBS	ICE BofA US High Yield	Bloomberg US Corporate	Bloomberg US Aggregate
Opportunistic Securitized (Gross)	1.00	0.83	0.82	0.69	0.62	0.46	0.19
J.P. Morgan CLO BBB	0.83	1.00	0.92	0.68	0.71	0.47	0.17
S&P/LSTA Leveraged Performing Loan	0.82	0.92	1.00	0.66	0.80	0.48	0.15
ICE BofA BBB US Fixed Rate CMBS	0.69	0.68	0.66	1.00	0.57	0.54	0.35
ICE BofA US High Yield	0.62	0.71	0.80	0.57	1.00	0.72	0.48
Bloomberg US Corporate	0.46	0.47	0.48	0.54	0.72	1.00	0.91
Bloomberg US Aggregate	0.19	0.17	0.15	0.35	0.48	0.91	1.00

Source: Bloomberg, BAML, Schroders Capital. Past performance is no guarantee of future results.

More risks, not more risk

Assets vary in tenor, and in the type of income they provide

- Benefits
 - Income with low sensitivity to interest rates: infrastructure debt, commercial real estate debt
 - Uncorrelated income: insurance, settlement receivables
 - Diversifying income: consumer, mortgage
- As central bank liquidity recedes, and volatility rises, flexibility is worth more
- Dynamically moving to where capital provision is inefficient across assets and thru public and private means of financing mitigates volatility
- Banks have traditionally serviced their clients thru consumer and commercial secured finance. Regulation is now driving banks to be a sourcing partner creating a massive opportunity across multi-trillion-dollar markets such as consumer finance, mortgage finance and commercial finance.
- Estimates of the private ABF market range from \$5.2T to the potential mortgage, CRE debt, Infra debt and consumer universe at more than \$20T.
- The benefit of structuring flexibility allows a range of credit exposures including investment grade.

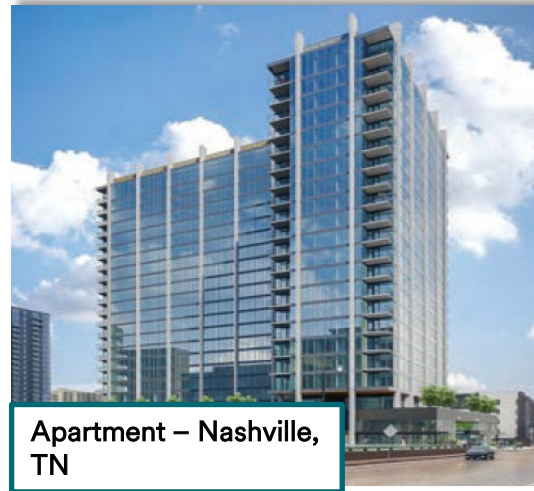




APPENDIX

Platform update & key private investments

Core skills in understanding cashflow, financial contracts and optimizing structure



Key platform investments





- Capital partner across the leveraged loan/CLO continuum: senior, mezzanine, equity, loans, warehouse
- Multi-family housing loans, term financed through the Government Sponsored Entity programs like Freddie Mac “Q” or through syndicated markets
- SRT (significant risk transfer) providing capital relief to European banks
- Pioneer in advancing on receivables with high quality (regulated) payors
- Credit specialist in residential mortgage credit in the US and the UK/EU
- \$2.5 bn in CRE lending, full cycle lender (land acquisition, development, bridge lending and stabilized loans)

Source: Schroders Capital. The views and forecasts shared are those of the Schroders Capital Securitized Products & Asset-Based Finance Team and are subject to change. For illustration purposes only.

Private debt and credit alternatives (PDCA)

A tradition of innovation: setting the standard for credit alternatives

Our structured credit business was the first CMBS B-piece buyer, the first RMBS B-piece buyer, the first public/private strategy and the first securitized credit fund with a sustainable investment process approved by the FCA, our infrastructure debt team pioneered sub-investment grade strategies and our ILS team has one of the longest track records,

Real Asset Debt 	Structured and Corporate Credit 	Specialty Finance 	Impact Lending 
Infrastructure debt Real Estate debt	Leveraged and acquisition finance Collateralised loan obligations (CLOs) Asset-backed securities (ABS) Mortgage-backed securities (CMBS, RMBS) Life insurance finance	Insurance-linked Asset-based finance Regulatory capital relief Claims financing Warehouse financing	Microfinance and SME Sustainable infrastructure Sustainable real estate / responsible contractor policy
Liquid credit alternatives			
Liability matching			
Diversifying income			
Opportunistic credit			

\$30bn

in assets under management¹

109

Investment professionals²

11

Offices globally²

101

Funds and mandates³

100%

ESG integrated investment process

PDCA merger adds perspective, adds resources, brings adjacencies together

Source: Schroders Capital, 2023.

