

# YOUR DEFAULT FUND

What you need to know about  
Schroder Managed Balanced

HARGREAVES  
LANDDOWN



#### **IMPORTANT INFORMATION**

We wrote this guide to give you useful information about your workplace pension default fund, but it's not personal advice. If you're not sure whether a particular investment is right for you, please ask for advice.

The information in this guide was correct as at 25 April 2022 unless otherwise stated. Pension tax rules can change, and their benefits depend on your circumstances.

The performance of the Schroder Managed Balanced fund is not guaranteed, its value can fall as well as rise and we therefore believe investment should only be considered for the long term (5+ years). As with all investments, you could get back less than you put in. You can't usually get money you put in a pension back until age 55 (rising to 57 in 2028).

# WELCOME

If you don't want to choose your own investments, you don't have to. That's the great thing about your pension.



**STEPHEN LEFLEY**  
Head of Workplace Solutions

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Some people are quite happy to make their own choices. But you might be more comfortable leaving this to an expert. If you don't choose where to invest your pension contributions, they'll go into the default fund.

Your workplace pension default fund is called **Schroder Managed Balanced**.

In this guide, we take a closer look at this fund; what it is, how it works, and how it's performed. But first, we'll explain why it's important to invest your pension in the stock market at all.

We know that understanding investing can seem tricky. But when it's explained in the right way – avoiding jargon, wherever possible – you can make better decisions with confidence.

Even if you never read anything else about your workplace pension, spend just 5 minutes reading this guide. It could make all the difference to your life after work.







# THE CASE FOR INVESTING

# WHY INVEST?

To really make your pension grow over time, it's important to understand why it's invested in the stock market.

## HOW SHARES CAN GROW IN VALUE

Over the long term (5+ years) investing in **shares** has usually beaten other types of investment; cash, bonds and even – you may be surprised to hear – property.

Over time, companies create new products, find new customers, and become more efficient. This helps them grow profits which can lead to rising share prices. That means, over long time periods, the stock market can deliver excellent returns.

But this doesn't mean share prices go up in a straight line.

Share prices tend to zigzag – they go up and down more than other types of investment. This means they are higher risk and you could get back less than you put in.

However, investing your pension in the stock market can give it the best chance to grow over time – and, importantly, can give you the best chance of having enough money to live off in retirement.

# FUNDS

If you're looking for an easy and convenient way to invest, funds are a great place to start.

## WHAT IS A FUND?

Think of a fund as a pool of money collected from many different investors (including yourself). A fund manager invests this money in a range of investments (e.g. shares, bonds and cash), with the aim of growing it over time.

Investing in bonds, cash and property helps smooth the ups and downs of investing in shares – in other words, reducing the overall risk.

## FUND MANAGERS

The main benefit of investing in a fund is that a professional will make all the underlying investment decisions – the cost is then shared amongst investors. It's the fund manager's job to continually research and analyse investments, and make changes if they feel it's necessary.

This means while you should still review your investments from time to time to ensure they're right for your circumstances, you don't need to worry about keeping a constant watch over them.

## FUNDS AT A GLANCE

- You can hold shares, bonds and cash in one investment
- Potential to grow money over the long term
- Investment decisions reviewed constantly by a professional fund manager
- Can be a default option if you don't want to make investment choices
- Risk of losing money because you're investing in the stock market

# SCHRODER

## MANAGED BALANCED



Schroders, the fund manager, is a large and well respected investment company.

### HOW THE FUND WORKS

The fund invests predominantly in shares. While it can invest up to 85% in shares, it typically holds less than this. Shares have the potential to grow in value, although they are considered higher risk as their value can rise or fall quickly in a short period of time.

The remaining money is invested in other areas like bonds or cash. These are usually lower risk in order to balance the fund.

The fund is managed by Johanna Kyrklund. Johanna first decides how much she will allocate to shares, bonds and cash. She then chooses which Schroder funds she wants to invest in to get access to these assets.

As well as her own views, she can draw on the research and analysis of 100 Schroder investment professionals to help her decide where to invest.

