Schroders Equity Lens

July 2026

Marketing material for Professional Clients only.

Table of contents

Summary

Equities are expensive but underpinned by unusually strong earnings growth expectations

- US small caps (23%), EM (24%) and Japan (16%) have been big winners in 2026 (slides 5, 17-18)
- Performance has broadened out in the US but is highly concentrated in EM (slides 5-6)
  - the Magnificent-7 have collectively returned 0% this year, US ex Magnificent-7 has returned 15%
  - more than 80% of EM companies have underperformed, as Korean and Taiwanese chip companies dominate
- There is a bull market in earnings (slide 7):
  - EM is on fire with more than 60% growth forecast for 2026 and a further 23% next year
  - 24% and 19% growth is forecast for the US, for 2026 and 2027 respectively
- Most valuation metrics in most markets are near the top of their 20-year range (slide 8)
- Tactical longs for investors who are worried about the risk of stagflation (slide 9):
  - value and quality styles, companies with conservative investment strategies, energy equities, defensive sectors.
  - gold equities worth considering
  - careful security selection needed in real estate and IT

Schroders

Global equities

Charts of the month

US small caps, EM and Japan have been big winners in 2026. Performance has broadened out in the US but is highly concentrated in EM

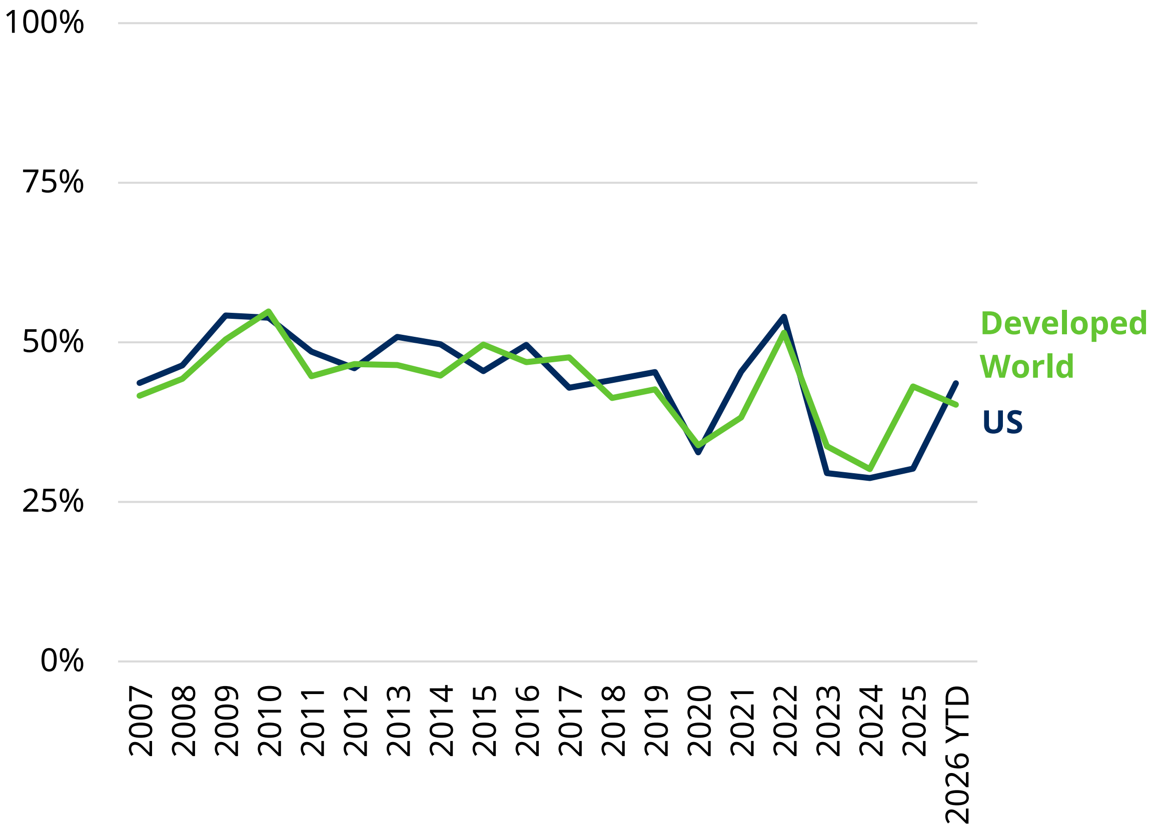
Total $ return, YTD to 30 June 2026, %

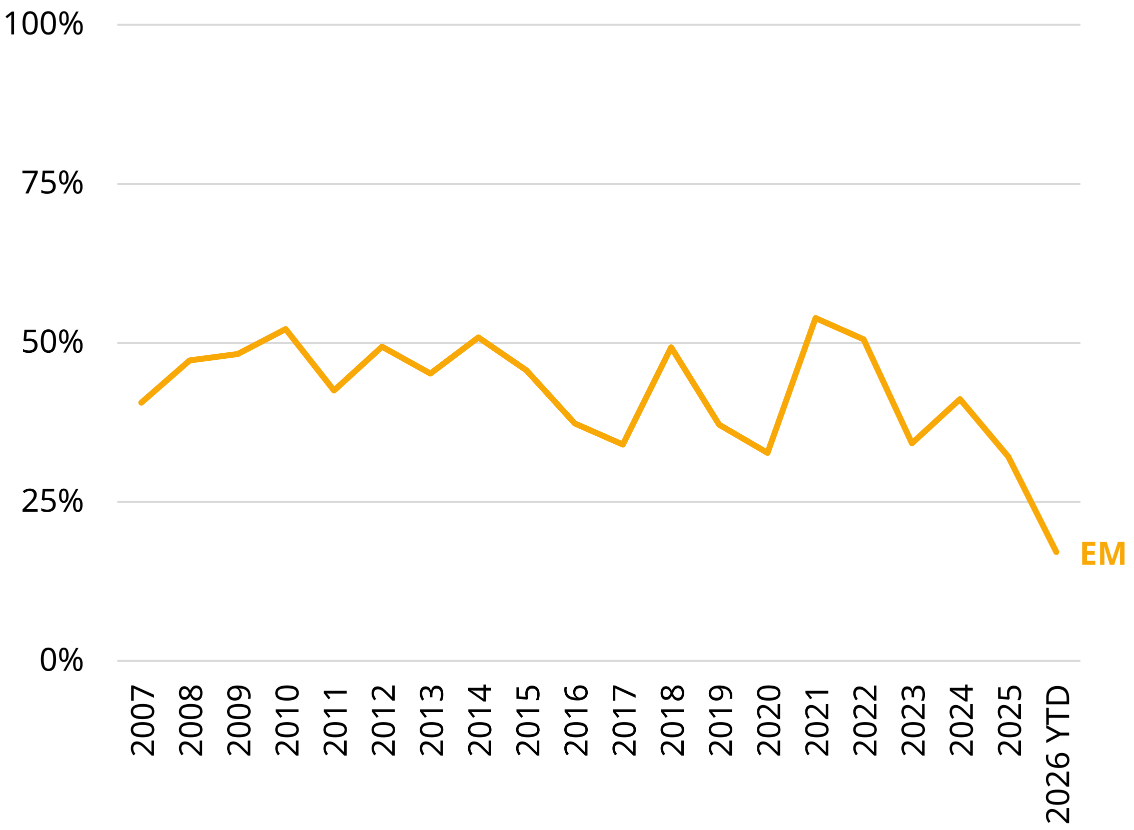
	US	UK	Europe ex UK	Japan	EM
Large caps	10	6	9	16	24
Equal-weighted	11	4	7	11	8
Small caps	23	2	4	17	13
Growth	9	1	9	19	25
Value	11	10	9	13	23
Mag-7	0				
Large caps ex Mag-7	15				

Past performance is not a guide to future performance and may not be repeated.
All indices are MSCI indices. Mag-7 = Nvidia, Apple, Alphabet, Microsoft, Amazon, Meta Platforms, Tesla. Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026 in US dollars. Please see relevant disclaimers on page 52

Performance has broadened out in the US but is historically concentrated in EM

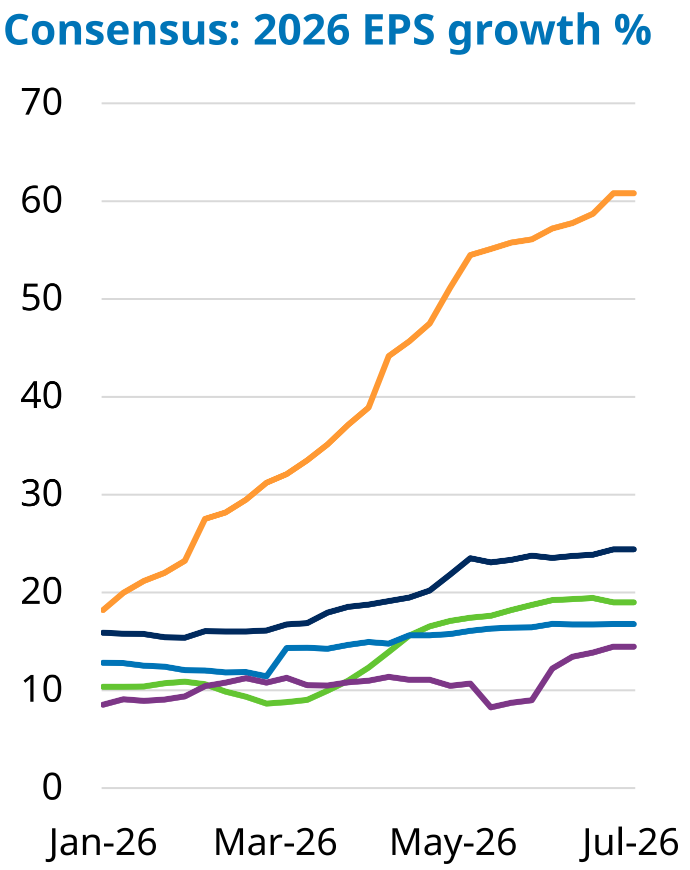
% of stocks outperforming the index

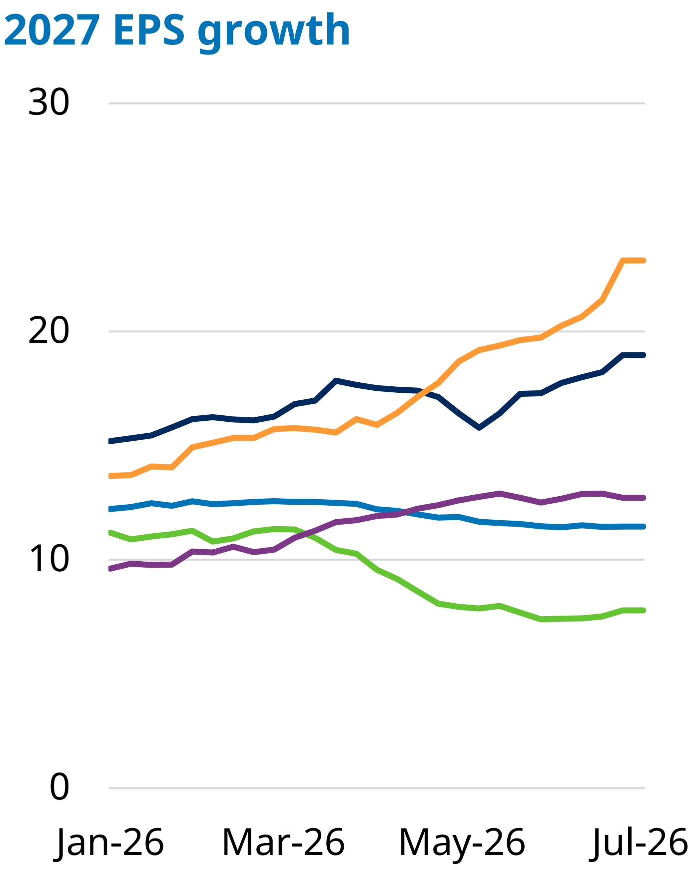


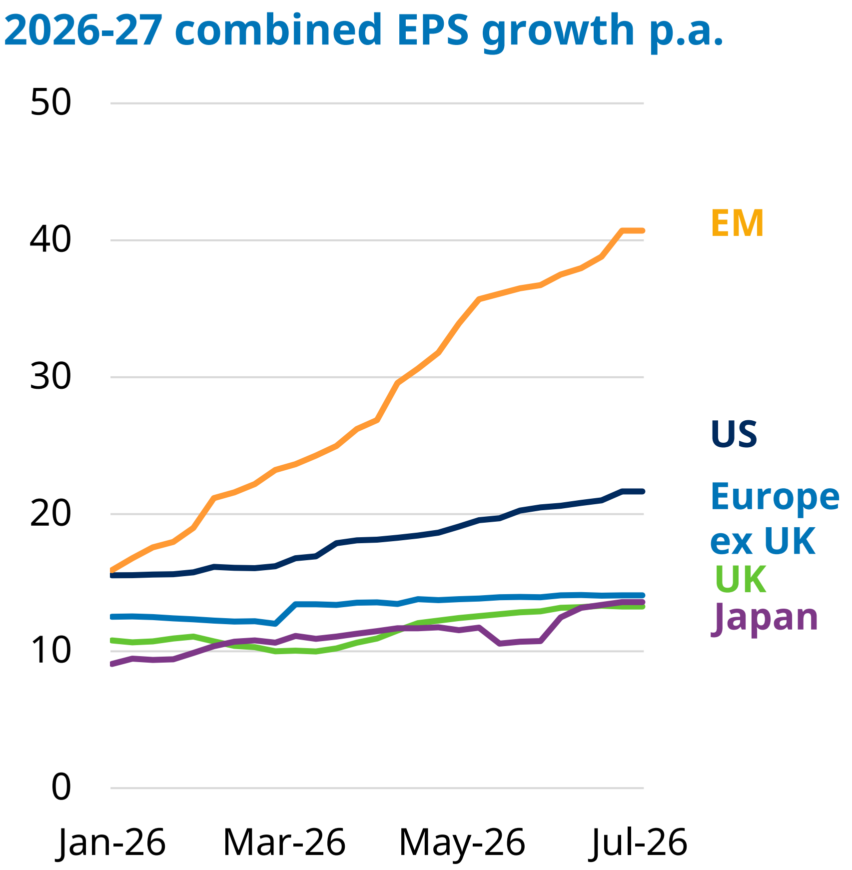


Past performance is not a guide to future performance and may not be repeated.
Source: MSCI, Schroders, as of 30 June 2026. Please see relevant disclaimers on page 52

A bull market in earnings: 2026 earnings expectations continue to be revised higher in many markets. EM is on fire







Forecasts included are not guaranteed and should not be relied upon.

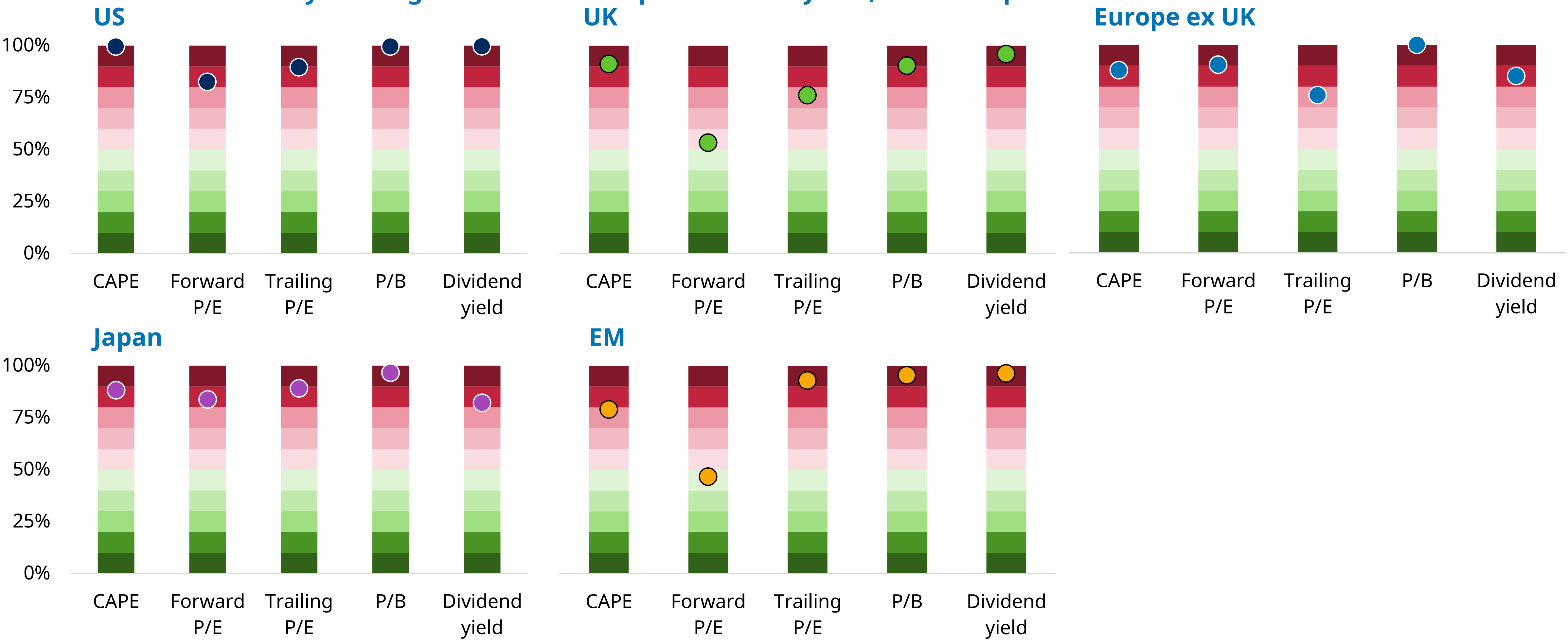
Source: LSEG Datastream and Schroders. Data as of 2 July 2026. Please see relevant disclaimers on page 52

Charts show consensus expectations. Notes: Japan EPS is 4 quarter sum until 30 June of next calendar year, e.g. 2026 = 31/03/2026 – 31/03/2027.