¹AuM as of Q2 2023, including dry powder. ²Data as of Q4 2022. ³Data as of Q4 2022 and includes 34 funds and 7 mandates.

Past performance is not a guide to future performance and may not be repeated.

Securitized Product & Asset-Based Finance Team

Experienced, proven team with a long history together through cycles



Michelle Russell-Dowe
Global Head of Securitized Products &
Asset-Based Finance
30 years' experience

Investment		Product	Quantitative Risk	Operational Support	Human Resources
<p>Jeff Williams Head of Real Estate Debt Investments 37 years' experience</p>	<p>Anthony Breaks Head of Asset-backed Investments 25 years' experience</p>	<p>Nick Pont Head of Product Strategy 21 years' experience</p>	<p>Sagar Regmi Senior Investment Risk Analyst 18 years' experience</p>	<p>Marcel Vogt COO – PDCA 20 years' experience</p>	<p>Liz Atkin Business Partner 18 years' experience</p>
<p>Eric Richter Head of Investment 37 years' experience</p>	<p>Alyse Kelly Head of Investment 25 years' experience</p>	<p>Loren Sageser Senior Product Strategist 24 years' experience</p>	<p>Bridget Hu Head of Portfolio Holdings 19 years' experience</p>	<p>Kristie Perrotta Head of Portfolio Services, Americas 25 years' experience</p>	<p>Racheal Hanifan Head of People, US 24 years' experience</p>
<p>Chris Ames Head of Investment 33 years' experience</p>	<p>Robert Graham Head of Investment 17 years' experience</p>	<p>James Tevenan Product Strategy Manager 6 years' experience</p>	<p>Yusi Xie Quantitative Analyst 16 years' experience</p>	<p>Jennifer McLaughlin Reconciliations, Technical Specialist 28 years' experience</p>	
<p>Paul Bratten Head of US Real Estate Debt Investments 22 years' experience</p>	<p>Daniel Younis Head of European Real Estate Debt Investments 23 years' experience</p>	<p>Soraya Lewyckj-Khani Product Executive 9 years' experience</p>	Independent Risk Oversight		<p>Lily Wong Accounting Control and Performance Manager 24 years' experience</p>
<p>Lisa Treglia Investment Analyst 8 years' experience</p>	<p>Adam Pinkerton Senior Investor 11 years' experience</p>	Client Group Specialist		<p>Barney Purbrook Head of Risk, Private Markets 12 years' experience</p>	
<p>Tom Hoffer Head of Implementation 27 years' experience</p>	<p>Alex Coltier Investment Analyst 2 years' experience</p>	<p>Jason Kezelman Head of Client Group-PDCA, Americas 25 years' experience</p>	<p>John Sun Head of Investment Risk, Americas 25 years' experience</p>		
<p>Gina Hartnett Head of Transaction Structuring 26 years' experience</p>			<p>Vaclav Prusa Investment Risk Manager 8 years' experience</p>		Executive Assistant <p>Alyson Hopkins Admin Assistant 20 years' experience</p>

- Head of the Investment Approval Committee (IC)
- Voting members of the Investment Approval Committee (IC)
- Non-voting members of the Investment Approval Committee (IC)

Source: Schroders Capital, March 2024.



BIOGRAPHIES OF PRESENTERS



Michelle Russell-Dowe

Co-Head of Private Debt & Credit Alternatives (PDCA)
Global Head of Securitized Products & Asset-Based Finance

2016 Schroders Capital
1999 Brookfield Investment Management,
Managing Director, Head of Securitized Products Team
1994 Duff & Phelps, Vice President

MBA, Graduate School of Business at Columbia University
(Valedictorian)
BA, Princeton University

30 years of investment experience



Karen Kwon

Institutional Director

Karen is an Institutional Director on the Client Group, responsible for relationship management and business development of U.S. institutional investors in the South & Northeast. She has been with Schroders for over 10 years and is based in New York, NY. Prior to joining Schroders, Karen worked at JPMorgan Alternative Asset Management as an Analyst covering hedge fund strategies and focused on institutional investors based in Asia. Karen also worked at Morgan Stanley in Private Wealth Management.