### ACTIVE vs PASSIVE MANAGEMENT

Pension funds can either be 'actively' or 'passively' managed. Actively managed funds are trying to beat the markets they are investing in, while passively managed funds simply aim to perform in line with the markets.

The Schroder Managed Balanced Fund is actively managed. This means that Schroder are trying to outperform the average of other pension funds. They do this by both choosing to invest more in the markets they expect to perform well, and choosing which specific stocks within each market to invest in.

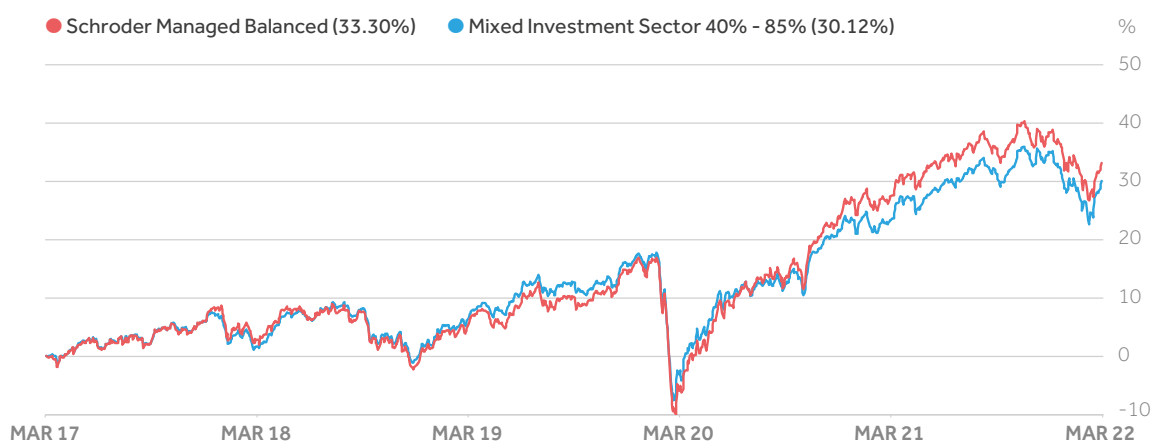


## How has Schroder Managed Balanced performed over the last 5 years?

Schroder Managed Balanced increased by 33.30%\* over 5 years. The fund has performed similarly to its benchmark and is currently outperforming it. It fell significantly in value in 2020 due to the impact of the Coronavirus pandemic, but has since recovered.

Please remember past performance is not a guide to the future. The value of investments can rise and fall, so you could get back less than you invest.

### SCHRODER MANAGED BALANCED vs SECTOR



Source: \*Lipper IM 31/03/2022

Past performance is not a guide to future returns

% GROWTH	MAR 17 - 18	MAR 18 - 19	MAR 19 - 20	MAR 20 - 21	MAR 21 - 22	MAR 17 - 22
Schroder Managed Balanced	2.80	1.90	-9.36	34.26	4.58	33.30
Mixed Investment Sector	1.64	4.32	-8.00	26.54	5.41	30.12

The performance figures on this page do not include the effect of HL rebating part of the fund's ongoing charge. This means they will slightly understate the performance investors through HL have actually received.

# COSTS AND CHARGES

These examples show the effect of charges, time, and performance on returns. In reality you could get more or less and your circumstances will differ.

## SCHRODER MANAGED BALANCED

### MAIN CHARGES

There is a tiered annual charge to hold funds with Hargreaves Lansdown, normally up to 0.45% per year but reduced for this fund to 0.42%. Schroders applies its own charge of 0.33%. Add the two together and you get the **annual charge of 0.75%**.

### HOW MUCH MIGHT IT COST OVER 5 YEARS?

The following charges are based on an investment of £5,000 within a SIPP over 5 years assuming 4% growth.

Total charges over 5 years	£284.32
Average annual charge	1.06%*
Illustrative 5 year value	£5,770.31
Illustrative 5 year value with no charges applied	£6,083.26

See also the Key Investor Information later in this guide. If you would like a more detailed breakdown of costs and charges, please contact us.

\*This differs from the quoted annual charge of 0.75% because it includes the fund manager's additional costs (e.g. transaction costs).

