



Schroders Equity Lens

August 2026

Marketing material for Professional
Clients only.

Table of contents

1

Charts of the month

2

Regional performance

3

Fundamentals and valuations

4

Sectors & Styles

5

Technicals

6

Index composition



Summary

- The hyperscaler story has not changed dramatically: revenues strong, capex spend high (slide 5-7)
 - But market scepticism has risen: valuations for many big tech companies are at/near cheapest for a decade (slide 8)
- Performance continues to broaden out (slide 9):
 - Value > growth
 - EM, Japan, UK > US
 - In the US: small cap > large cap, Magnificent-7 underperforming
- Earnings expectations continue to be strong, EM exceptionally so (slide 12)
- Despite mega cap cheapening, aggregate valuations remain high in most markets, across most valuation metrics.
 - EM stands out as cheap on a forward P/E basis. This hinges on whether sky-high consensus earnings growth forecasts materialise (slide 11)
- Tactical longs for investors who are worried about the risk of stagflation (slide 13):
 - 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

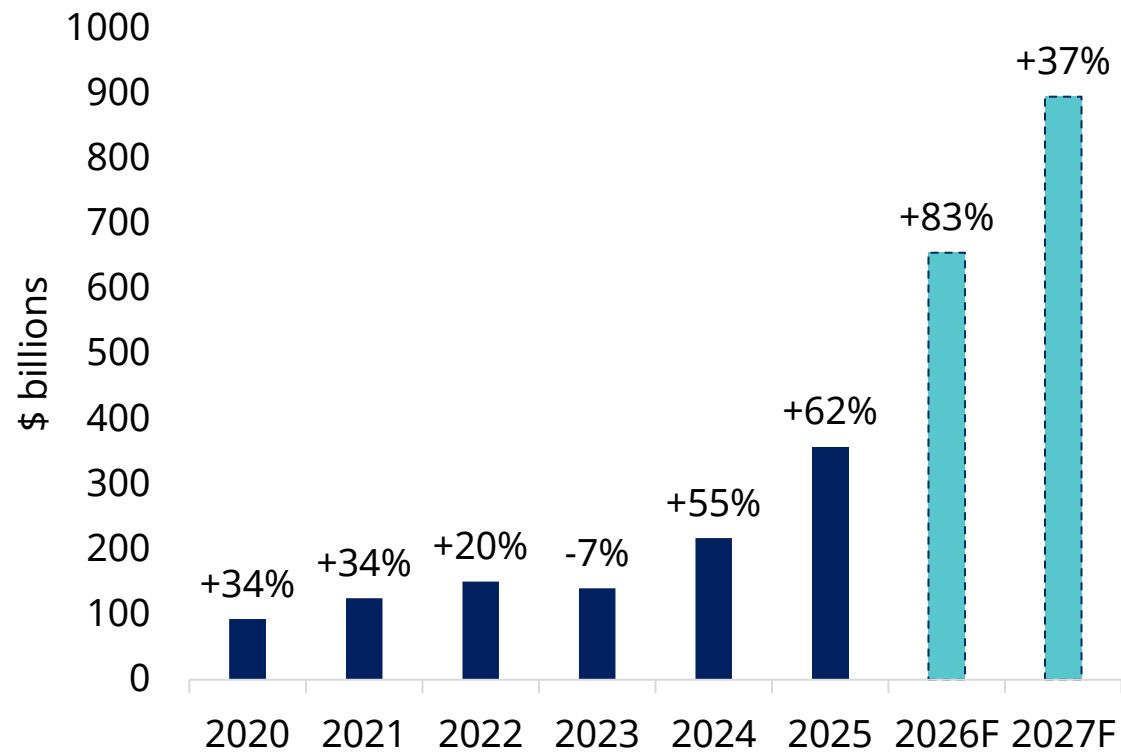


Global equities

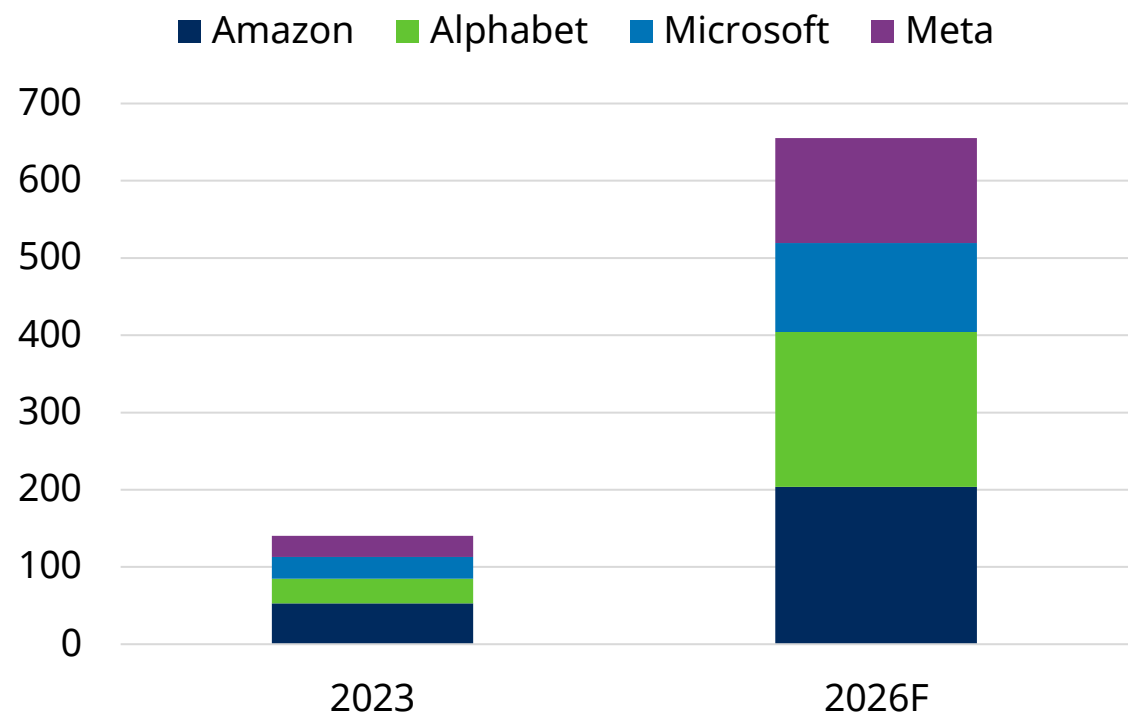
Charts of the month

Capex expectations keep rising at the hyperscalers

Total capex from the hyperscalers, % shows year-on-year growth



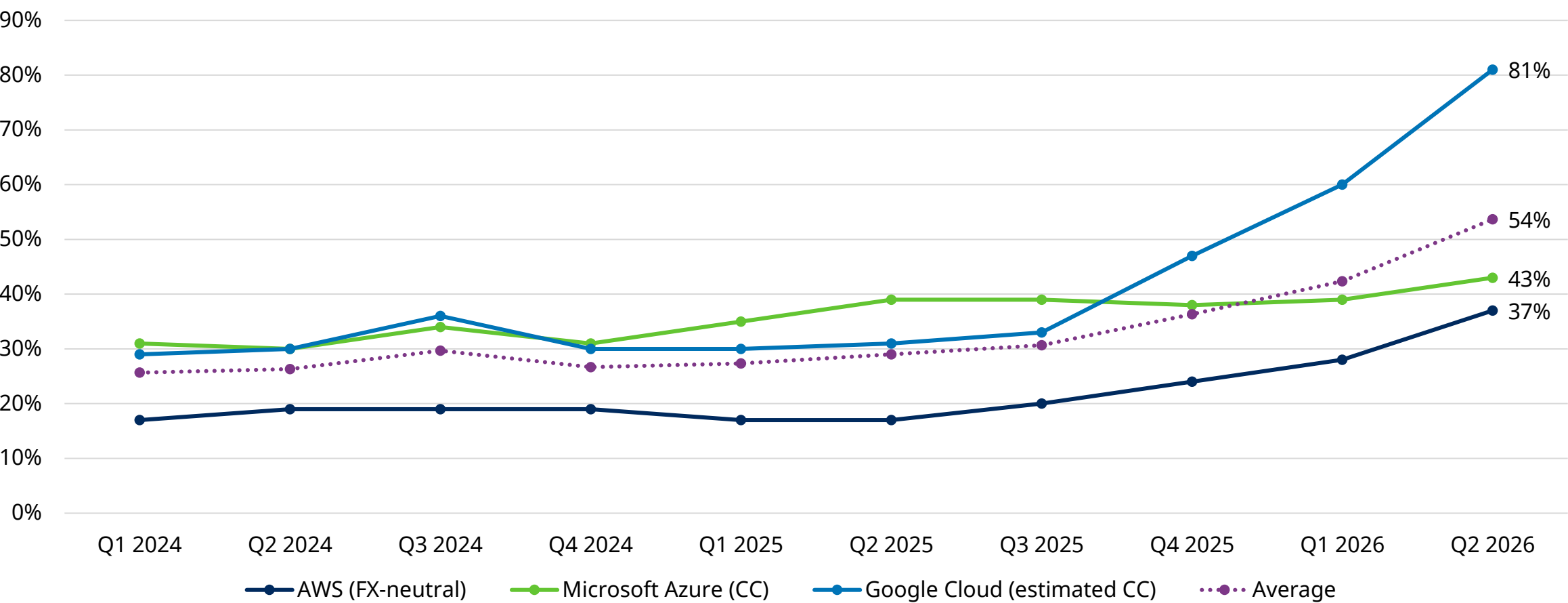
Breakdown of capex at the hyperscalers, \$ billions



Past performance is not a guide to future performance and may not be repeated. Forecasts included are not guaranteed and should not be relied upon. The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy/sell. 2026 and 2027 are median consensus forecasts. As at 31 July 2026. Source: I/B/E/S, LSEG Datastream and Schroders. Please see relevant disclaimers on page 54