Opportunistic Securitized

Composite disclosures as of: December 31, 2023

Definition of firm: The Schroders GIPS Firm is defined as accounts managed by investment management entities that are wholly owned subsidiaries of Schroders plc and located in the US, UK, Switzerland, Singapore, Hong Kong, Japan, Germany and Australia. In particular, the following types of accounts are excluded: (i) accounts managed by the Schroders Capital Private Equity business; (ii) accounts managed by BlueOrchard; (iii) accounts managed by Greencoat Capital; (iv) accounts managed by Wealth Management entities of the Schroders Group, including Cazenove Capital; (v) accounts managed or advised by our UK-based Schroders Solutions business, including liability driven investment; (vi) fiduciary management, which claims GIPS compliance separately; (vii) accounts that are directly invested in or directly manage real estate assets; (viii) advisory only and execution only accounts; and (ix) sub-funds of the Schroder GAIA fund range for which assets are managed by a third party selected by the Schroders Group. On January 1, 2017, the Schroders GIPS Firm was formed following the merger of independent regional GIPS Firms, defined based predominantly on the location of the investment desk, and held out to clients or prospective clients as the following distinct firms: combined London/New York/Zurich (SIMUK/US & SIMSAG respectively), Singapore (SIMSL), Hong Kong (SIMHK), Australia (SIMAL) and Japan (SIMJP). These firms were merged as a result of the increasingly global nature of the business. Details of previous firm mergers are available upon request.

Composite definition: The Schroder Opportunistic Securitized Composite (the "Composite") seeks to achieve returns above Secured Overnight Financing Rate (SOFR) or an equivalent benchmark by providing capital growth and income primarily through investment in securitized assets such as asset-backed securities, mortgage-backed securities and related loans.

Minimum account size: In accordance with the Firm's account inclusion/exclusion procedures, to be included in the Opportunistic Securitized a portfolio must be fully invested, deemed discretionary and have a minimum beginning market value of \$250 million from June 30, 2021 onwards.

Benchmark description: The Composite benchmark was 1 Month US LIBOR from inception to February 28, 2022, and Secured Overnight Financing Rate (SOFR) from March 01, 2022 onwards. The reason of the benchmark change was due to Libor decommissioning.

Composite details: The Composite base currency is US Dollar. Composite Inception Date: June 30, 2008. Composite Creation Date: July 2, 2021.

Additional details: One of the Composite's underlying portfolios changed performance source from March 01, 2022 onwards on April 05, 2022.

Withholding tax: Income and dividends on investments are recognized net of irrecoverable withholding tax. Withholding tax rates may differ between portfolios within the Composite.

Fee schedule: Where shown, net returns have been calculated using a model fee rate which has been applied geometrically on a monthly basis. The model fee rate applied to the composite is 0.810% per annum. The rate represents the highest fee charged to any member account or fund share class. Where the composite contains pooled funds the rate includes custody, admin and distributor fees which may not be applicable to some investors. The rate will be reviewed at least annually. The methodology for selecting model fee rate was adopted in October, 2022, at which point historic net returns were updated.

Error correction: The Composite's performance data for March 2022 and April 2022 was restated in May 2022 due to security price revisions.

Broadly distributed funds fee schedule: The below list of pooled fund fees represent the highest ongoing charge (OGC)/Total Expense Ratio (TER) and annual management charge (AMC) applicable to funds within the Composite across all share classes. Note that the share class with the highest OGC/TER may differ to the share class with the highest AMC. Schroder Flexible Secured Income Fund 0.810% TER per annum, 0.650% AMC per annum.

Dispersion: Internal dispersion is calculated using asset weighted standard deviation of all portfolios included within the Composite for the entire year. In cases where 5 or less portfolios are included in the Composite for the entire year, the number of portfolios and a measure of dispersion will not be shown.

Leverage and derivatives: The accounts in the Composite may use derivatives for hedging purposes. None of the accounts in the Composite use leverage or borrowing.

GIPS compliance and verification: The Schroders GIPS Firm ("the Firm") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Firm has been independently verified for the periods January 1, 1996 to December 31, 2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. A list of descriptions for composites and limited distribution pooled funds is available upon request. A list of broad distribution pooled funds is also available.

Additional information: Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

Risk statistics unavailability: A measure of standard deviation will only be provided where the composite or benchmark has been in existence and active for at least 36 consecutive months.