### ILLUSTRATION:

These tables show what your SIPP value and income might be for a range of gross/ employer contributions and years to retirement. **Assumptions:** 4% annual growth, 0.75% charges and retirement at 65. Amounts are in real terms, assuming 2% annual inflation. Actual rates of return and charges will depend on your investments and their performance and may be better or worse than shown. The annual income is a single life, level annuity, paid monthly in advance, 5 year guarantee and no tax-free cash.

Years to retirement		MONTHLY SAVINGS			SINGLE PAYMENT		
		£50	£100	£300	£10,000	£20,000	£40,000
5 Years	Value	2,940	5,890	17,600	10,500	21,100	42,300
	Income	133	266	799	478	957	1,910
10 Years	Value	5,780	11,500	34,700	11,100	22,300	44,700
	Income	258	517	1,550	501	1,000	2,000
15 Years	Value	8,530	17,000	51,200	11,800	23,700	47,400
	Income	377	754	2,260	523	1,040	2,090
20 Years	Value	11,200	22,400	67,300	12,500	25,000	50,100
	Income	489	978	2,930	546	1,090	2,180
25 Years	Value	13,800	27,700	83,100	13,200	26,500	53,000
	Income	595	1,190	3,570	570	1,140	2,280
30 Years	Value	16,400	32,900	98,700	14,000	28,000	56,100
	Income	698	1,390	4,190	595	1,190	2,380
35 Years	Value	19,000	38,000	114,000	14,800	29,700	59,400
	Income	797	1,590	4,780	622	1,240	2,480
40 Years	Value	21,600	43,200	129,000	15,700	31,400	62,900
	Income	894	1,780	5,370	650	1,300	2,600

The table opposite shows the effect of charges on your workplace pension assuming £300 monthly savings.

End of Year	Total paid in to date	Before charges are taken	After all charges are taken from this SIPP
1	3,560	3,600	3,590
3	10,400	10,800	10,600
5	17,100	18,000	17,600
20	59,400	73,200	67,300

Charges reduce the yearly growth rate from 1.90% to 1.10%



# CHOOSING YOUR OWN FUNDS

If you decide the default fund is not right for you, there are many other investment options.

## IS THE DEFAULT FUND RIGHT FOR YOU?

This is a really important question. The default fund is selected with an average pension member in mind – but it cannot be right for everyone.

This is because everyone's investment goals are different. Consider the people you work with – for some, retirement may be a long way off. For others, it may be just around the corner. Some people are willing to take on more risk in the hope of getting a bigger pension. Others may be more wary.

Whatever the situation, choosing the right investments can make a big difference to your pension pot. Remember, the better your investments perform, the bigger your pension pot.

## MAKING YOUR OWN DECISIONS

You don't need to be an expert to make changes to your pension. Choosing a different fund still means you have a fund manager investing the money carefully for you.

What's more, you can choose more than one fund if you like – alongside or instead of, the default fund. We don't charge any extra for this, but different funds will have different charges.



## FUNDS

If you want to choose your own funds, there are a number of ways we can help.

We have highlighted three simple investment ideas to consider – one Adventurous, one Balanced and one Conservative.

We call them the '**ABC Funds**'.

You can find out more about the ABC Funds on your workplace pension website or by calling **0117 314 1795**.

The ABC Funds could be a useful starting point for investing your workplace pension but they are not personal advice.

**Please note:** if you hold an ABC Fund which is removed from the list, you will not be transferred out of the fund automatically. If you want to change at that point, you will need to make a decision to switch yourself.



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 Managed Balanced Fund

an Authorised Unit Trust of Schroder Unit Trusts Limited

**Class Z Accumulation GBP (GB00BDZDTG38)**

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 capital growth and income by investing in a diversified range of assets and markets worldwide.

### Investment Policy

The fund is actively managed and invests indirectly through collective investment schemes, exchange traded funds, real estate investment trusts or closed ended funds, in equities, bonds or alternative assets worldwide. Alternative assets may include funds that use absolute return strategies or funds that invest in real estate, commodities or private equity.

The fund may invest up to 100% of its assets in collective investment schemes managed by Schroders.