Cloud revenues continue to accelerate too

Cloud revenue growth, constant-currency year-on-year %



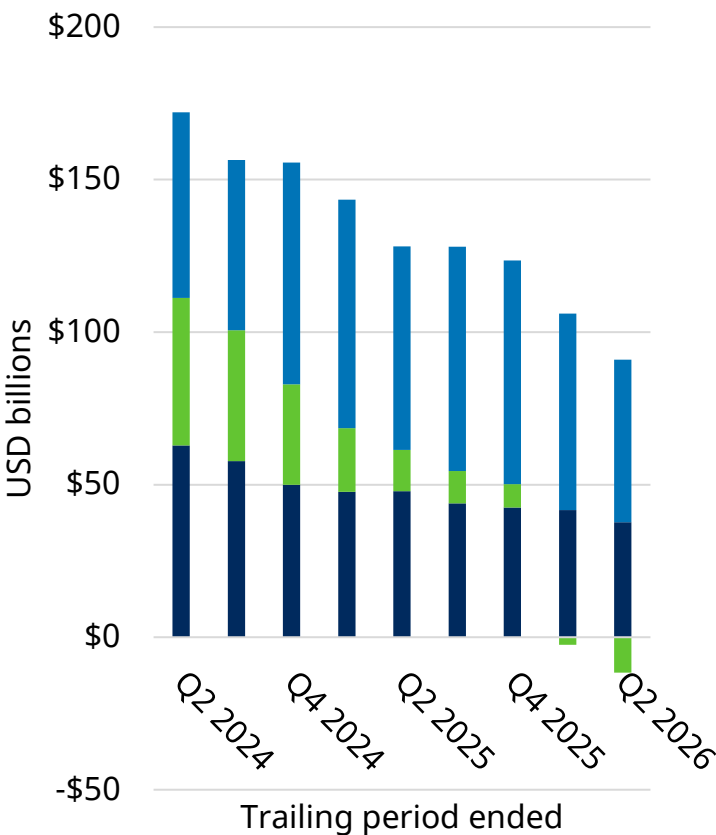
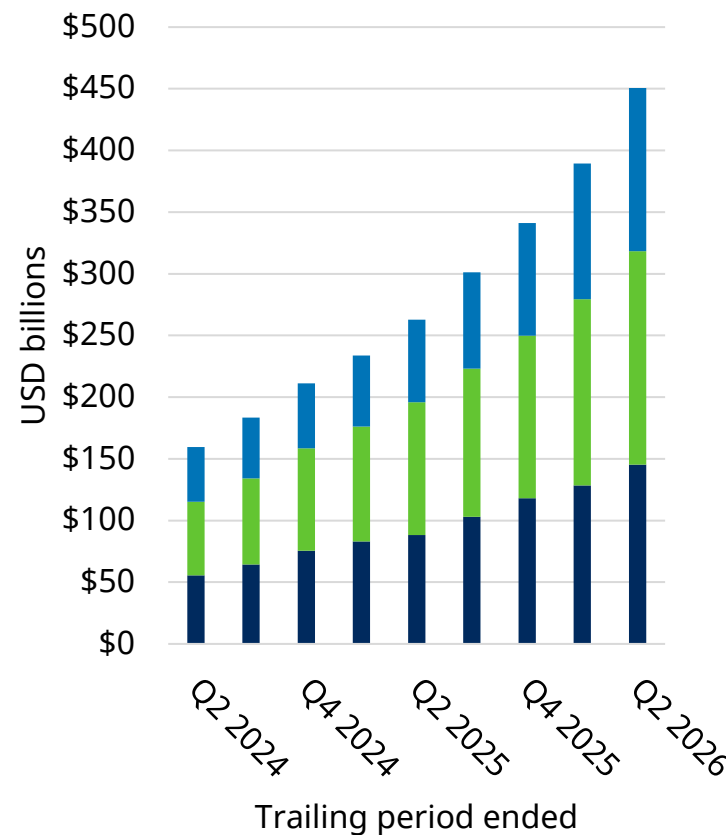
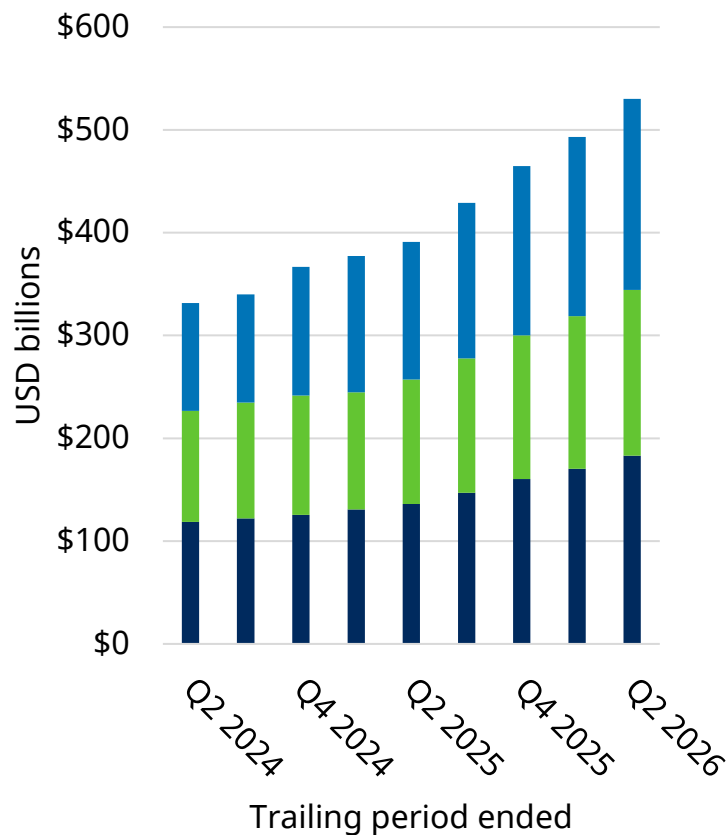
The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy/sell. Source: Company filings, Schroders Global Equity team,. Please see relevant disclaimers on page 54