Schroders

Most valuation metrics in most markets are near the top of their 20-year range

Current valuation vs 20-year range: 100% = most expensive in 20 years, 0% = cheapest



Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Schroders

Key equity style/sector tilts if you are worried about stagflation

Tactical longs	Worth considering	Careful security selection required	Avoid
Quality style	Gold equities	Real estate	Durables/consumer discretionary
Value style		IT	
Companies with more conservative investment strategies			
Energy equities			
Defensive sectors: healthcare, utilities, nondurables/consumer staples			

For more info, read our new research paper: Adapting asset allocation to the risk of stagflation

Source: Schroders. Please see relevant disclaimers on page 52

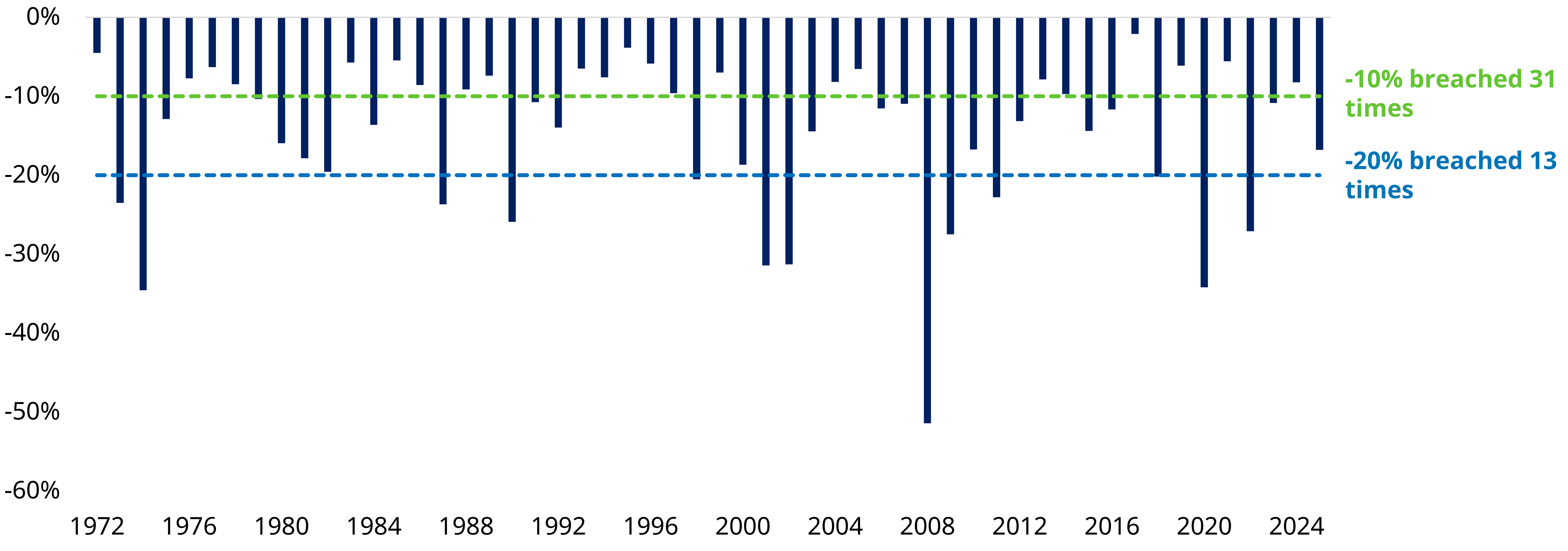
Schroders

Global equities

A reminder of long-term stock market experience

Market declines are likely, not unusual: 10%+ falls happen in more years than not, 20% falls once every four years

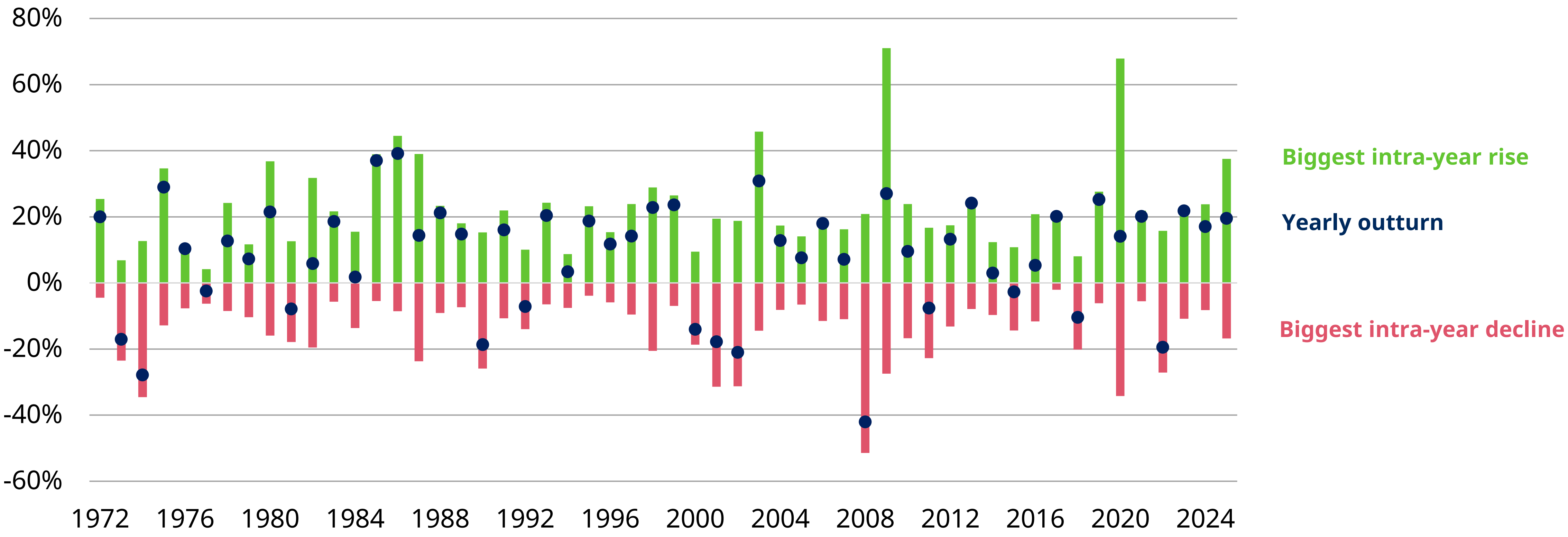
Biggest stock market falls in each of the past 54 calendar years, MSCI World (USD)



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG DataStream, MSCI, and Schroders. Data to 31 December 2025 for MSCI World price index in USD terms. Please see relevant disclaimers on page 66

On average each year, at some point the market falls by 15% and rises by 23%

Biggest gains and falls in the global stock market in each of the past 54 calendar years, MSCI World (USD)

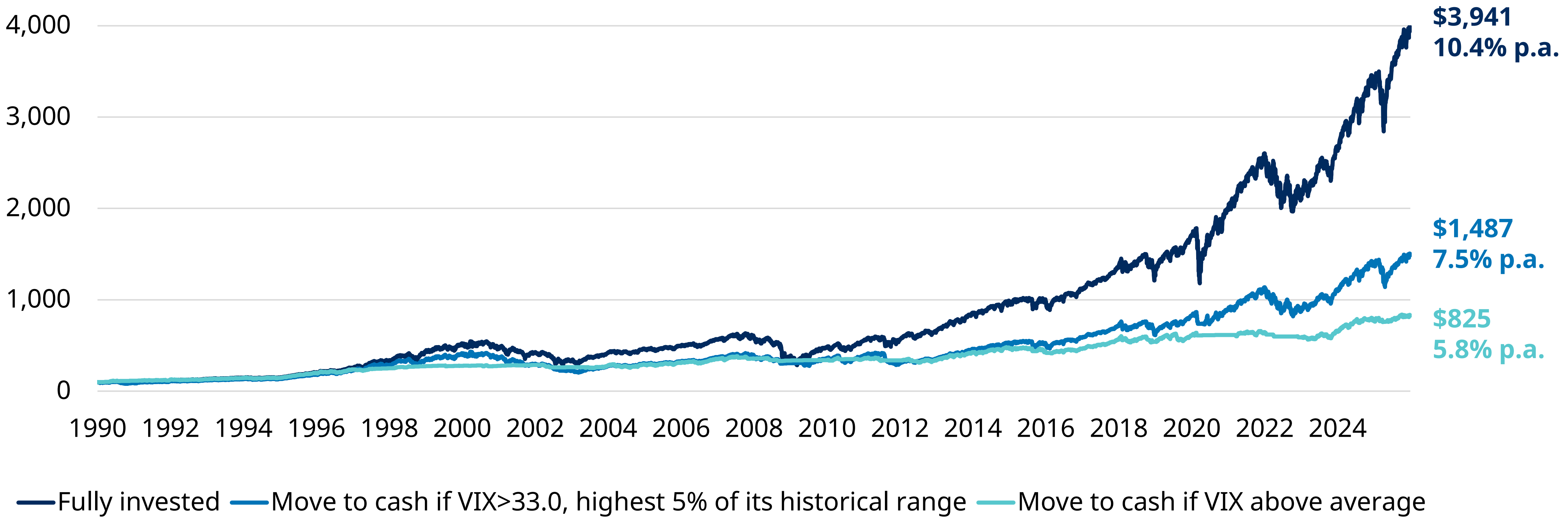


Past performance is not a guide to the future and may not be repeated
Data 1972-2025 for MSCI World price index in USD terms. Bars shows the biggest peak-to-trough fall and trough-to-peak rise in the price index in each calendar year. Source: LSEG Datastream, MSCI, and Schroders. Please see relevant disclaimers on page 66

Schroders

Selling when volatility rises has been damaging to your wealth

Growth of $100 fully invested in stocks vs switch to cash when the market's fear gauge, the VIX, is high

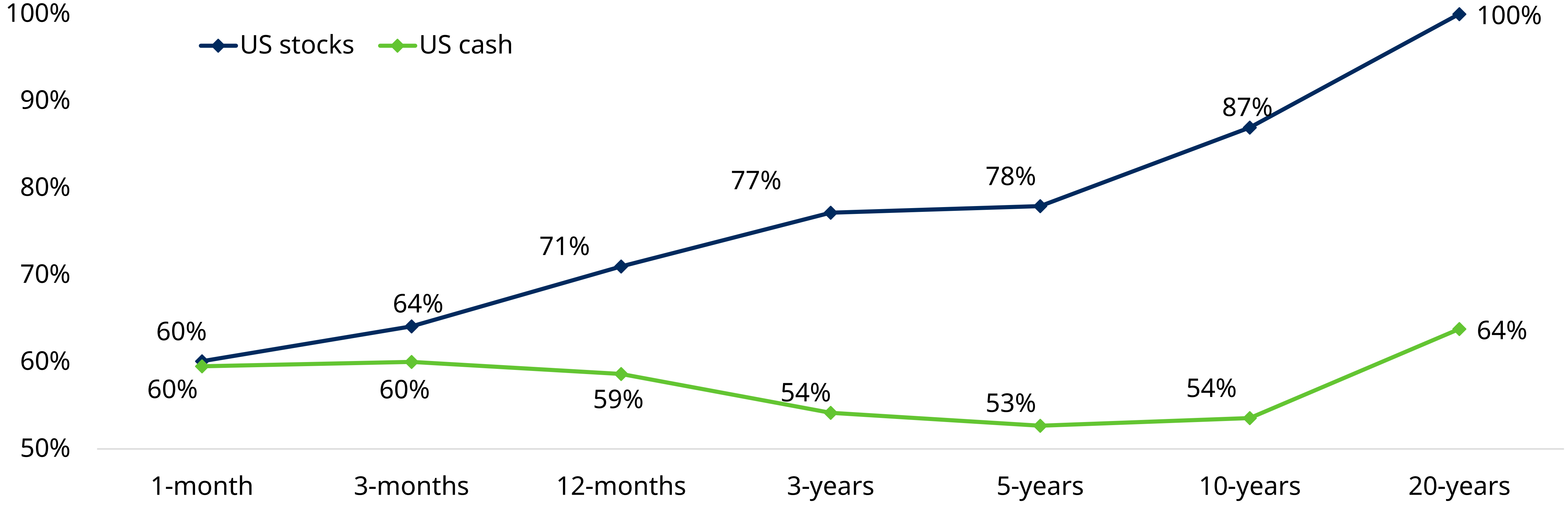


Past performance is not a guide to the future and may not be repeated.

Note: Levels in excess of 33.0 represent the top 5 of experience for the VIX. Portfolio is rebalanced on a daily basis depending on the level of the VIX at the previous close. Equity index is S&P 500, cash is 30-day cash. Data to 31 December 2025. Figures do not take account of any costs, including transaction costs. Source: CBOE, LSEG Datastream, Schroders. Please see relevant disclaimers on page 66

Although the ride is bumpy, equities have been less risky than cash when it comes to delivering long-term inflation-beating returns

Percentage of time periods where US stocks and cash have beaten inflation 1926-2025

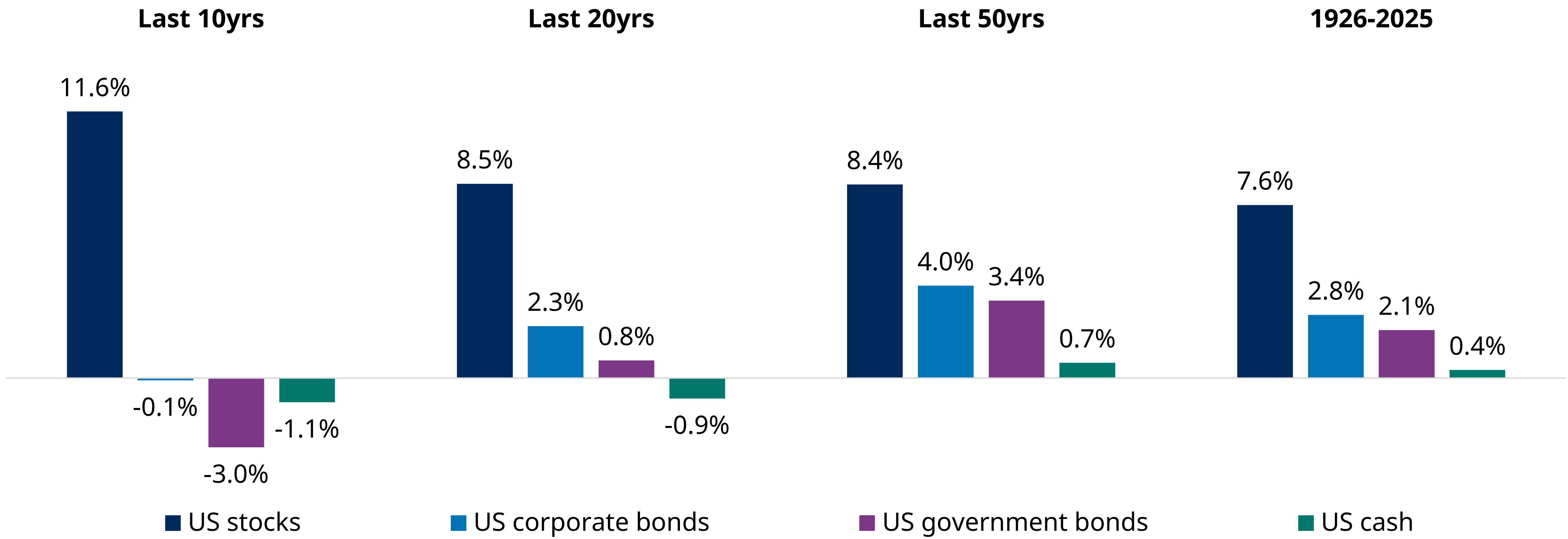


Past performance is not a guide to future performance and may not be repeated.
Equities represented by Ibbotson® SBBI® US Large-Cap Stocks to 2024, S&P 500 thereafter, cash by Ibbotson® SBBI® US (30-Day) Treasury Bills to 2024, US Treasury constant maturity 1-month rate thereafter. Data to December 2025. Source: Federal Reserve, Morningstar Direct, accessed via CFA institute, LSEG Datastream, S&P, and Schroders. Please see relevant disclaimers on page 66

Schroders

There is always a reason to worry but, in the long-run, stocks have beaten bonds which have beaten cash

Historical returns in excess of inflation since 1926, % p.a.