The fund may also invest directly in equities and bonds. The fund may also

invest directly or indirectly in money market instruments and hold cash.

The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently.

### Benchmark

The fund does not have a target benchmark. The fund's performance should be compared against the Investment Association Mixed Investment 40% to 85% Shares sector average return.

### Dealing Frequency

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

### Distribution Policy

This unit class accumulates income received from the fund's investments, meaning it is kept in the fund and its value is reflected in the price of the unit class.

## Risk and reward profile



### The risk and reward indicator

The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

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

**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 may lose value as a result of movements in foreign exchange rates.

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

**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.

**Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

**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.

**IBOR:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

**Derivatives risk:** Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.

## 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 or before the proceeds of your investment are paid out.	
Charges taken from the fund over a year	
Ongoing charges	0.95%
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.

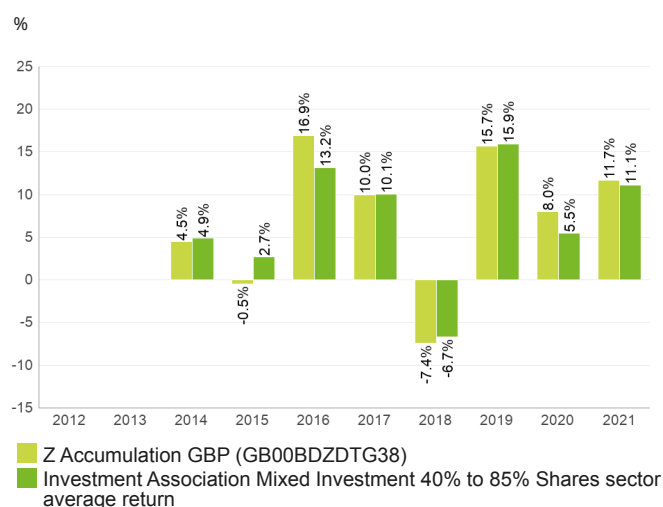
The entry and exit charges shown are maximum figures and in some cases you might pay less. You can find out the actual entry and exit charges from your financial advisor.

The ongoing charges figure is based on the last year's expenses for the year ending December 2021 and may vary from year to year. The ongoing charge figure excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Schroders Annual Charge (as may be discounted for retail unit classes depending on the size of the fund) but certain additional expenses may be charged as set out in the prospectus. The Schroders Annual Charge (without any discount) for this unit class of the fund is 0.93%. The fund's annual report for each financial year will include details on the exact charges made including any discounts.

Please see the prospectus for more details about the charges.

Please note that your fund may invest in another fund that charges a performance fee.

## 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 17/07/1998.

The shareclass was launched on 25/10/2013.

Performance figures are only available since the launch of the respective unit class.

## Practical information

**Trustee:** J. P. Morgan Europe Ltd.

**Further Information:** You can get further information about this fund, including the prospectus, latest annual report, any subsequent half-yearly reports and the latest price of units from [www.schroders.com/ukinvestor](http://www.schroders.com/ukinvestor) and from Schroders, PO Box 1402, Sunderland, SR43 4AF, England, telephone 0800 182 2399. They are in English, free of charge.

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

**Liability:** Schroder Unit Trusts Ltd may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the fund's prospectus.

**Switches:** Subject to conditions, you may apply to switch your investment into another unit class within this fund or in another Schroder fund. Please see the

prospectus for more details.

**Remuneration Policy:** A summary of Schroders' remuneration policy and related disclosures is at [www.schroders.com/remuneration-disclosures](http://www.schroders.com/remuneration-disclosures). A paper copy is available free of charge upon request.

The policy includes a description of how remuneration and benefits are calculated & the identities of persons responsible for awarding the remuneration and benefits.

**Benchmark:** The target benchmark has been selected because it is representative of the type of investments in which the fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the fund aims to provide. The comparator benchmark has been selected because the investment manager believes that this benchmark is a suitable comparison for performance purposes given the fund's investment objective.

**Glossary:** You can find an explanation of some of the terms used in this document at [www.schroders.com/ukinvestor/glossary](http://www.schroders.com/ukinvestor/glossary).