But free cash flow is moving in the wrong direction

Trailing 12-month operating cash flow

Trailing 12-month capex

Trailing 12-month free cash flow

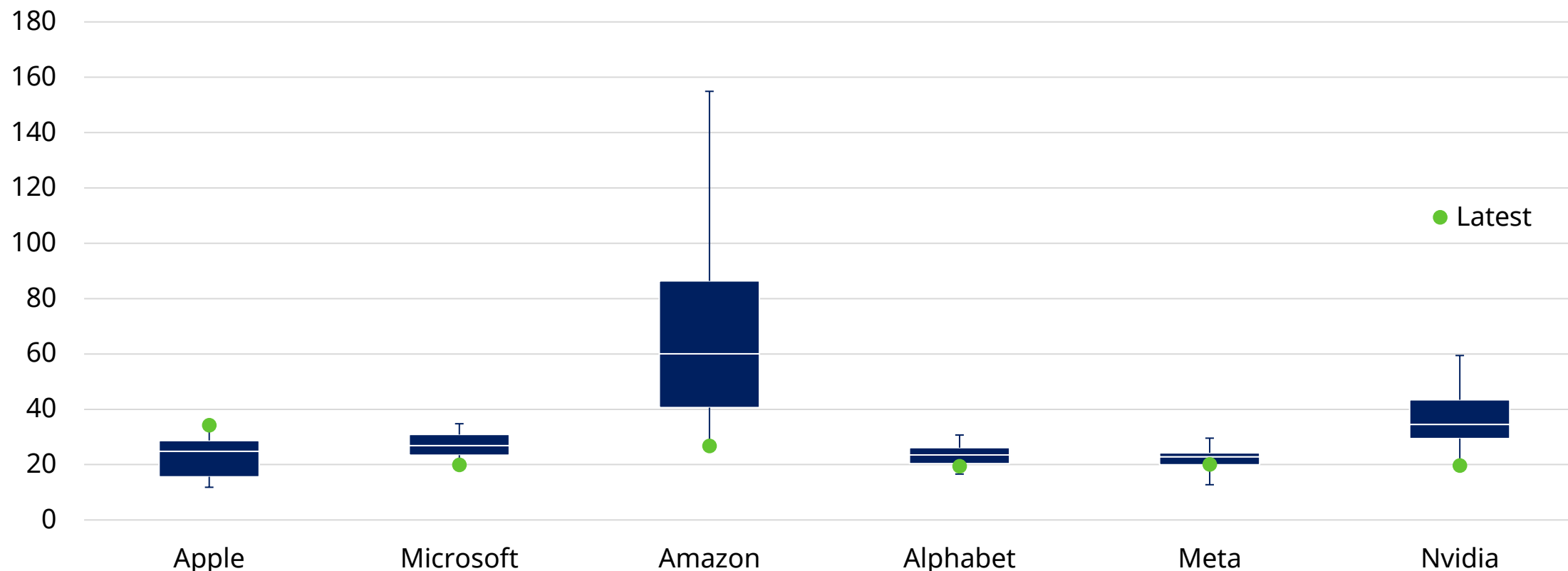


■ Microsoft ■ Amazon ■ Alphabet

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The market is wary: valuations for many of the big tech companies are at/near their cheapest levels for a decade

Current forward price/earnings multiple compared with distribution over the past decade



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

The securities shown above are for illustrative purposes only and are not to be considered a recommendation to buy/sell. Blue bars show the interquartile range. 50% of data points lie within this range with 25% higher and 25% lower. The white lines across the blue bars highlight the median. Source: LSEG Datastream, Schroders. Based on month-end data 31 August 2016-31 July 2026. Please see relevant disclaimers on page 54

Performance continues to broaden out:

Value > growth

EM, Japan, UK > US

In the US: small cap > large cap, Magnificent-7 underperforming

Total \$ return, YTD to 31 July 2026, %

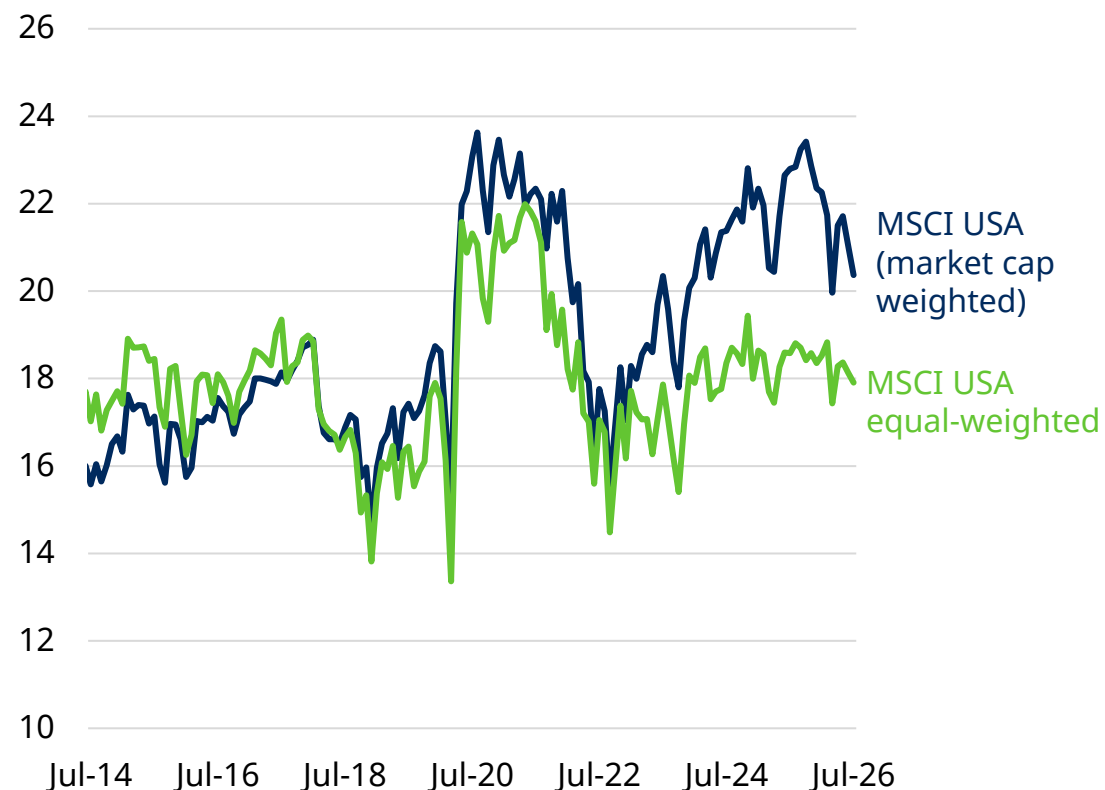
	US	UK	Europe ex UK	Japan	EM
Large caps	10	12	10	17	20
Equal-weighted	11	10	10	15	7
Small caps	17	7	7	18	6
Growth	6	2	7	14	18
Value	14	19	13	20	23
Mag-7	5				
Large caps ex Mag-7	12				