Past performance is not a guide to the future and may not be repeated
Equities represented by Ibbotson® SBBI® US Large-Cap Stocks to 2024, S&P 500 thereafter, small caps by Ibbotson® SBBI® US Small-Cap Stocks to 2024, Russell 2000 thereafter, bonds by Ibbotson® SBBI® US Long-term Government Bonds and Ibbotson® SBBI® US Long-term Corporate Bonds to 2024, ICE BofA 10+ Year US Treasury Index and S&P US IG Corporate bond 10+ Year Index thereafter, cash by Ibbotson® SBBI® US (30-Day) Treasury Bills to 2024, US Treasury constant maturity 1-month rate thereafter. Data to 31 December 2025 Source: Morningstar Direct, accessed via CFA institute, and Schroders. Please see relevant disclaimers on page 66

Schroders

Global equities

Regional performance

EM equities have returned 26% in USD terms so far in 2026, an incredible start to the year

Total $ return, to 30 June 2026, %

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
EM 60	EM 11	EM 75	JAP 22	US 38	UK 27	US 34	EUR 34	EM 66	EUR -7	EM -2	EM -6
US 31	US 7	EUR 33	EUR 5	EUR 23	US 24	EUR 25	US 31	JAP 62	UK -12	US -12	JAP -10
UK 16	UK -4	JAP 26	US 2	UK 21	EUR 19	UK 23	UK 18	US 22	US -13	UK -14	UK -15
EUR 12	EUR -5	UK 24	UK -2	JAP 1	EM 6	EM -12	JAP 5	EUR 18	JAP -28	EUR -22	EUR -20
JAP 9	JAP -21	US 10	EM -7	EM -5	JAP -15	JAP -24	EM -25	UK 12	EM -31	JAP -29	US -23

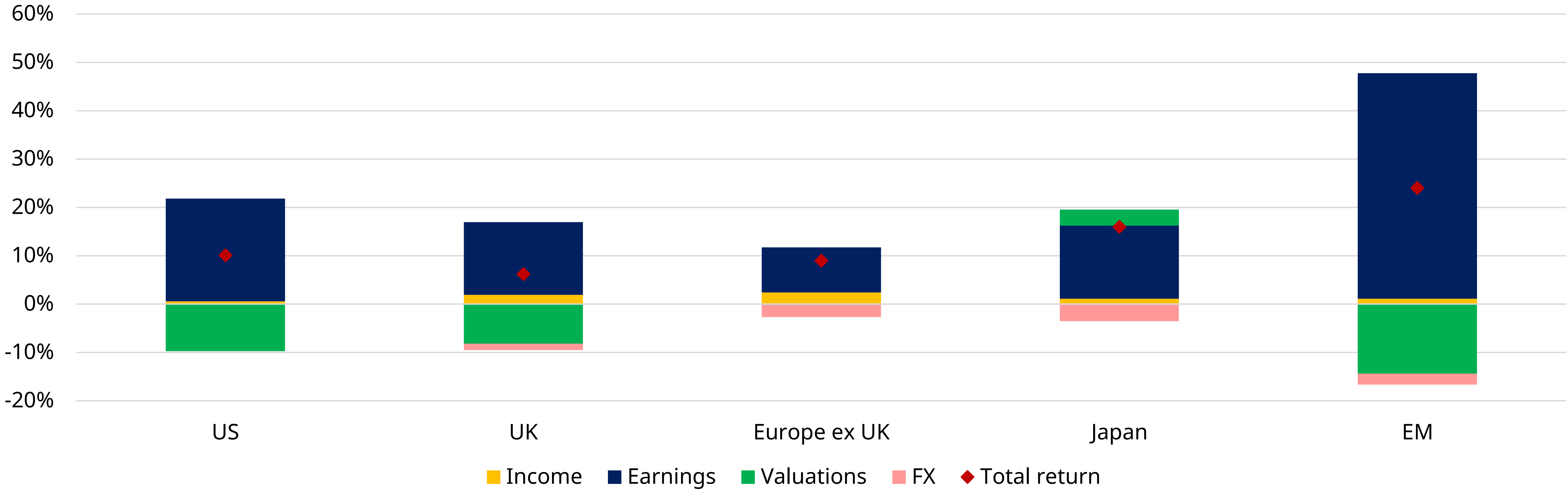
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EM 56	EM 26	EM 35	EUR 36	EM 40	JAP -29	EM 79	EM 19	US 2	EUR 23	US 33	US 13
EUR 44	EUR 22	JAP 26	EM 33	EUR 17	US -37	UK 43	JAP 16	UK -3	EM 19	EUR 29	EM -2
JAP 36	UK 20	EUR 11	UK 31	UK 8	EUR -45	EUR 34	US 15	JAP -14	US 16	JAP 27	JAP -4
UK 32	JAP 16	UK 7	US 15	US 6	UK -48	US 27	UK 9	EUR -14	UK 15	UK 21	UK -5
US 29	US 11	US 6	JAP 6	JAP -4	EM -53	JAP 6	EUR 2	EM -18	JAP 8	EM -2	EUR -6

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 YTD
JAP 10	US 12	EM 38	US -5	US 32	US 21	US 27	UK -5	US 27	US 25	EUR 37	EM 24
US 1	EM 12	EUR 28	JAP -13	EUR 26	EM 19	UK 19	JAP -16	EUR 23	JAP 9	UK 35	JAP 16
EUR 0	JAP 3	JAP 24	UK -14	UK 21	JAP 15	EUR 17	EUR -17	JAP 21	EM 8	EM 34	US 10
UK -8	EUR 0	UK 22	EM -14	JAP 20	EUR 12	JAP 2	US -19	UK 14	UK 8	JAP 25	EUR 9
EM -15	UK 0	US 22	EUR -14	EM 19	UK -10	EM -2	EM -20	EM 10	EUR 1	US 18	UK 6

Past performance is not a guide to future performance and may not be repeated.
Europe = Europe ex UK. Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026 in US dollars. Please see relevant disclaimers on page 52

H1 2026 equity gains are all about earnings
EM equities are up 24%

Decomposition of drivers of 2026 YTD returns to 30 June, USD terms

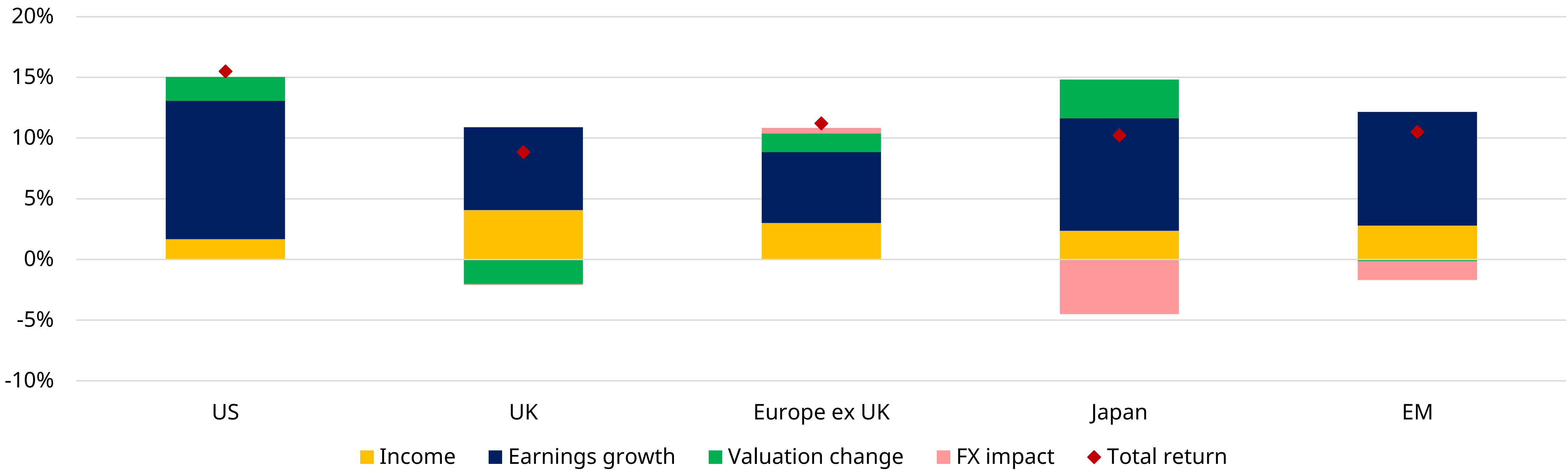


Past performance is not a guide to future performance and may not be repeated.
Figures do not sum exactly as the total return is the compound return of the individual components. Income = (1 + total return) / (1 + price return) – 1; Earnings = 12-month forward earnings at end of period divided by 12-month forward earnings at start – 1; Valuations = 12-month forward price/earnings multiple at end of period divided by multiple at start – 1; fx impact = (1 + USD total return) / (1 + local total return) - 1. Forward earnings used instead of trailing because markets are forward looking so these earnings expectations ultimately matter more when understanding what has been driving markets. Trailing earnings can also be prone to short-term distortions. Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026 in US dollars. Please see relevant disclaimers on page 52

Schroders

Strong earnings growth has also been the story behind equity returns over the past decade

Decomposition of drivers of returns: 30 June 2016 to 30 June 2026, USD terms p.a.



Past performance is not a guide to future performance and may not be repeated.
Figures do not sum exactly as the total return is the compound return of the individual components. Income = (1 + total return) / (1 + price return) – 1; Earnings = 12-month forward earnings at end of period divided by 12-month forward earnings at start – 1; Valuations = 12-month forward price/earnings multiple at end of period divided by multiple at start – 1; fx impact = (1 + USD total return) / (1 + local total return) - 1. Forward earnings used instead of trailing because markets are forward looking so these earnings expectations ultimately matter more when understanding what has been driving markets. Trailing earnings can also be prone to short-term distortions. Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026 in US dollars. Please see relevant disclaimers on page 52

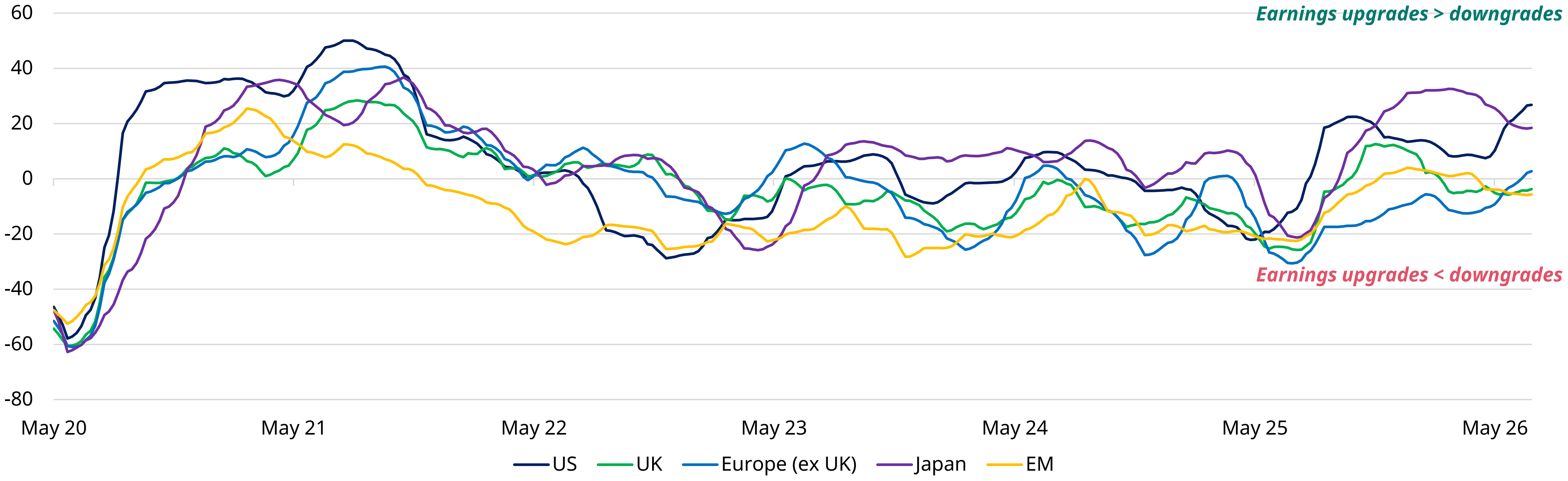
Schroders

Global equities

Fundamentals and valuations

US and Japanese earnings are being widely upgraded. EM earnings momentum is narrow: market growth expectations are being upgraded while most companies are downgraded

13-week earnings revisions ratio , (upgrades – downgrades) / total revisions

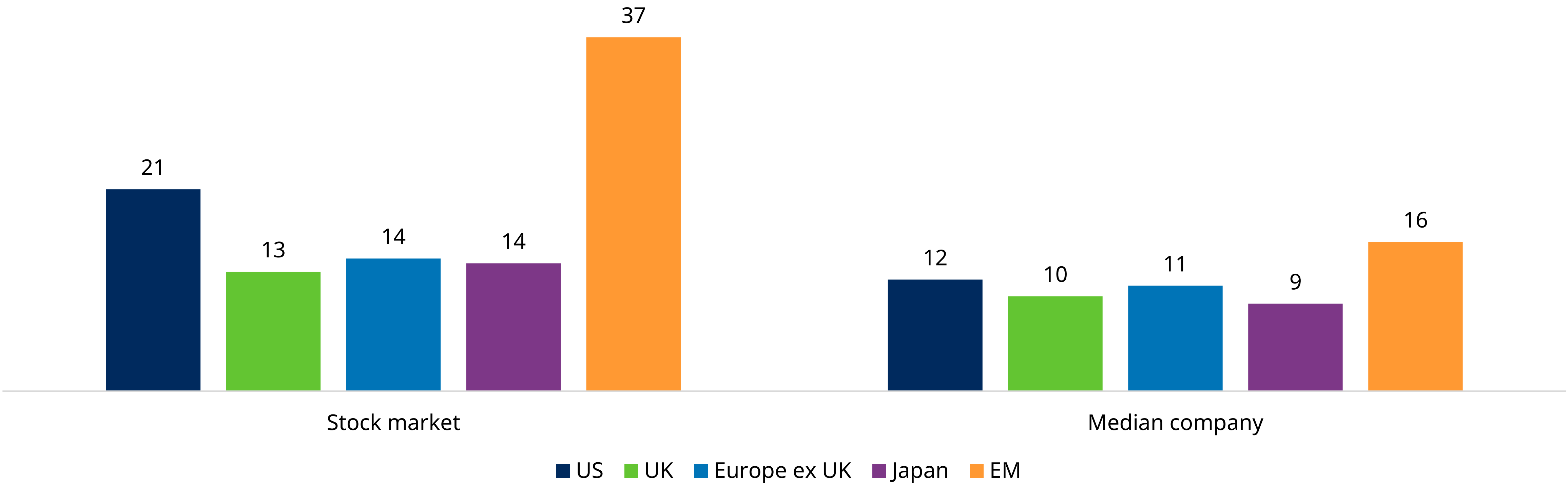


Forecasts included are not guaranteed and should not be relied upon.
Source: LSEG Datastream and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52
Notes; 13w earnings revisions = sum of 13 week positive minus negative 12m forward EPS revisions / total revisions.

Schroders

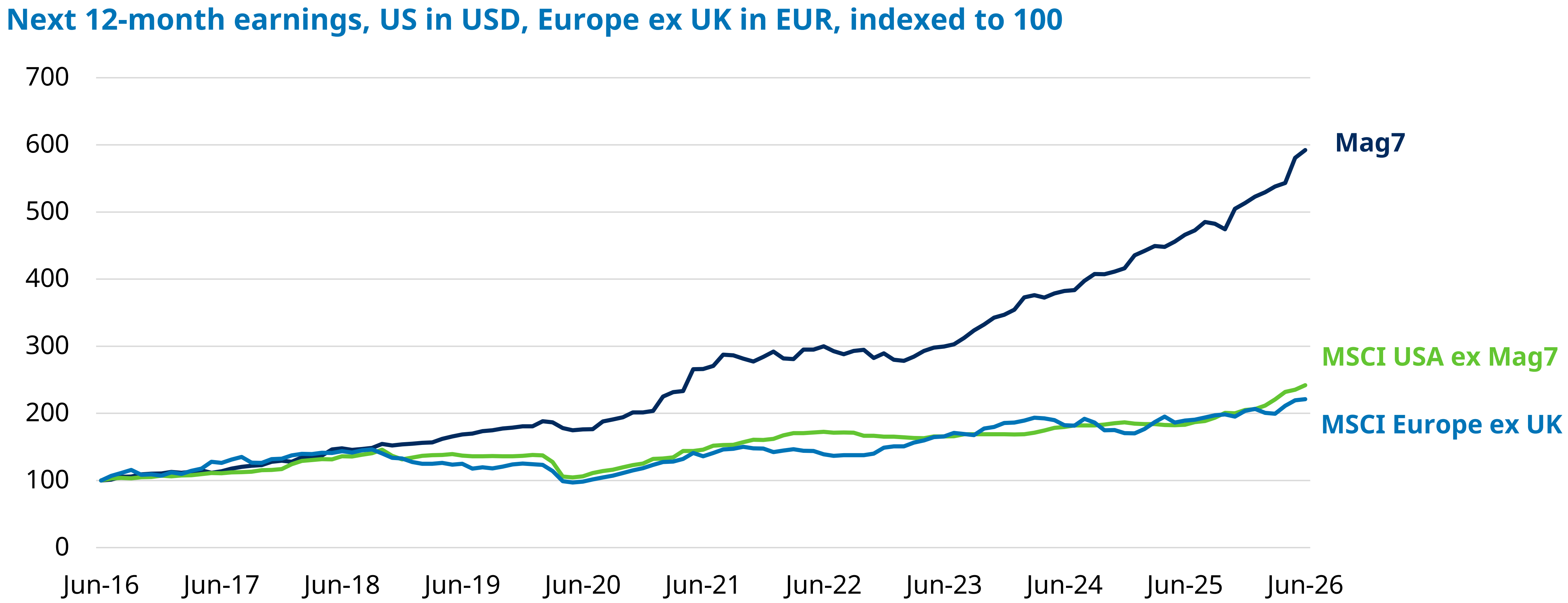
The median company has an almost identical 12-month EPS growth forecast in the US, Europe, UK, Japan; EM leads the way

Corporate earnings: consensus 12-month forward growth forecasts, %



Forecasts included are not guaranteed and should not be relied upon.
Median growth rates based on 12-month forward EPS/trailing 12-month EPS for index constituents, excluding companies with negative earnings.
Source: LSEG Datastream and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