Opportunistic Securitized

Composite disclosures as of: December 31, 2023

Benchmark: Secured Overnight Financing Rate (SOFR)
 Currency: USD
 Returns as of: December 31, 2023
 Inception date: June 30, 2008

Year	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	3 Year Composite Risk (%) ¹	3 Year Primary Benchmark Risk (%) ¹	Number of Portfolios (throughout period) ²	Account Dispersion (%) ³	Market Value at End of Period	Percentage of Firm Assets (%)	Total Firm Assets ⁴
2023	10.45	9.56	5.20	2.15	0.66	< 5	N/A	1,078,362,270	0.20	533,220,343,151
2022	-1.25	-2.04	1.68	6.69	0.32	< 5	N/A	1,076,503,894	0.21	504,093,559,568
2021	5.18	4.34	0.10	6.53	0.29	< 5	N/A	1,051,095,780	0.16	653,650,198,502
2020	-0.48	-1.28	0.53	6.54	0.25	< 5	N/A	558,845,733	0.09	613,960,455,990
2019	6.09	5.24	2.28	1.42	0.16	< 5	N/A	563,716,317	0.12	487,332,595,542
2018	4.42	3.58	2.07	3.02	0.20	< 5	N/A	453,242,945	0.12	384,803,377,261
2017	13.00	12.09	1.13	3.06	0.12	< 5	N/A	382,196,506	0.08	455,112,000,742
2016	9.96	9.08	0.49	3.34	0.05	< 5	N/A	339,556,245	0.11	302,127,480,639
2015	3.00	2.18	0.20	4.48	0.01	< 5	N/A	309,776,683	0.11	293,397,986,258
2014	9.94	9.06	0.16	5.58	0.01	< 5	N/A	924,656,269	0.33	282,697,291,678

As of Dec-2023	Gross Composite Return (%)	Net Composite Return (%)	Primary Benchmark Return (%)	Composite Risk (%) ¹	Primary Benchmark Risk (%) ¹
Annualized 3 Year	4.68	3.84	2.31	2.15	0.66
Annualized 5 Year	3.91	3.07	1.94	5.28	0.55
Annualized 7 Year	5.23	4.39	1.85	4.58	0.47
Annualized 10 Year	5.93	5.08	1.37	4.24	0.45

Past performance is not indicative of future results.

¹ Annualized standard deviation of gross monthly returns for the composite and monthly returns for the benchmark. N/A for periods with less than 36 months of available returns.

² Not available for periods where the composite contains fewer than 5 portfolios.

³ Asset weighted standard deviation of annual gross returns of accounts that have been in the composite for the entire year. Part periods are not annualized.

Not available for periods where the composite contains fewer than 5 portfolios.

⁴ Total Firm Assets incorporate firm mergers as detailed in the Definition of the Firm.

Manager accounts are included in the Total Firm Assets.

N/A - Information is not statistically meaningful due to an insufficient number of portfolios for the entire year.

Important Information



The views and forecasts contained herein are those of Schroders Securitized Credit Team and are subject to change. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of facts obtained from third parties. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions.

All investments involve risks including the risk of possible loss of principal. The market value of a commercial mortgage loan portfolio may decline as a result of a number of factors, including interest rate risk, credit risk, inflation/deflation risk, economic risk and commercial mortgage loans risk. Private commercial mortgage or related commercial real estate loans may be subject to prepayment and extension risks, real estate risk, as well as heightened delinquency and foreclosure risks. In addition, the performance of commercial real estate loans will be dependent on the performance of the commercial real estate backing such loans, which in turn will depend on commercial rental or occupancy rates as well as the management skills of the borrower or third party management firm overseeing the property. The loans in the portfolio are expected to be highly illiquid with limited trading market. There may be a limited number of attractive investments which may in turn lead to a lack of diversification. No investment strategy or risk management technique can guarantee returns/income or eliminate risk in any market environment.

Asset allocation and diversification cannot ensure a profit or protect against loss of principal. Duration is a measure of volatility expressed in years. The higher the number, the greater potential for volatility as interest rates change. Bonds rated BBB/Baa or higher are considered investment grade, while bonds rated BB/Ba or lower are considered speculative as to the timely payment of principal and interest.

Performance shown is past performance and is no guarantee of future results. The value of an investment can go down as well as up and is not guaranteed. The opinions stated in this presentation include some forward-looking statements. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. There can be no assurance, however, that events will occur as we expect or believe.

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