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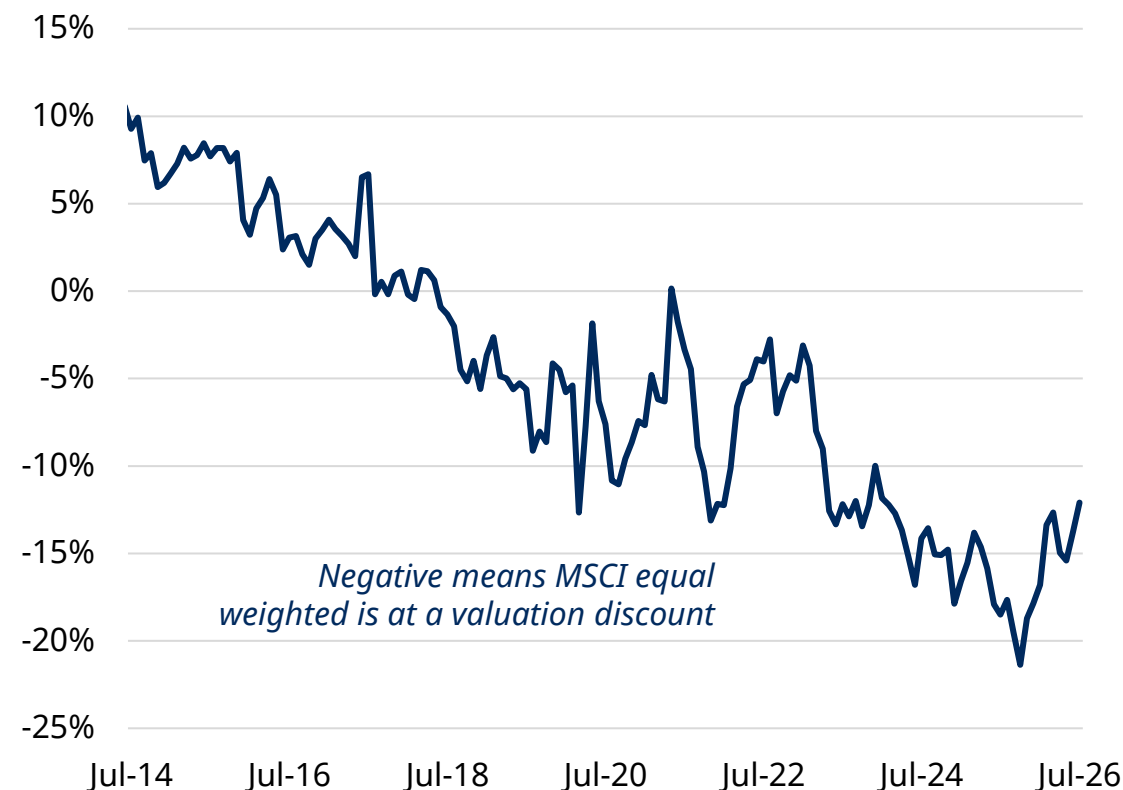
All indices are MSCI indices. Mag-7 = Nvidia, Apple, Alphabet, Microsoft, Amazon, Meta Platforms, Tesla. Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026 in US dollars. Please see relevant disclaimers on page 54

The average US company is cheaper than the larger ones but the magnitude of that discount has reduced

Forward price/earnings multiple



MSCI equal weighted forward P/E / MSCI USA forward P/E

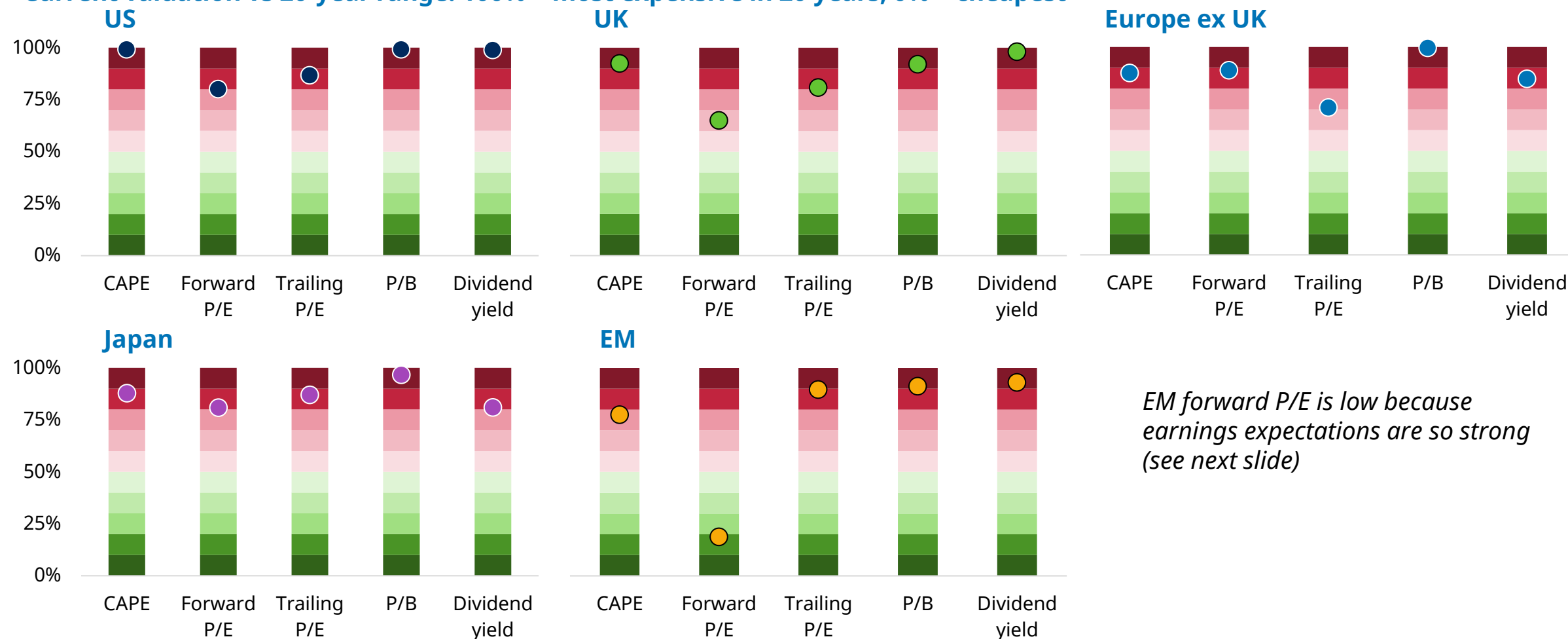


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At the aggregate level and across the last 20yrs, most valuation measures in most markets are elevated