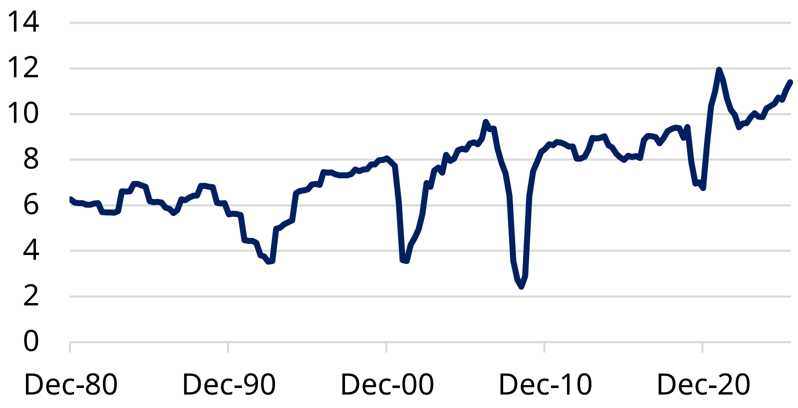
European earnings growth has been similar to US ex Mag-7 over the past decade



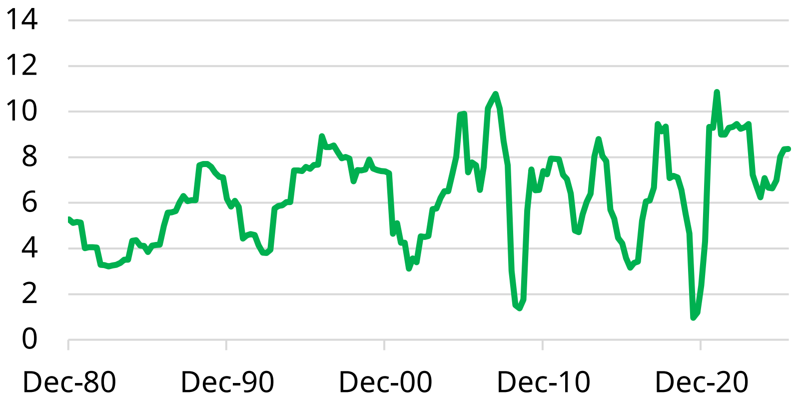
Past performance is not a guide to the future and may not be repeated
-7 is the name given to Nvidia, Meta Platforms, Amazon, Apple, Alphabet, Microsoft, Tesla. Source: LSEG Datastream and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Profit margins have been trending upwards

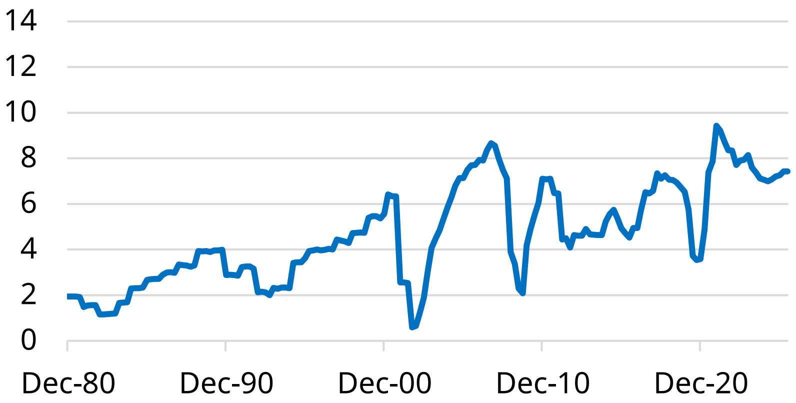
Net profit margins, US



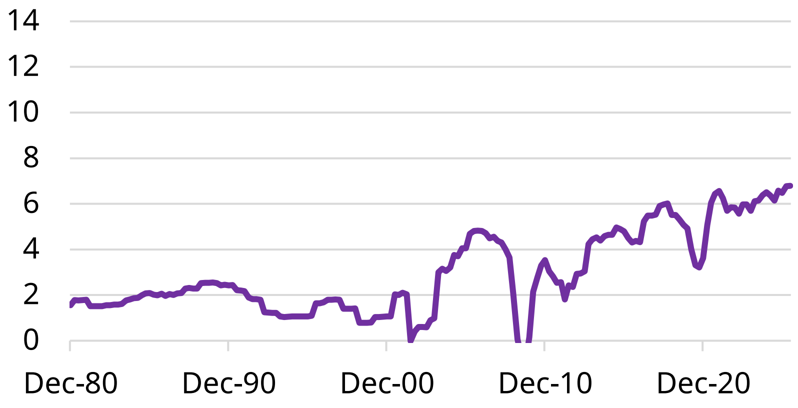
UK



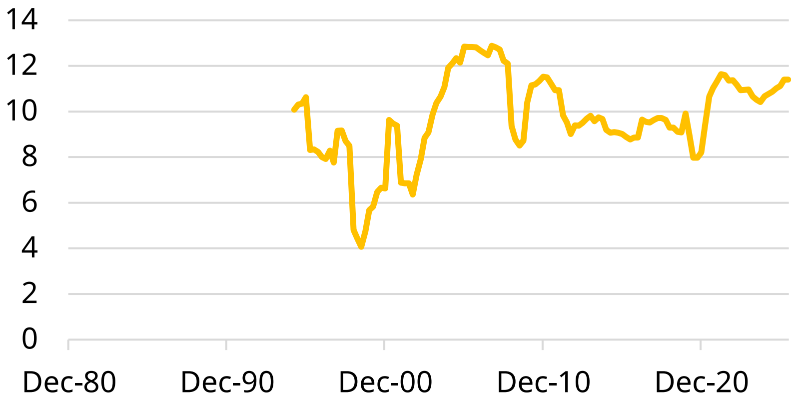
Europe ex UK



Japan



EM



Based on Datastream total market equity indices for each region. Source: LSEG Datastream and Schroders. Quarterly data to Q2 2026. Please see relevant disclaimers on page 52

Schroders

Global stock markets are on lofty valuations EM/UK equities are fairer on a forward P/E basis thanks to strong earnings expectations

Valuation as at 30 June vs 20-year median (% above or below)

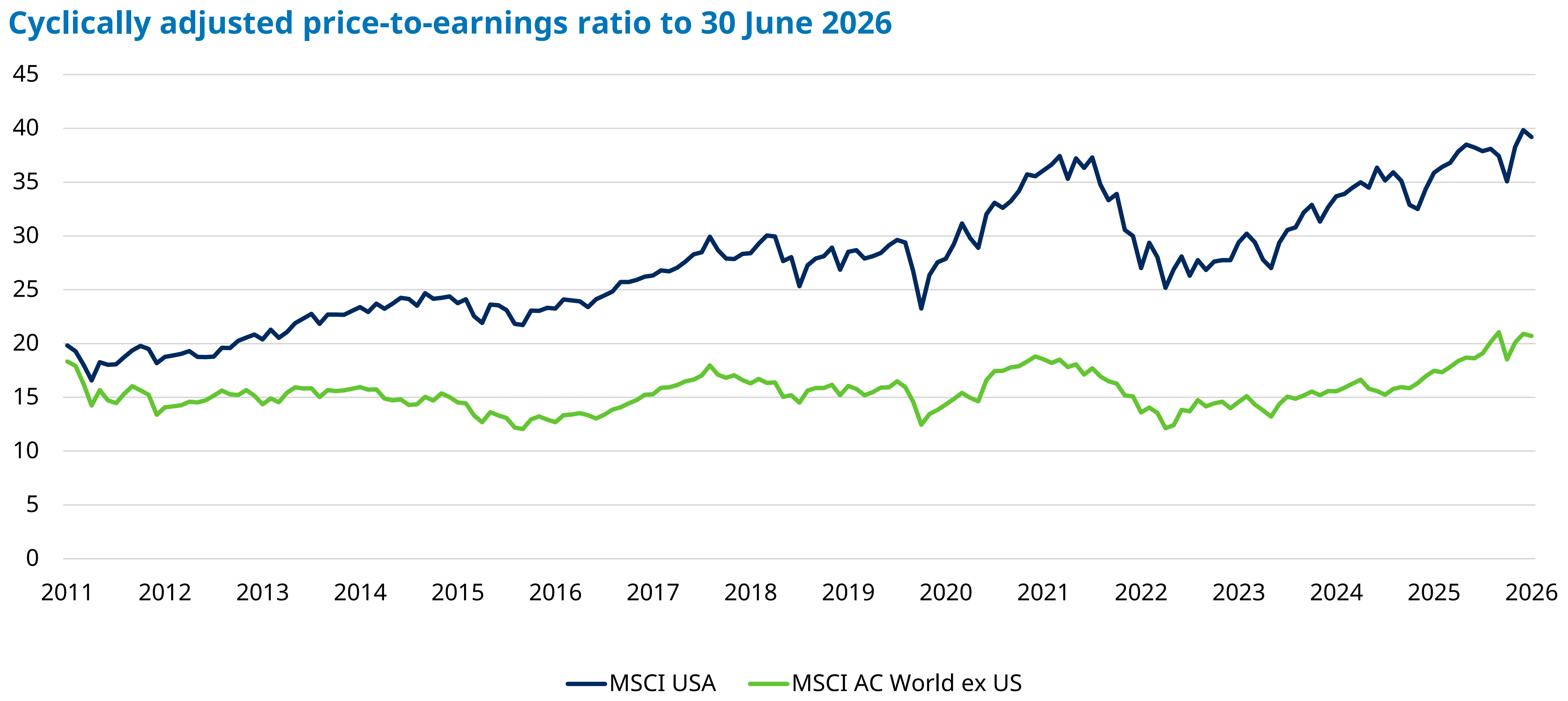
Equity market	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
US	39 (56%)	21 (26%)	28 (34%)	5.8 (98%)	1.1 (72%)
UK	17 (25%)	12 (1%)	16 (15%)	2.3 (28%)	3.1 (20%)
Europe ex. UK	22 (20%)	16 (16%)	19 (15%)	2.6 (42%)	2.7 (15%)
Japan	29 (27%)	14 (17%)	21 (31%)	2.0 (52%)	1.8 (16%)
EM	19 (37%)	12 (-1%)	19 (32%)	2.6 (52%)	1.9 (36%)

Key:	<-25	-25 to -15	-15 to -5	-5 to 0	0 to 5	5 to 15	15 to 25	>25
	Cheap			Neutral			Expensive	

Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Figures are shown on a rounded basis. Assessment of cheap/expensive is relative to 20-year median. Please see relevant disclaimers on page 52

Schroders

The gap between US and non-US CAPE remains wide



Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Schroders

Smaller companies are less extended vs their own histories

30 June 2026 valuation vs median since 2012 (when valuation data is available for all six indices)

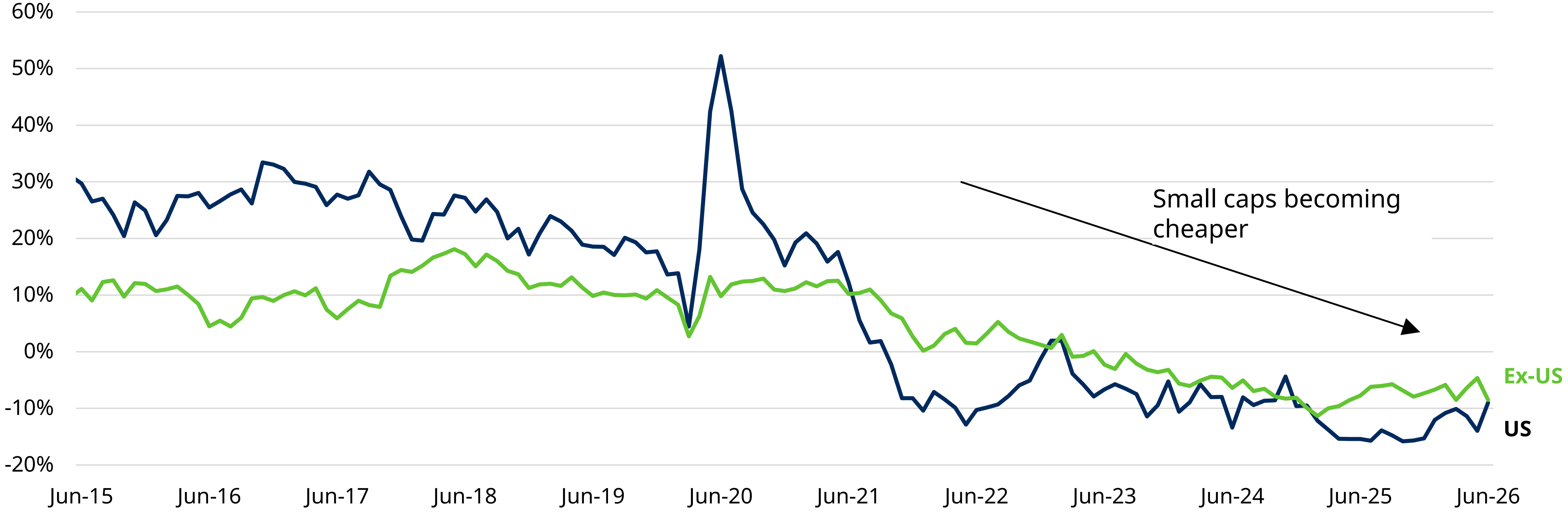
Equity market	Forward P/E	Trailing P/E	P/B	Dividend yield
US large caps	21 (19%)	28 (23%)	5.8 (70%)	1.1 (71%)
US equal weighted	18 (3%)	24 (6%)	3.6 (30%)	1.6 (10%)
US small caps	19 (-4%)	36 (18%)	2.8 (22%)	1.4 (8%)
World ex-US	16 (11%)	19 (17%)	2.4 (40%)	2.6 (19%)
World ex-US equal weighted	15 (2%)	19 (2%)	1.9 (26%)	2.7 (3%)
World ex-US small caps	14 (-5%)	20 (-2%)	1.6 (10%)	2.7 (-5%)

Key:	<-25	-25 to -15	-15 to -5	-5 to 0	0 to 5	5 to 15	15 to 25	>25
	Cheap			Neutral		Expensive		

Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52
Figures are shown on a rounded basis. Assessment of cheap/expensive is relative to median since April 2012. This is the longest time period for which data is available on all six markets

Small caps are cheap vs large

Forward price/earnings multiple: small caps divided by large caps, to 30 June 2026



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Globally, consumer staples and healthcare stocks are less expensively valued vs their own history than other sectors

MSCI ACWI: 30 June 2026 valuation vs 20-year median (% above or below)

Sector	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
Cons stap	-10%	6%	5%	23%	-3%
Health care	-4%	9%	0%	22%	7%
Materials	13%	3%	25%	30%	20%
Energy	42%	-3%	37%	21%	1%
Utilities	30%	11%	10%	28%	20%
Financials	32%	11%	9%	52%	12%
Cons disc	6%	24%	28%	35%	56%
Industrials	52%	45%	50%	77%	53%
Comm Svcs	84%	24%	10%	86%	268%
IT	117%	20%	68%	198%	115%

Key:	<-25	-25 to -15	-15 to -5	-5 to 0	0 to 5	5 to 15	15 to 25	>25
	Cheap			Neutral		Expensive		

Real estate has been excluded due to data only being available since 2016. Note that the dividend yield on the communication services sector is very low vs history. This is down to compositional changes over time e.g. Alphabet is now the biggest constituent by a long way, with Meta the next biggest. These are very different to the higher yielding companies in the sector in the past. Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Schroders