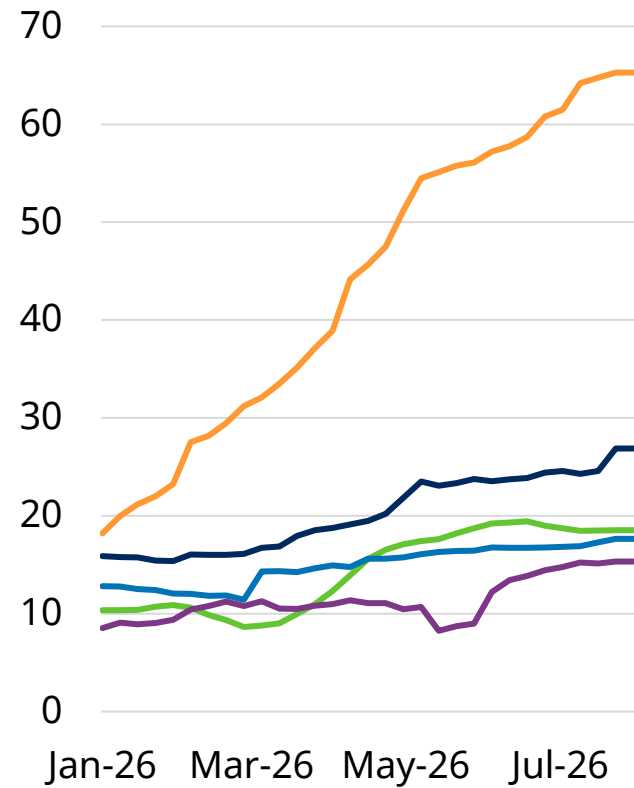
Current valuation vs 20-year range: 100% = most expensive in 20 years, 0% = cheapest



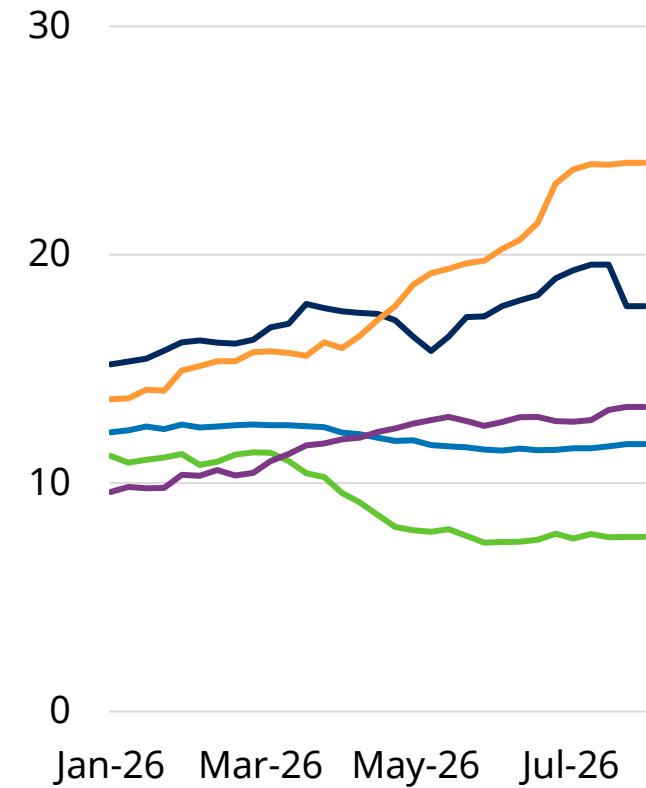
EM forward P/E is low because earnings expectations are so strong (see next slide)

Earnings expectations are high, EM exceptionally so

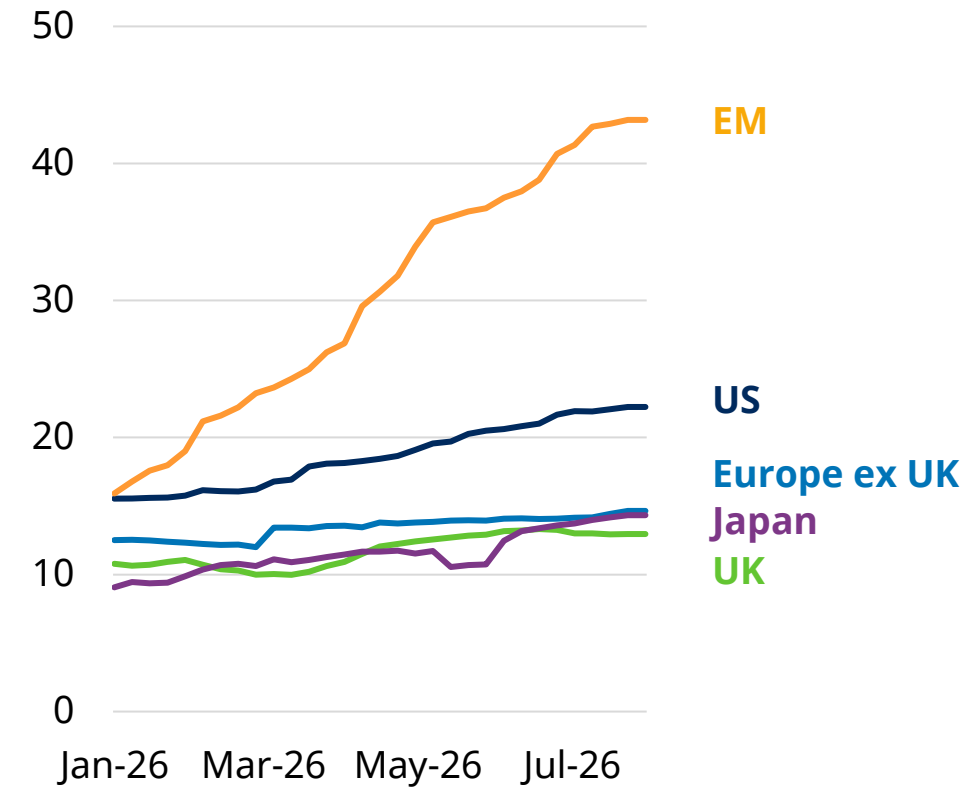
Consensus: 2026 EPS growth %



2027 EPS growth



2026-27 combined EPS growth p.a.



Forecasts included are not guaranteed and should not be relied upon.
Source: LSEG Datastream and Schroders. Data as of 30 July 2026. Please see relevant disclaimers on page 54
Charts show consensus expectations. Notes: Japan EPS is 4 quarter sum until 31 July of next calendar year, e.g. 2026 = 31/03/2026 – 31/03/2027.

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](#)

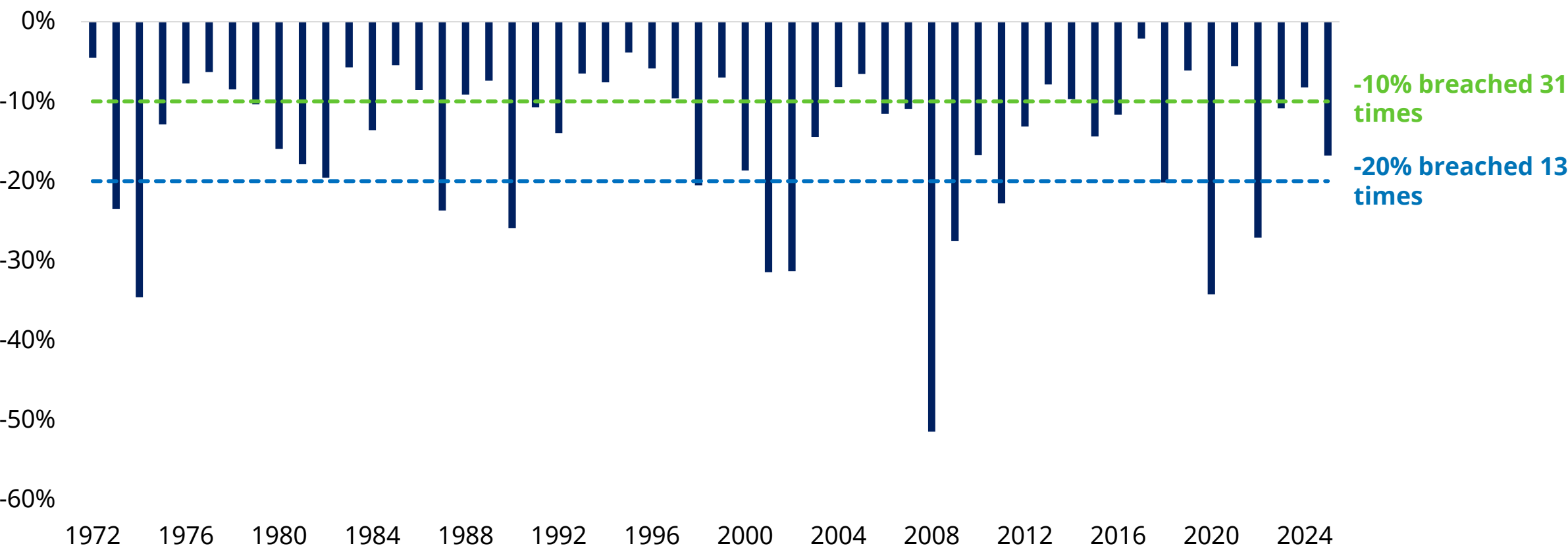


Global equities

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

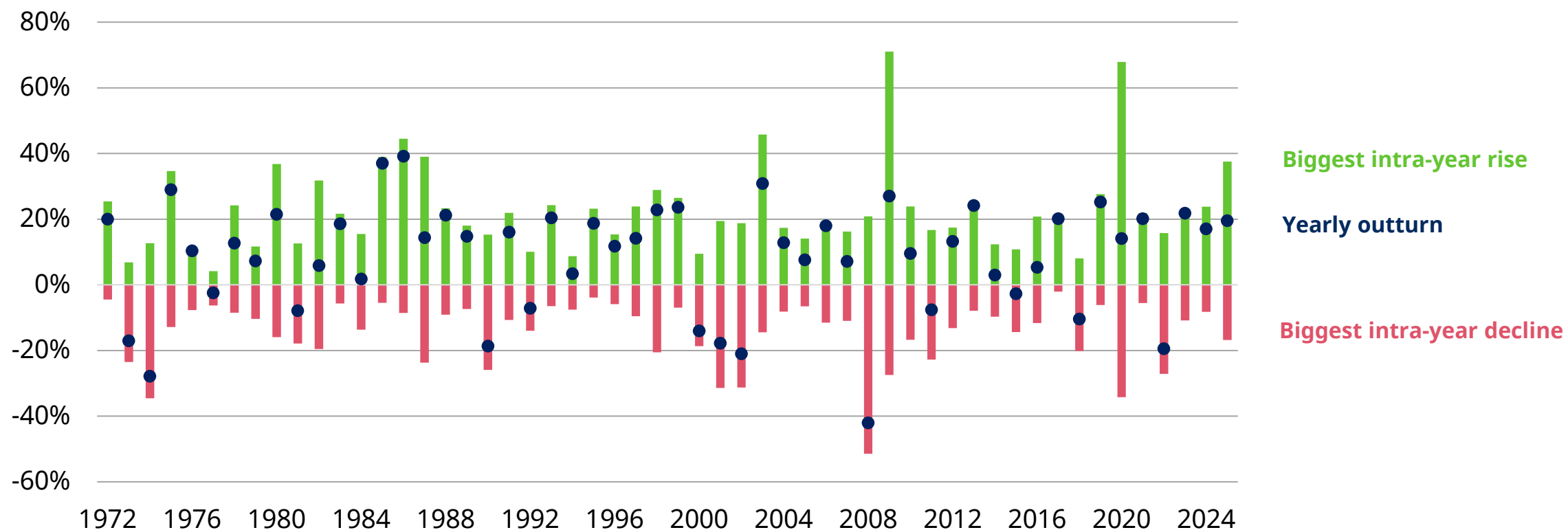
Biggest stock market falls in each of the past 54 calendar years, MSCI World (USD)