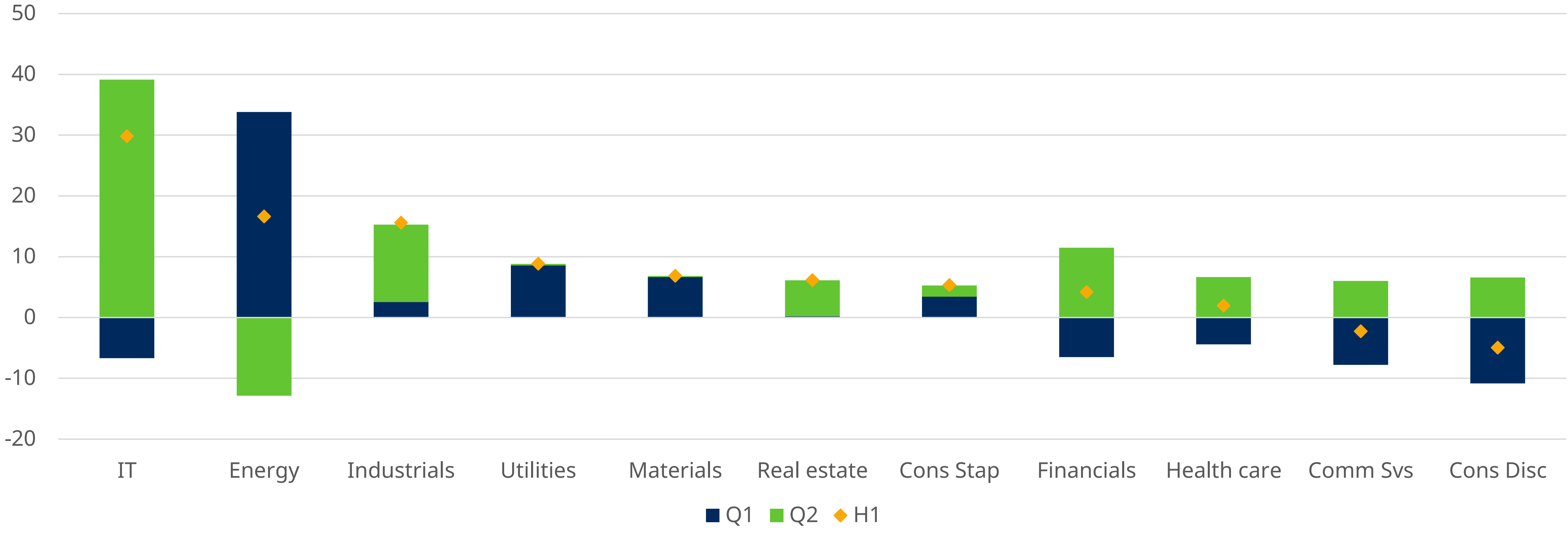
Schroders

Global equities

Sectors & Styles

All of the sectors that lost money in Q1 made money in Q2, especially IT

MSCI ACWI $ sector return, total returns YTD to 30 June 2026

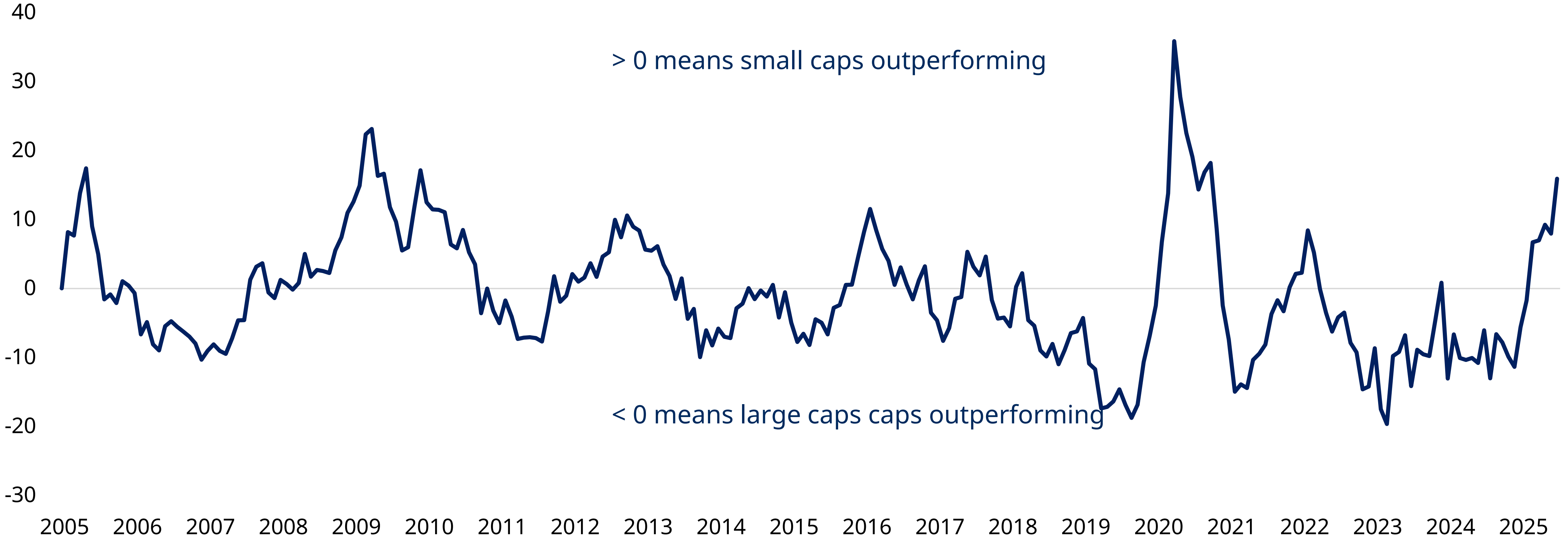


Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026 in US dollars. Please see relevant disclaimers on page 52

Schroders

Small caps have handsomely outperformed large caps over the last 12 months

US small vs large caps, YoY % return,



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

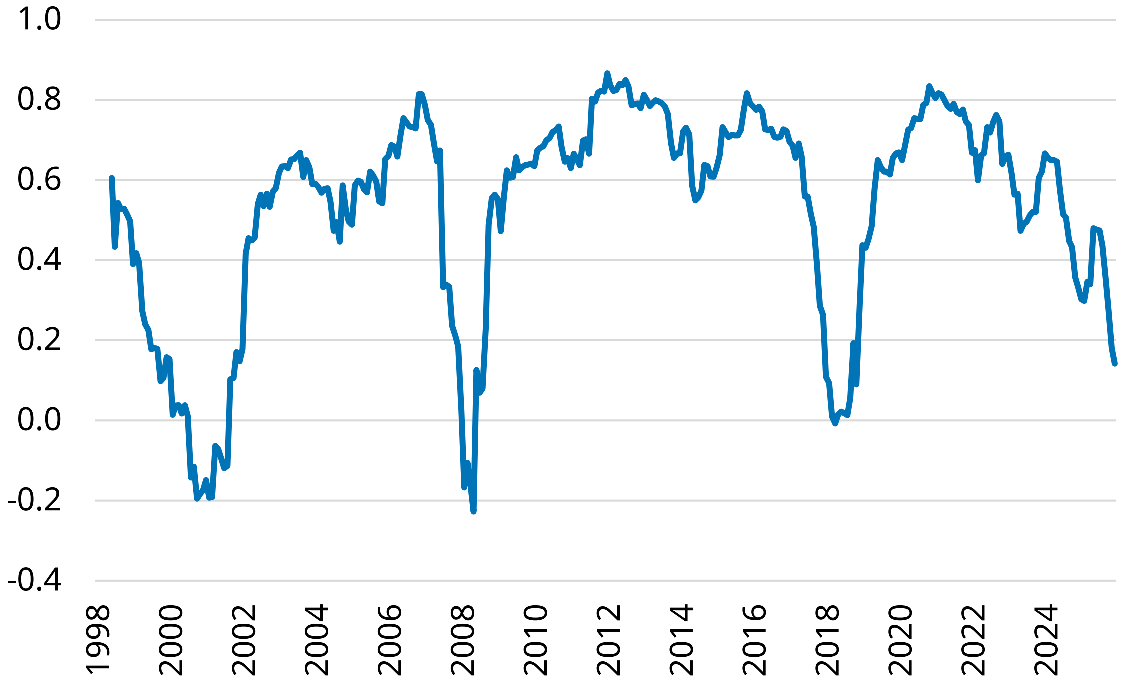
Schroders

Read more here

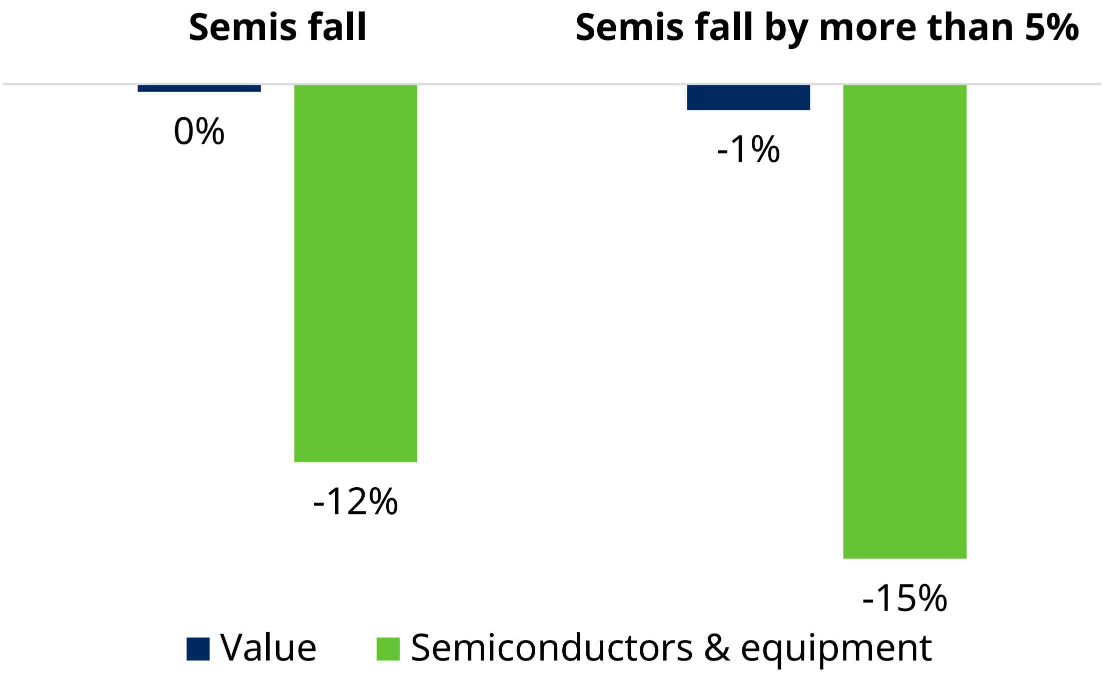
Consider value equities as a hedge against AI-risk, without sacrificing equity exposure

Low correlation and significantly better outcomes in down-markets for AI-stocks

Rolling 24-month correlations: S&P 500 pure value vs S&P 500 semiconductors & equipment index



Median quarterly return in quarters where semiconductors fall



Past performance is not a guide to future performance and may not be repeated.
Value is S&P 500 pure value total return index, semis are S&P 500 semiconductors and equipment total return index. Semiconductors used as a proxy for AI-stocks. Data covers 30 June 1996 (inception of S&P 500 semiconductors & equipment index) to 31 December 2025. Right-hand chart isolates those quarters where semis fell in value; non-overlapping periods are used. Source: LSEG Datastream, S&P and Schroders. Please see relevant disclaimers on page 52

Schroders

Read more here

Buyer beware: most passive approaches to value investing are unlikely to shield you from AI/tech risk

Most have significant exposure to Magnificent-7 and/or other technology names

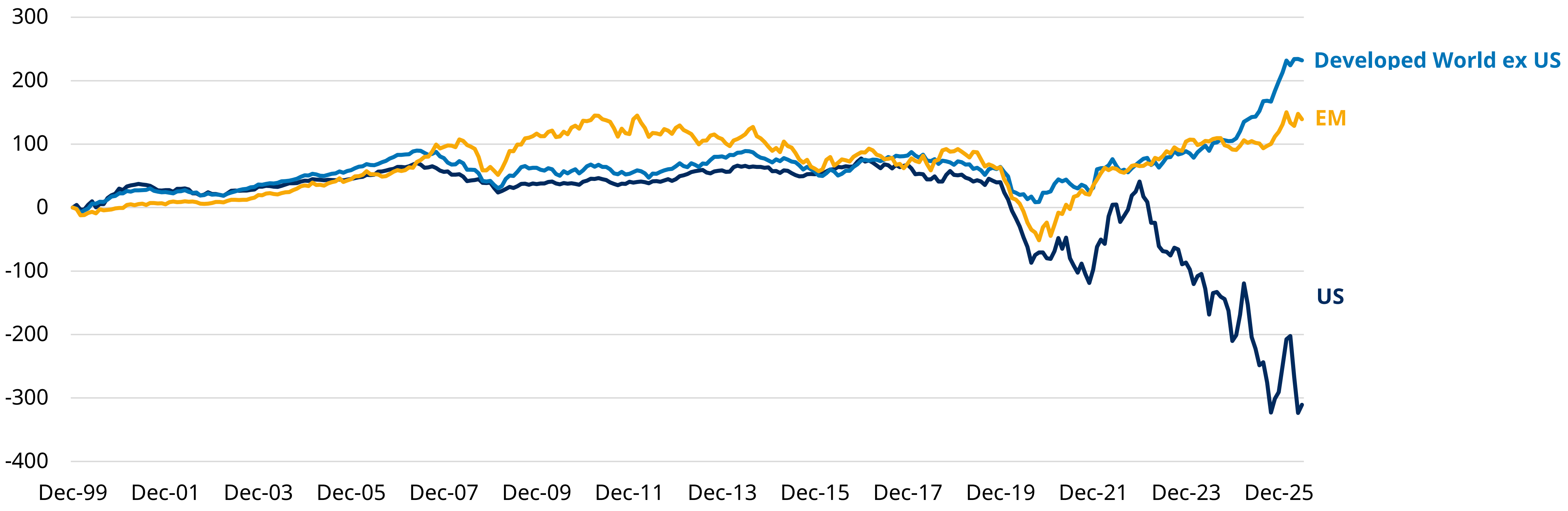
Largest five holdings

MSCI USA Value	MSCI USA Value Weighted	MSCI USA Enhanced Value	Russell 1000 Value	S&P 500 value	S&P 500 Pure value
Alphabet A	**Apple**	**Micron Technology**	Berkshire Hathaway	**Apple**	Ford
Meta Platforms	**Microsoft**	**Cisco Systems**	JP Morgan	**Amazon**	Bunge Global
JP Morgan	JP Morgan	**Intel**	**Alphabet A**	Exxon	General Motors
Berkshire Hathaway	Exxon	General Motors	**Amazon**	Walmart	Mosaic
Exxon	Amazon	AT&T	**Alphabet C**	**Tesla**	Centene

As at 31 December 2025. Source: MSCI, FTSE Russell, S&P. Please see relevant disclaimers on page 52

The Value style has been outperforming Growth outside the US for some time

Cumulative outperformance of Value vs Growth, %



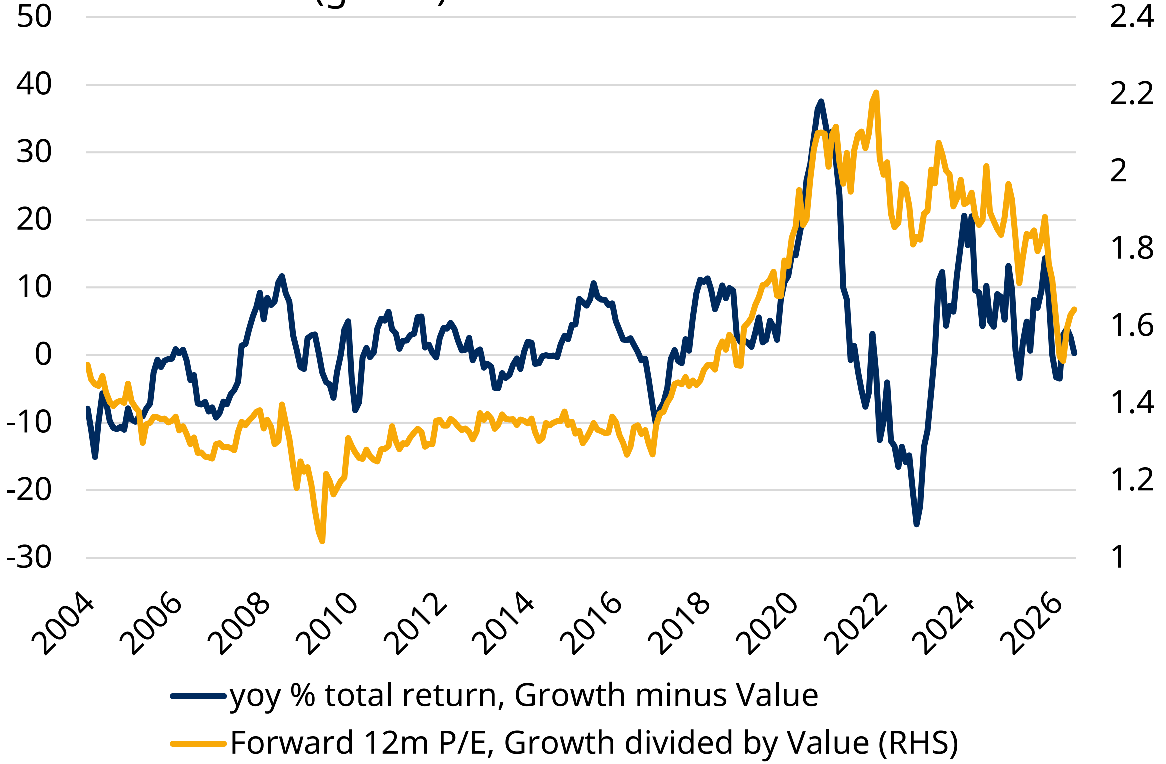
Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52

Schroders

Globally, growth companies have cheapened markedly vs Value, as their earnings have soared

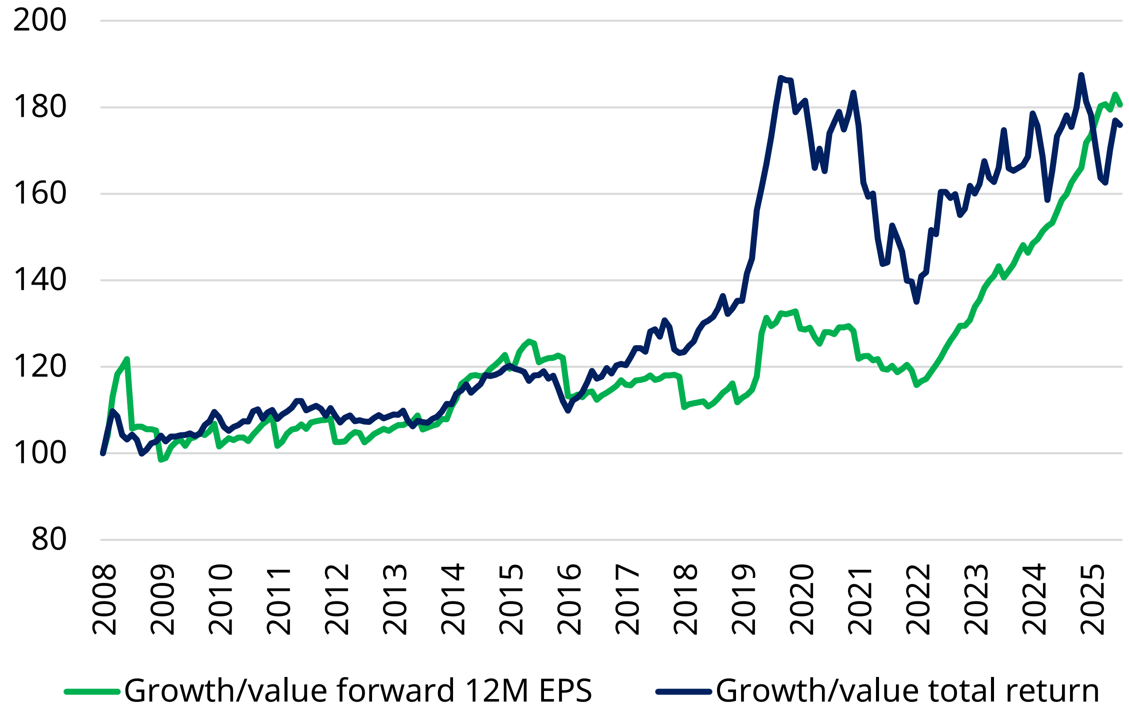
Relative valuations remain high by historical standards

Growth vs Value (global)



Earnings expectations for growth companies have risen strongly

Growth / Value, rebased to 100



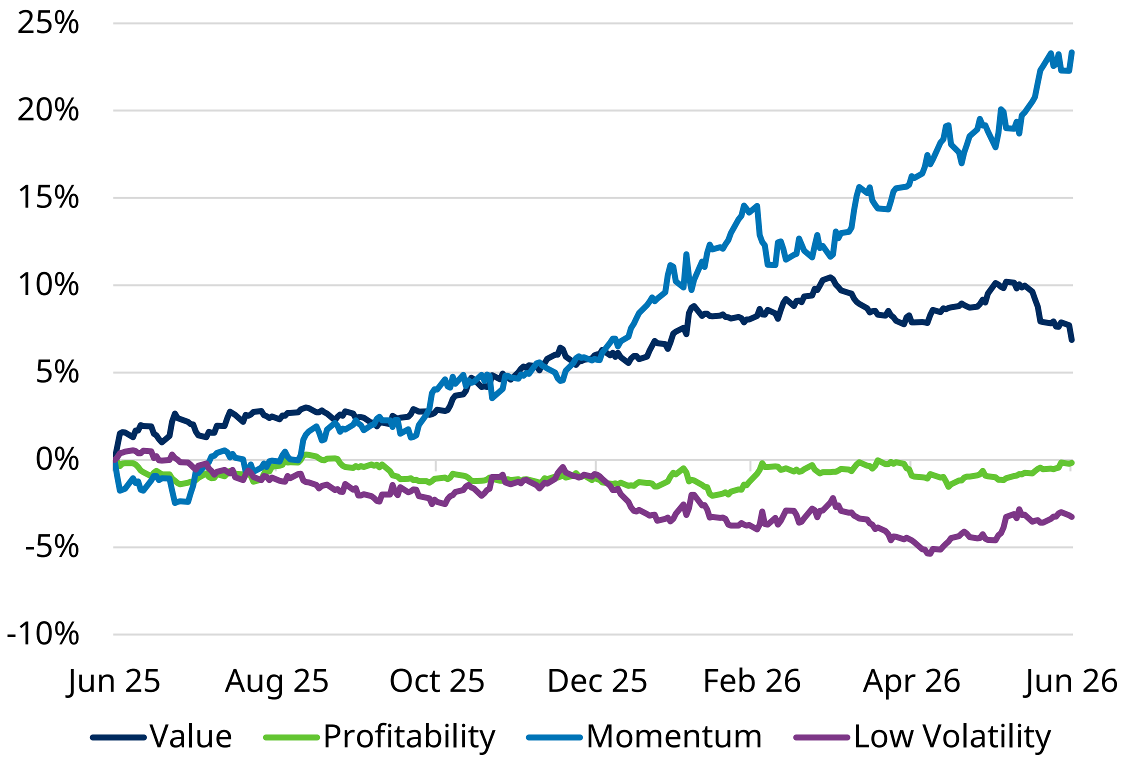
Forecasts included are not guaranteed and should not be relied upon. Past performance is not a guide to future performance and may not be repeated.

Source: LSEG Datastream and Schroders. Data to 30 June 2026 in US dollars. Based on MSCI ACWI World. Please see relevant disclaimers on page 52

Schroders

Globally, Momentum is performing strongly

1-year cumulative long short return



	Value	Profitability	Momentum	Low Volatility
YTD	0.8%	0.9%	16.7%	-2.4%
1 year	6.9%	-0.2%	23.3%	-3.3%
5 yr pa	6.4%	0.5%	6.2%	1.4%
10 yr pa	2.8%	1.7%	4.0%	1.7%

Returns are based on factor-mimicking, long-short, global equity portfolios that are scaled to target a volatility of 2.2 per year. The factor mimicking portfolios calculate the factor score on an industry basis. These portfolios aim to capture the returns attributable to specific fundamental characteristics within each industry.

For illustrative purposes only. Past performance is not a guide to future performance and may not be repeated.
Source: Schroders Systematic data Investments. Data as at 30 June 2026. Notes: based on portfolios formed using the MSCI ACWI Universe. Please see relevant disclaimers on page 64

Schroders

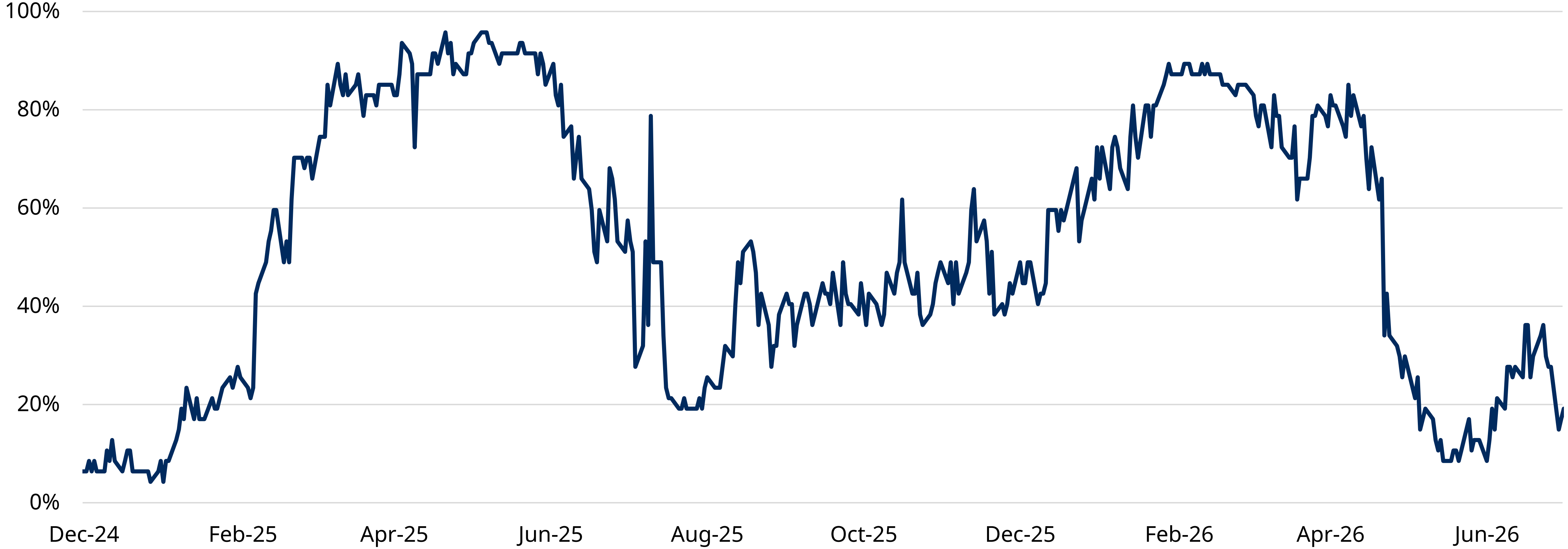
Schroders

Global equities

Technicals

The US has rallied and is once again outperforming almost all overseas markets

% of countries on MSCI ACWI outperforming the US over previous three months, daily data

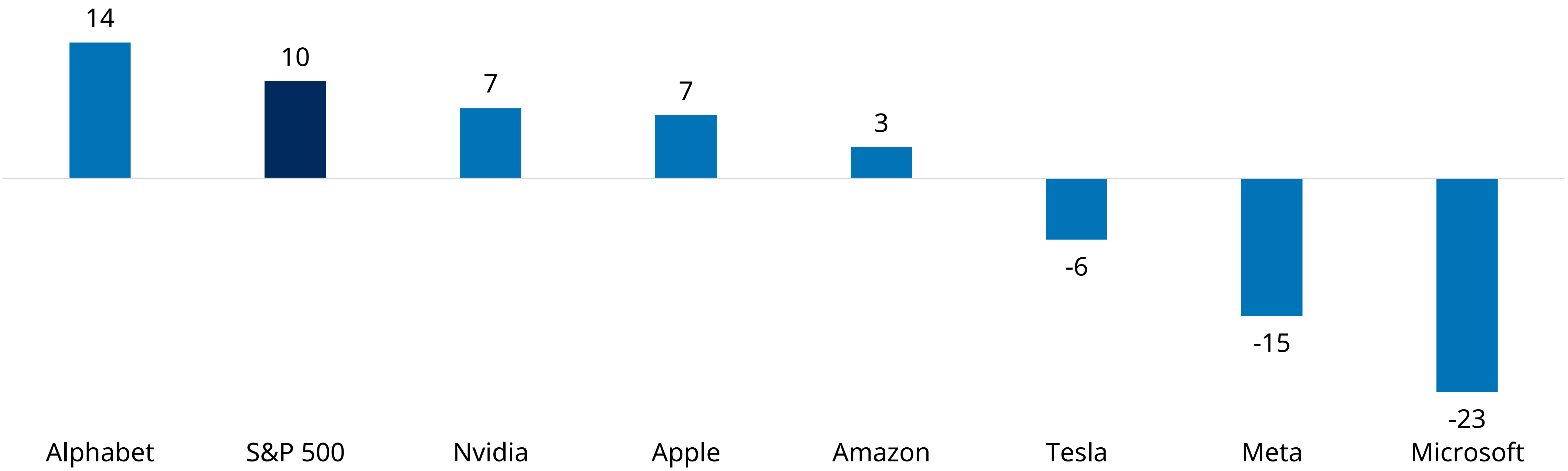


Past performance is not a guide to future performance and may not be repeated.
Source: MSCI, Schroders, as of 30 June 2026. Please see relevant disclaimers on page 52

Schroders

Six of the Magnificent-7 are underperforming this year, some by a large amount

YTD total return, %

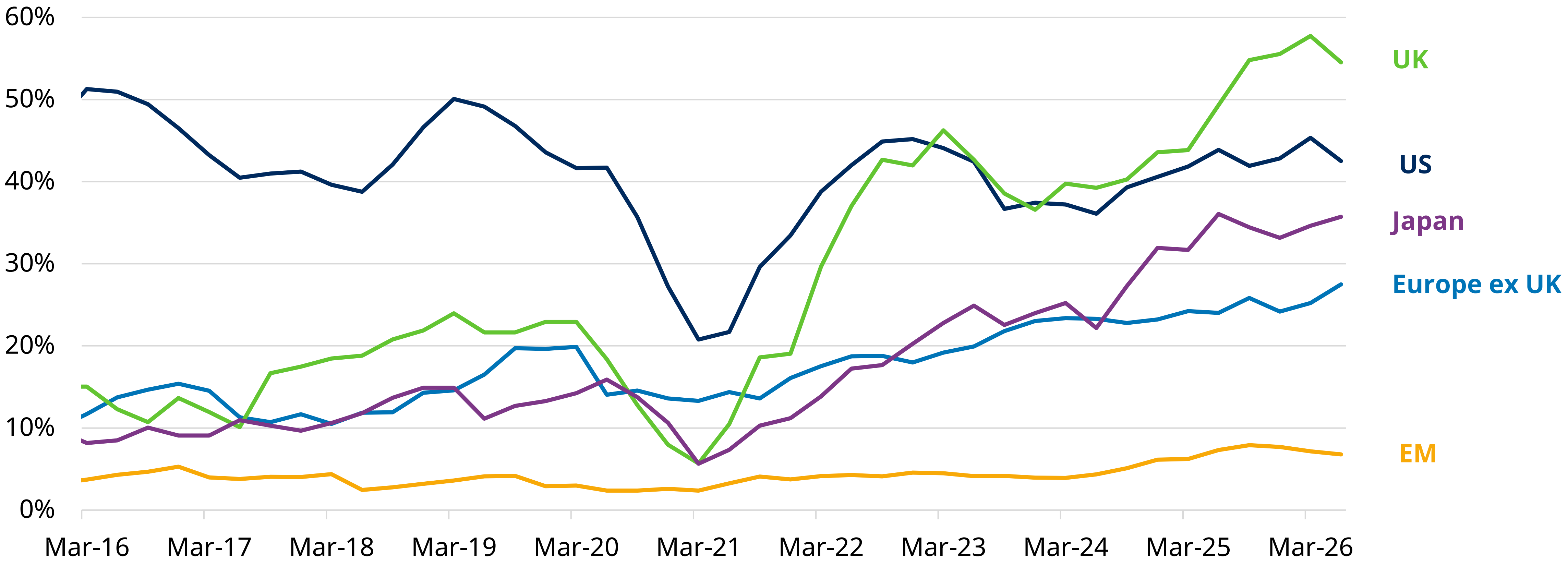


Past performance is not a guide to future performance and may not be repeated.
YTD is as at 30 June 2026. Source: LSEG Datastream and Schroders. Please see relevant disclaimers on page 52

Schroders

Share buyback activity continues to rise outside the US
The UK is the buyback capital of the world

Proportion of large companies who bought back at least 1% of their shares over the previous 12 months



Past performance is not a guide to future performance and may not be repeated.
Analysis based on MSCI USA, MSCI Europe ex UIK, MSCI UK, MSCI Japan, MSCI EM. Data to 31 March 2026. Source: LSEG Datastream, MSCI and Schroders. Please see relevant disclaimers on page 52

Schroders

Global equities

Index composition

The stock market is not the economy, but the US is more domestically-oriented than other developed markets

Geographic revenue exposure of major stock markets %:

Geographic source of revenues	MSCI equity index:				
	US	Europe ex UK	UK	Japan	EM
US	58	22	26	18	15
Europe ex UK	8	37	13	7	4
UK	2	5	23	2	1
Japan	2	2	3	45	2
EM and frontier	24	30	29	25	75
Other/unallocated	5	4	5	3	3

Past performance is not a guide to future performance and may not be repeated.
Other/unallocated includes Canada, Australia, New Zealand, Singapore. Analysis based on the most recently available data as at 31 March 2026. Source: Factset, Schroders. Please see relevant disclaimers on page 52

US small caps and value stocks are more domestically-oriented than large caps

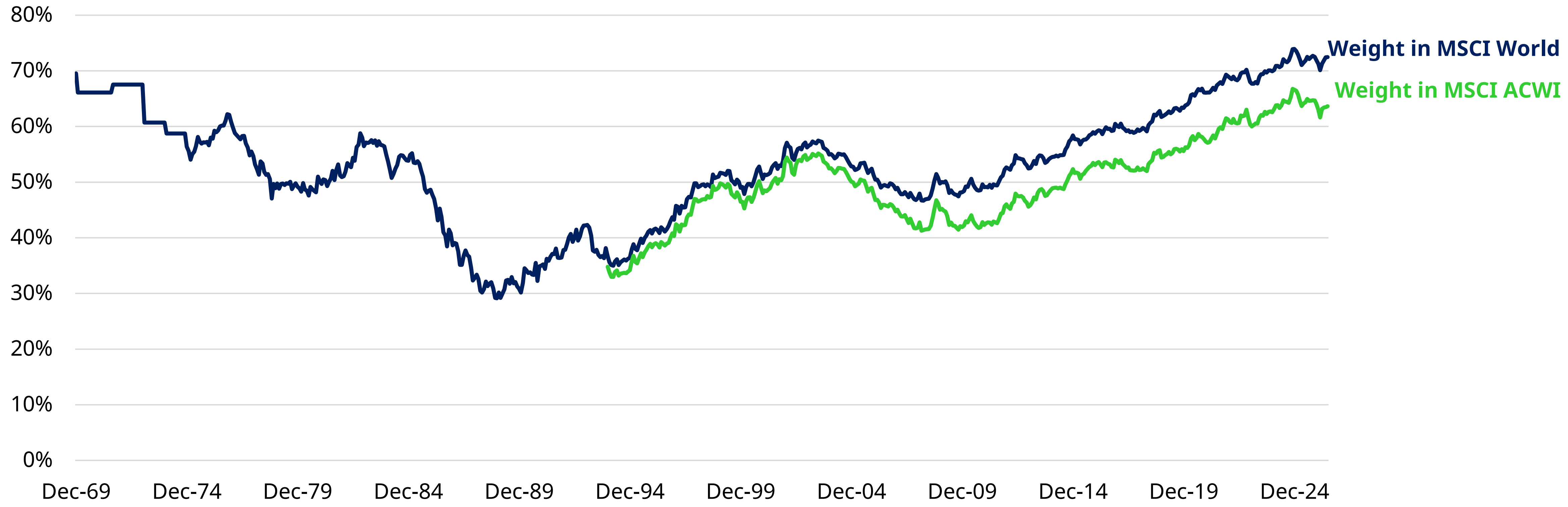
Geographic revenue exposure of major stock markets %:

Geographic source of revenues	MSCI equity index:			
	US	US Small Caps	US Value	US Growth
US	58	73	65	50
Europe ex UK	8	5	8	9
UK	2	2	2	2
Japan	2	1	2	3
EM and frontier	24	30	19	29
Other/unallocated	5	5	4	7

Past performance is not a guide to future performance and may not be repeated.
Other/unallocated includes Canada, Australia, New Zealand, Singapore. Analysis based on the most recently available data as at 31 March 2026. Source: Factset, Schroders. Please see relevant disclaimers on page 52

The global market is highly concentrated in the US

MSCI USA weight in major global benchmarks

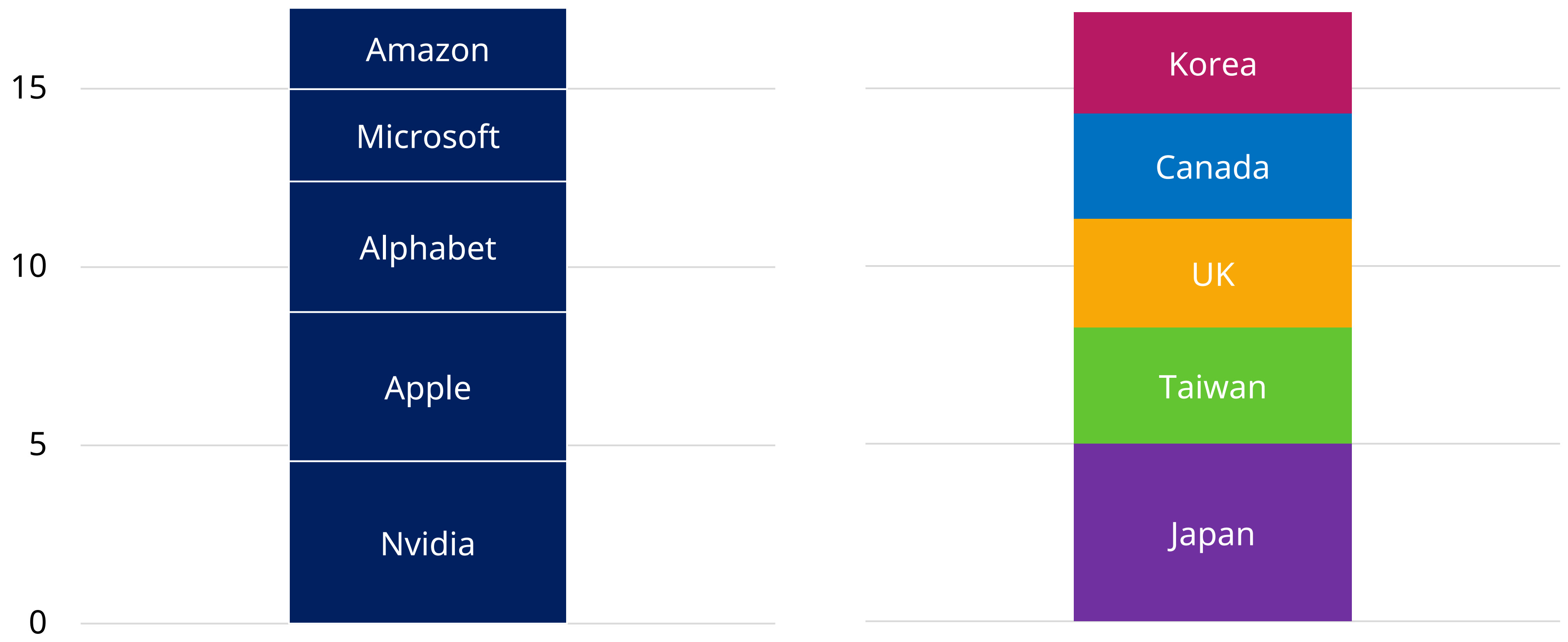


Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data to 30 June 2026. Please see relevant disclaimers on page 52.

Schroders

The five largest US companies have a similar weight to the next five biggest countries in MSCI ACWI combined

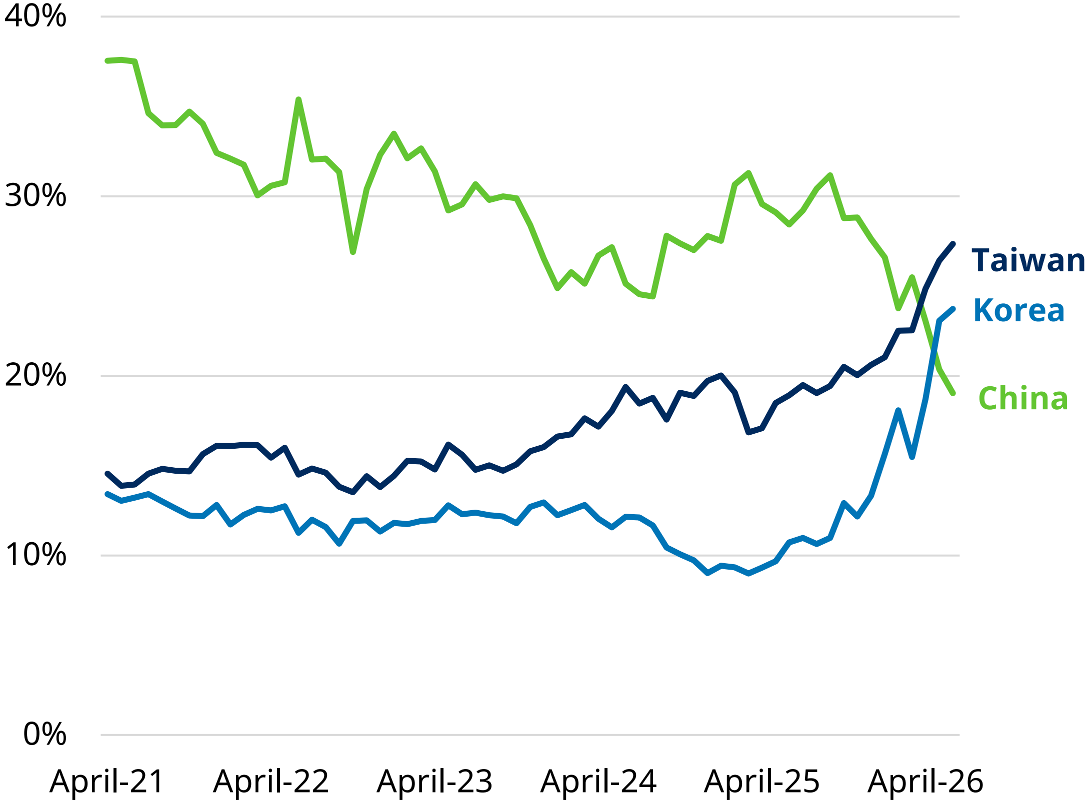
Weight in MSCI ACWI, %



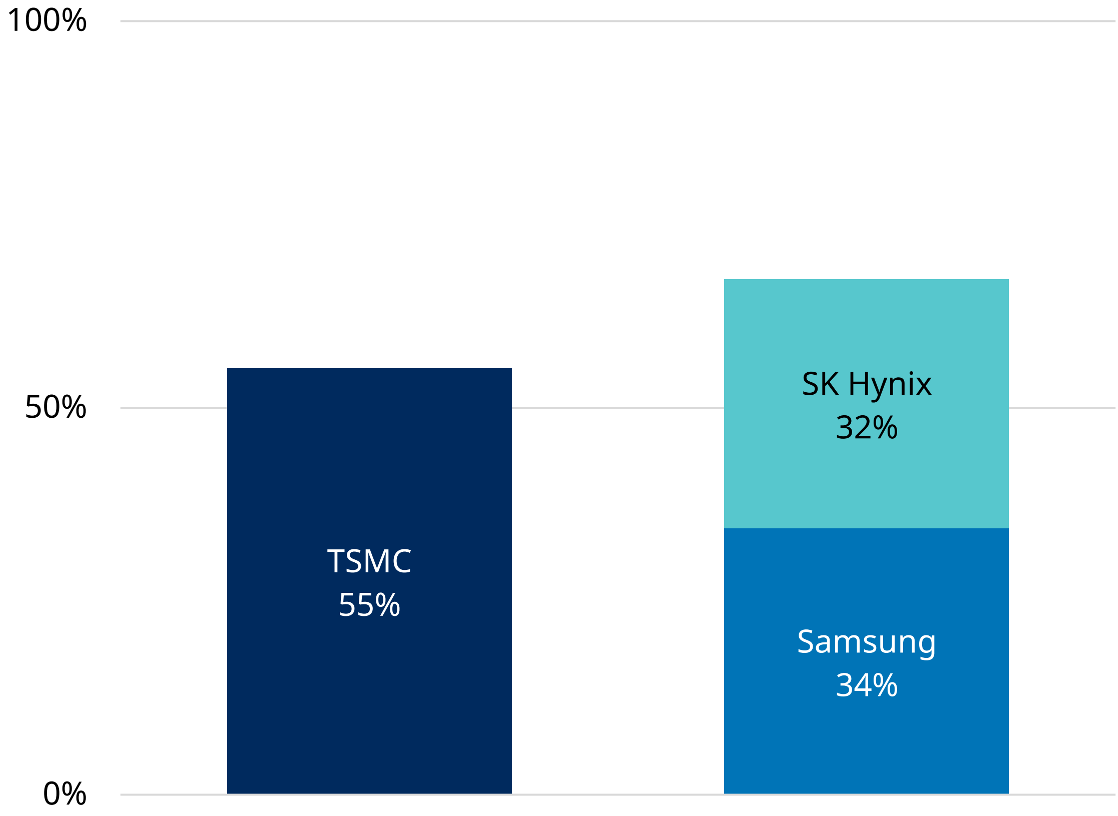
Past performance is not a guide to future performance and may not be repeated.
For illustrative purposes only and not a recommendation to buy/sell. Data as at 30 June 2026. Source: LSEG Datastream, Schroders. Please see relevant disclaimers on page 52

Taiwan and Korea’s tech leaders have driven them to overtake China as the biggest markets in MSCI EM

Weight in MSCI EM



Highly concentrated indices, index weight of largest stocks

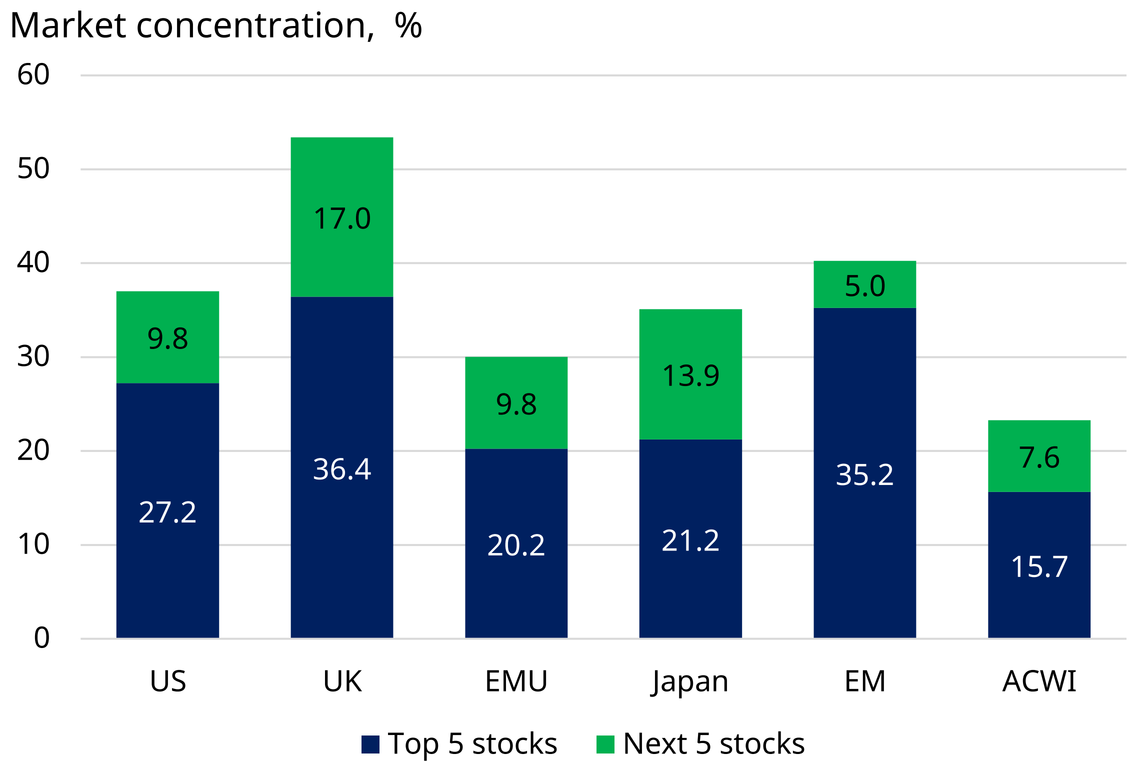


TSMC = Taiwan Semiconductor Manufacturing Company. Source: LSEG Datastream, MSCI and Schroders. Data as at 30 June 2026. Please see relevant disclaimers on page 52

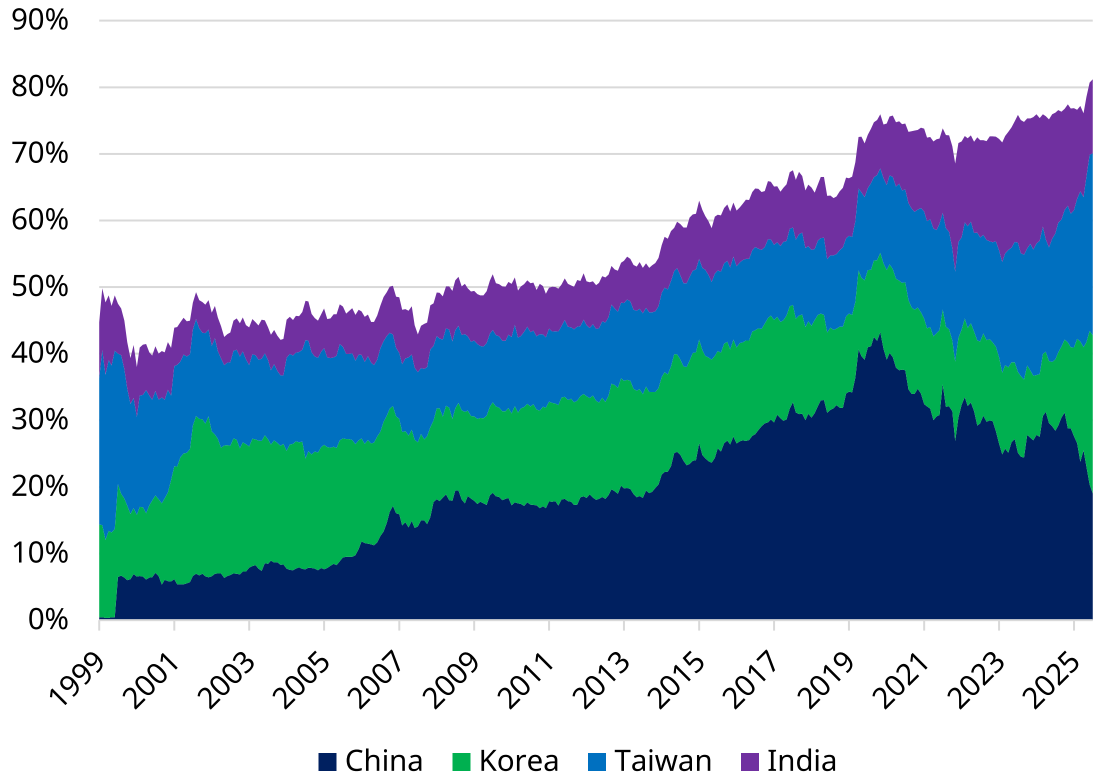
Market concentration is global phenomenon

Top constituents by market share

UK equities heavily weighted towards top 10 stocks



Asia is 80% of MSCI EM



Source: LSEG Datastream, MSCI and Schroders. Data as at 30 June 2026. Please see relevant disclaimers on page 52

Schroders

Japan and EM are more cyclical than ACWI. The UK is much more defensive

Regional market composition

			Sector Group Index Weight						Sector Group Index Weight vs ACWI				
Sector	**Beta***	**Cyclical/ defensive**	**US**	**UK**	**EMU**	**Japan**	**EM**	**ACWI**	**US**	**UK**	**EMU**	**Japan**	**EM**
IT	1.4	Cyclical	37	1	17	22	46	32	5	-31	-15	-10	13
Cons disc	1.1	Cyclical	9	4	8	15	7	9	1	-5	-1	6	-1
Financials	0.9	Cyclical	12	27	25	18	19	16	-5	11	9	2	2
Industrials	1.1	Cyclical	9	13	20	24	7	11	-2	2	9	12	-4
Comm Servs	1.1	Cyclical	10	2	3	7	6	8	2	-6	-5	-1	-2
Materials	1.1	Cyclical	2	8	4	4	5	4	-2	5	0	1	2
Real estate	1.1	Cyclical	2	1	0	0	0	1	0	-1	-1	-1	-1
Energy	0.4	Defensive	3	10	3	1	3	4	0	7	0	-3	0
Cons stap	0.6	Defensive	5	15	5	4	3	5	0	10	1	-1	-2
Utilities	0.7	Defensive	2	5	7	1	2	3	0	3	4	-2	-1
Health care	0.6	Defensive	9	14	6	5	2	8	1	6	-2	-3	-6
% defensive			**19**	**44**	**22**	**11**	**10**	**19**	**0**	**25**	**3**	**-8**	**-9**

Source: LSEG Datastream and Schroders. Data as at 30 June 2026. Please see relevant disclaimers on page 52. Notes: market beta is a measure of how sensitive sector returns are to changes in the overall market index. Cyclical sectors are defined as having a market beta greater than 1, (i.e. they outperform when the index rises), whereas defensive sectors have a beta less than 1 (i.e. they underperform when the index rises). Our calculation is based on the last five years of monthly returns vs the MSCI ACWI Index.

Value, quality, min vol, small caps are less cyclical vs the market

Style market composition

Sector	Beta vs ACWI	Cyclical/ defensive	Value	Growth	Quality	Momentum	Min Vol*	US small caps*	Value	Growth	Quality	Momentum	Min Vol*	US small caps*
			Sector Group Index Weight						Sector Group Index Weight vs Benchmark*					
IT	1.4	Cyclical	19	44	43	51	27	19	-13	12	10	19	-3	-19
Cons disc	1.1	Cyclical	5	12	4	2	6	9	-4	3	-5	-7	-3	-1
Financials	0.9	Cyclical	26	7	8	7	13	14	10	-9	-9	-10	-3	3
Industrials	1.1	Cyclical	9	12	12	13	7	19	-2	1	1	2	-5	9
Comm Servs	1.1	Cyclical	6	1	0	7	3	4	-1	-7	-8	-1	-5	-6
Materials	1.1	Cyclical	4	3	3	4	1	5	1	-1	0	1	-2	3
Real estate	1.1	Cyclical	3	1	0	1	1	6	1	-1	-1	0	-1	4
Energy	0.4	Defensive	6	10	10	5	11	3	2	6	6	1	8	0
Cons stap	0.6	Defensive	7	3	8	2	9	5	2	-2	3	-3	4	0
Utilities	0.7	Defensive	4	1	0	2	8	5	2	-2	-3	-1	5	3
Health care	0.6	Defensive	10	6	13	5	14	12	2	-2	5	-3	4	3
% cyclical			**73**	**80**	**69**	**86**	**58**	**75**	**-8**	**-1**	**-12**	**5**	**-22**	**-7**

Source: LSEG Datastream and Schroders. Data as at 30 June 2026. Please see relevant disclaimers on page 52. Notes: market beta is a measure of how sensitive sector returns are to changes in the overall market index. Cyclical sectors are defined as having a market beta greater than 1, (i.e. they outperform when the index rises), whereas defensive sectors have a beta less than 1 (i.e. they underperform when the index rises). Our calculation is based on the last five years of monthly returns vs the MSCI ACWI Index. Min Vol index is based on and relative to MSCI World, US small caps are relative to MSCI USA. All other indices are based on MSCI ACWI universe.

Appendix

Relevant Disclosures

- **All investments involve risk including the loss of principal.** The information presented is current as of the date of this publication.
- The views and opinions shared are those of the authors of this publication and are subject to change due to market and other conditions. The opinions stated may include some forward looking views. We believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know. However, there is no guarantee that they will be realized.
- The market value of an equity portfolio may decline as a result of a number of factors, including adverse economic and market conditions, performance of stocks in the portfolio, changing interest rates, and real or perceived adverse competitive industry conditions. These risk are increased when investing directly in equity securities of individual companies. Investing in international equities involves special risks including among others, risks related to political or economic instability, foreign currency (such as exchange, valuation and fluctuation) risk, market entry or exit restrictions, illiquidity and taxation. These risks exist to a greater extent in emerging markets than in developed markets.
- Any analysis or illustration of trends whether current or historical should not be solely relied upon to predict future events or results. Trends may not continue or lead to favorable investment conditions.
- This publication is intended to be for information purposes only and it is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase of sale of any investment service or financial instrument. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Information herein is believed to be reliable but Schroder Investment Management North America Inc. does not warrant its completeness or accuracy. **See "Important Information" slide for additional disclosures.**

List of indices (1 of 2)

Large cap equities
US – MSCI USA Index, or S&P 500 Index where specified
UK – MSCI UK Index
Europe ex UK – MSCI Europe ex UK Index
Japan – MSCI Japan Index
Developed markets – MSCI World Index
Emerging markets – MSCI EM Index
Global – MSCI All Country World Index
Rest of world – MSCI All Country World ex US Index
Slide 7 shows profit margins for Datastream total market equity indices, due to longer data history

Small cap equities
US – MSCI USA Small Cap Index
UK – MSCI UK Small Cap Index
Europe ex UK – MSCI Europe ex UK Small Cap Index
Japan – MSCI Japan Small Cap Index
Emerging Markets – MSCI EM Small Cap Index
World ex-US – MSCI World ex-US Small Cap Index

Factor and sector indices
US Value – MSCI USA Value Index
US Growth – MSCI USA Growth Index
US Cyclical – MSCI USA materials, industrials, consumer discretionary, energy, financials, IT
US Defensive – MSCI USA utilities, consumer staples, health care, communication services
Global Value – MSCI All Country World Value Index
Global Growth – MSCI All Country World Growth Index
Developed World Value = MSCI World Value Index
EM Value = MSCI EM Value Index

Schroders

List of indices (2 of 2)

Bond indices
US Treasuries – ICE BofA US Treasury Index
Euro government bonds – ICE BofA Euro Government Index
US IG Corps – ICE BofA US Corporate Index
UK IG Corps – ICE BofA Sterling Corporate Index
Europe IG Corps - ICE BofA Euro Corporate Index
Japan IG Corps - ICE BofA Japan Corporate Index
EM IG Corps - ICE BofA Emerging Markets Corporate Plus Index

Other
Economic surprises – Citigroup Economic Surprise Index, USA, UK, Eurozone, Japan, Emerging Markets

Important information (1 of 4)

Marketing material for Professional Clients only. It is not to be provided to retail clients.

The views and opinions contained herein are those of the authors as at the date of publication and are subject to change due to market and other conditions. Such views and opinions may not necessarily represent those expressed or reflected in other Schroders communications, strategies or funds.

This presentation is intended to be for information purposes only. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument or security or to adopt any investment strategy. The information provided is not intended to constitute investment advice, an investment recommendation or investment research and does not take into account specific circumstances of any recipient. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Any references to securities, sectors, regions and/or countries are for illustrative purposes only.

Information herein is believed to be reliable but Schroders does not represent or warrant its completeness or accuracy. No responsibility or liability is accepted by Schroders, its officers, employees or agents for errors of fact or opinion or for any loss arising from use of all or any part of the information in this document. No reliance should be placed on the views and information in the document when taking individual investment and/or strategic decisions. Schroders has no obligation to notify any recipient should any information contained herein change or subsequently become inaccurate. Unless otherwise authorised by Schroders, any reproduction of all or part of the information in this document is prohibited.

Any data contained in this document have been obtained from sources we consider to be reliable. Schroders has not independently verified or validated such data and they should be independently verified before further publication or use. Schroders does not represent or warrant the accuracy or completeness of any such data.

All investing involves risk including the possible loss of principal.

This material has not been reviewed by the regulators.

Exchange rate changes may cause the value of any overseas investments to rise or fall. Past Performance is not a guide to future performance and may not be repeated. 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 your security, communications may be taped or monitored.

Third party data is owned or licensed by the data provider and may not be reproduced or extracted and used for any other purpose without the data provider's consent. Third party data is provided without any warranties of any kind. The data provider and issuer of the document shall have no liability in connection with the third party data. The Prospectus and/or www.schroders.com contains additional disclaimers which apply to the third party data.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Important information (2 of 4)

FACTSET AND SUPPLIERS DO NOT WARRANT THAT THE PROVISION OF SERVICES WILL BE UNINTERRUPTED, ERROR FREE, TIMELY, COMPLETE OR ACCURATE, NOR DO FACTSET OR SUPPLIERS MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE SERVICE AND THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. YOU ACKNOWLEDGE THAT NOTHING IN THE SERVICE CONSTITUTES INVESTMENT ADVICE OF ANY KIND AND THAT THE SERVICE IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. YOU EXPRESSLY AGREE THAT YOUR USE OF THE SERVICE IS AT YOUR OWN RISK. ACCORDINGLY, FACTSET AND SUPPLIERS WILL NOT IN ANY WAY BE LIABLE FOR INACCURACIES, ERRORS, OMISSIONS, DELAYS, DAMAGES, CLAIMS, LIABILITIES OR LOSSES, REGARDLESS OF CAUSE, IN OR ARISING FROM THE USE OF THE SERVICE. YOU MAY NOT USE ANY PART OF THE SERVICE (E.G., INDEX VALUES) TO CREATE A FINANCIAL INSTRUMENT OR INDEX, A FINANCIAL INSTRUMENT BASED ON THAT INDEX, OR ANY MUNICIPAL BOND INDEX TO CREATE OR DERIVE PRICES OF BONDS.

The forecasts stated in this presentation are the result of statistical modelling, based on a number of assumptions. Forecasts are subject to a high level of uncertainty regarding future economic and market factors that may affect actual future performance. The forecasts are provided to you for information purposes as at today's date. Our assumptions may change materially with changes in underlying assumptions that may occur, among other things, as economic and market conditions change. We assume no obligation to provide you with updates or changes to this data as assumptions, economic and market conditions, models or other matters change.

Marketing material for Professional Clients only. It is not to be provided to retail clients.

For readers/viewers in Argentina: Schroder Investment Management S.A., Ing. Enrique Butty 220, Piso 12, C1001AFB - Buenos Aires, Argentina. Registered/Company Number 15. Registered as Distributor of Investment Funds with the CNV (Comisión Nacional de Valores). Nota para los lectores en Argentina: Schroder Investment Management S.A., Ing. Enrique. Butty 220, Piso 12, C1001AFB - Buenos Aires, Argentina. Inscripto en el Registro de Agentes de Colocación y Distribución de PIC de FCI de la Comisión Nacional de Valores con el número 15.

For readers/viewers in Australia: Issued by Schroder Investment Management Australia Limited : Level 17, 39 Martin Place, Sydney NSW 2000 Australia ABN 22 000 443 274, AFSL 226473. It is intended for professional investors and financial advisers only and is not suitable for retail clients.

For readers/viewers in Bahrain: The material has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase funds will be made in the Kingdom of Bahrain and this invite is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

For readers/viewers in Brazil: Schroder Investment Management Brasil Ltda., Rua Joaquim Floriano, 100 – cj. 142 Itaim Bibi, São Paulo, 04534-000 Brasil. Registered/Company Number 92.886.662/0001-29. Authorised as an asset manager by the Securities and Exchange Commission of Brazil/Comissão de Valores Mobiliários ("CVM") according to the Declaratory Act number 6816. This document is intended for professional investors only as defined by the CVM rules which can be accessed from their website www.cvm.gov.br.
For readers/viewers in Canada: Schroder Investment Management North America Inc., 7 Bryant Park, New York, NY 10018-3706. NRD Number 12130. Registered as a Portfolio Manager with the Ontario Securities Commission, Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission, the Nova Scotia Securities Commission, the Saskatchewan Securities Commission and the (Quebec) Autorité des marchés financiers."

For readers/viewers in the People's Republic of China: Issued by Schroder Investment Management (Shanghai) Co., Ltd. Unit 33T52A, 33F Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai, China, AMAC registration NO. P1066560. Regulated by Asset Management Association of China ("AMAC") This material has not been reviewed by the AMAC.

For readers/viewers in the European Union/European Economic Area: Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at www.schroders.com/en/privacy-policy or on request should you not have access to this webpage. Issued by Schroder Investment Management (Europe) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg. Registered No. B 37.799.

Important information (3 of 4)

For readers/viewers in Hong Kong S.A.R.: This document is intended to be for information purposes only and it is not intended as promotional material in any respect. This document is intended for professional investors only as defined by Securities and Futures Ordinance (“SFO”) (and any rules made thereunder) or as otherwise permitted under the Hong Kong laws. Issued by Schroder Investment Management (Hong Kong) Limited. Level 33, Two Pacific Place, 88 Queensway, Hong Kong. This material has not been reviewed by the Securities and Futures Commission of Hong Kong.

For readers/viewers in Indonesia: This document is intended to be for information purposes only and it is not intended as promotional material in any respect. This document is intended for professional investors only as defined by the Indonesian Financial Services Authority ("OJK"). Issued by PT Schroder Investment Management Indonesia Indonesia Stock Exchange Building Tower 1, 30th Floor, Jalan Jend. Sudirman Kav 52-53 Jakarta 12190 Indonesia PT Schroder Investment Management Indonesia is licensed as an Investment Manager and regulated by the OJK. This material has not been reviewed by the OJK.

For readers/viewers in Israel: Note regarding the Marketing material for Qualified Clients and Sophisticated Investors only. This communication has been prepared by certain personnel of Schroder Investment Management (Europe) S.A (Registered No. B 37.799) or its subsidiaries or affiliates (collectively, ‘SIM’). Such personnel are not licensed nor insured under the Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995 (the ‘Investment Advice Law’). This communication is directed at persons (i) who are Sophisticated Investors as listed in the First Schedule of the Israel Securities Law (ii) Qualified Clients (‘Lakoach Kashir’) as such term is defined in the Investment Advice Law; and (iii) other persons to whom it may otherwise lawfully be communicated. No other person should act on the contents or access the products or transactions discussed in this communication. In particular, this communication is not intended for retail clients and SIM will not make such products or transactions available to retail clients.

For readers/viewers in Japan: Issued by Schroder Investment Management (Japan) Limited 21st Floor, Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-Ku, Tokyo 100-0005, Japan Registered as a Financial Instruments Business Operator regulated by the Financial Services Agency of Japan (“FSA”). Kanto Local Finance Bureau (FIBO) No. 90 This material has not been reviewed by the FSA.

For readers/viewers in Malaysia: This presentation has not been approved by the Securities Commission Malaysia which takes no responsibility for its contents. No offer to the public to purchase any fund will be made in Malaysia and this presentation is intended to be read for information only and must not be passed to, issued to, or shown to the public generally. Schroder Investment Management (Singapore) Ltd does not have any intention to solicit you for any investment or subscription in any fund and any such solicitation or marketing will be made by an entity permitted by applicable laws and regulations.

For readers in Mauritius: This document is intended only for Sophisticated Investors who may receive it in compliance with applicable laws and regulations. This document is not intended to be a financial promotion and should not be construed as a solicitation of financial services or products in Mauritius. This document is not an advertisement for the purposes of The Guidelines for Advertising and Marketing of Financial Products in Mauritius. Issued by Schroder Investment Management Limited, located in Office 506, Level 5, Precinct Building 5, Dubai International Financial Centre, PO Box 506612 Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. This document is not subject to any form of approval by the DFSA. Accordingly, the DFSA has not approved any associated documents nor taken any steps to verify the information and has no responsibility for it.

For readers in the Middle East: This document is intended only for professional investors who may receive it in compliance with applicable laws and regulations. This document is not intended for any professional investors in any jurisdiction where it is not permitted in accordance with applicable laws or regulations. Professional investors are as defined by laws and regulations applicable in each jurisdiction and may be defined as sophisticated investors. This document is not intended to be a financial promotion. Issued by Schroder Investment Management Limited, located in Office 506, Level 5, Precinct Building 5, Dubai International Financial Centre, PO Box 506612 Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. This document is not subject to any form of approval by the DFSA. Accordingly, the DFSA has not approved any associated documents nor taken any steps to verify the information and has no responsibility for it.

For readers/viewers in Qatar: The invite does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof). No transaction will be concluded in your jurisdiction and any inquiries regarding the presentations should be made to SIM Ltd, UK.

Important information (4 of 4)

For readers/viewers in Singapore: This presentation is intended to be for information purposes only and it is not intended as promotional material in any respect. This document is intended for professional investors only as defined by Securities and Futures Act to mean for Accredited and or Institutional Clients only, where appropriate. Issued by Schroder Investment Management (Singapore) Ltd (Co. Reg. No. 199201080H) 138 Market Street #23-01 CapitaGreen, Singapore 048946. This document has not been reviewed by the Monetary Authority of Singapore.

For readers/viewers in South Korea: Issued by Schroders Korea Limitedn26th Floor, 136, Sejong-daero, (Taepyeongno 1-ga, Seoul Finance Center), Jung-gu, Seoul 100-768, South Korea . Registered and regulated by Financial Supervisory Service of Korea ("FSS")This material has not been reviewed by the FSS.

For readers/viewers in Switzerland: For readers/viewers in Switzerland: Marketing material for professional clients and qualified investors only. This document has been issued by Schroder Investment Management (Switzerland) AG, Central 2, CH-8001 Zurich, Switzerland a fund management company authorised and supervised by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Bern

For readers/viewers in Taiwan: Issued by Schroder Investment Management (Taiwan) Limited 9F., No. 108, Sec. 5, Xinyi Road, Xinyi District, Taipei 11047, Taiwan. Tel +886 2 2722-1868 Schroder Investment Management (Taiwan) Limited is independently operated. This material has not been reviewed by the regulators.

For readers/viewers in Thailand: This presentation has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase any fund will be made in Thailand and this presentation is intended to be read for information only for professional investors as defined by regulations and it is not intended as promotion material in any respect. It must not be passed to, issued to, or shown to the public generally. Schroder Investment Management (Singapore) Ltd does not have any intention to solicit you for any investment or subscription in any fund and any such solicitation or marketing will be made by an entity permitted by applicable laws and regulations.

For readers/viewers in the United Kingdom: Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at www.schroders.com/en/privacy-policy or on request should you not have access to this webpage. Issued by Schroder Investment Management Limited, 1 London Wall Place, London EC2Y 5AU. Registered Number 1893220 England. Authorised and regulated by the Financial Conduct Authority.

For readers/viewers in the United States: For financial professionals and consultant only. Schroder Investment Management North America Inc., 7 Bryant Park, New York NY 10018-3706. CRD Number 105820. Registered as an investment adviser with the US Securities and Exchange Commission.