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 54

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)

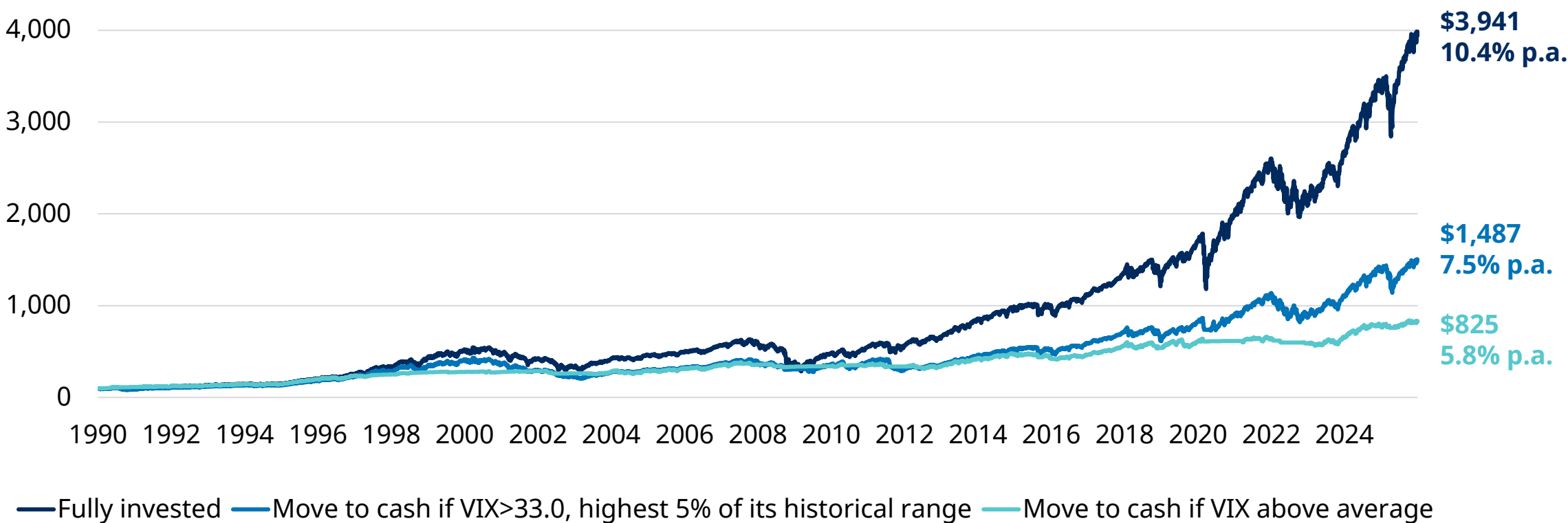


Past performance is not a guide to the future and may not be repeated

Data 1972-2025 for MSCI World price index in USD terms. Bars show 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 54

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

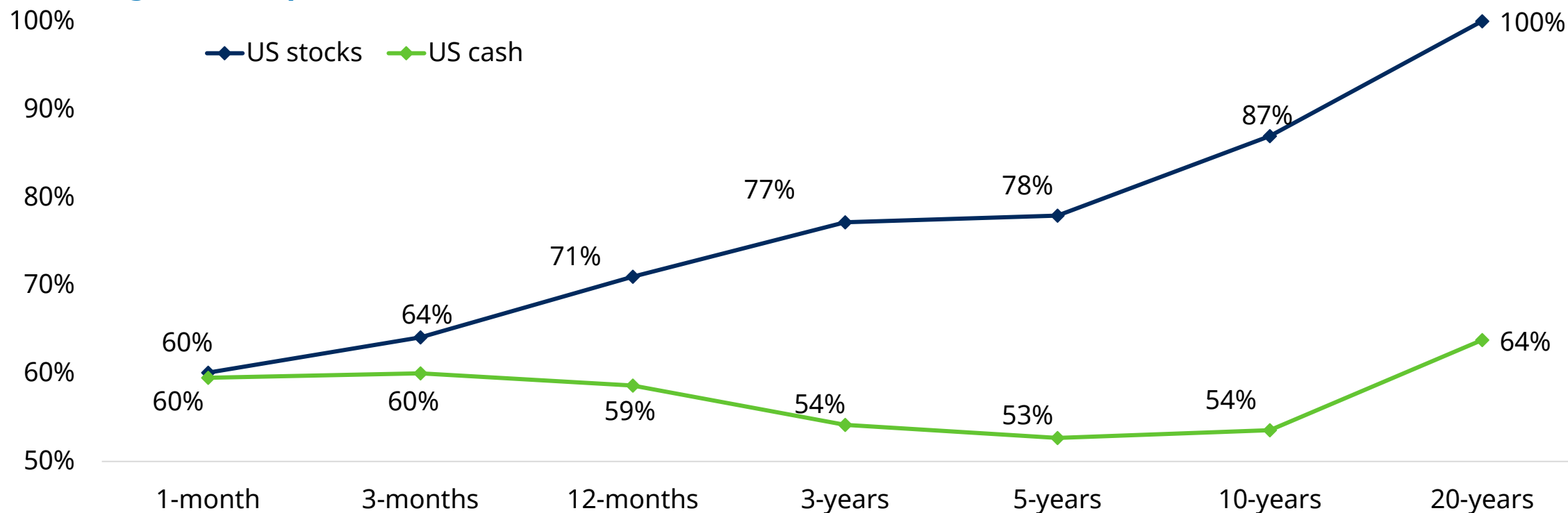


Past performance is not a guide to the future and may not be repeated.

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 54

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

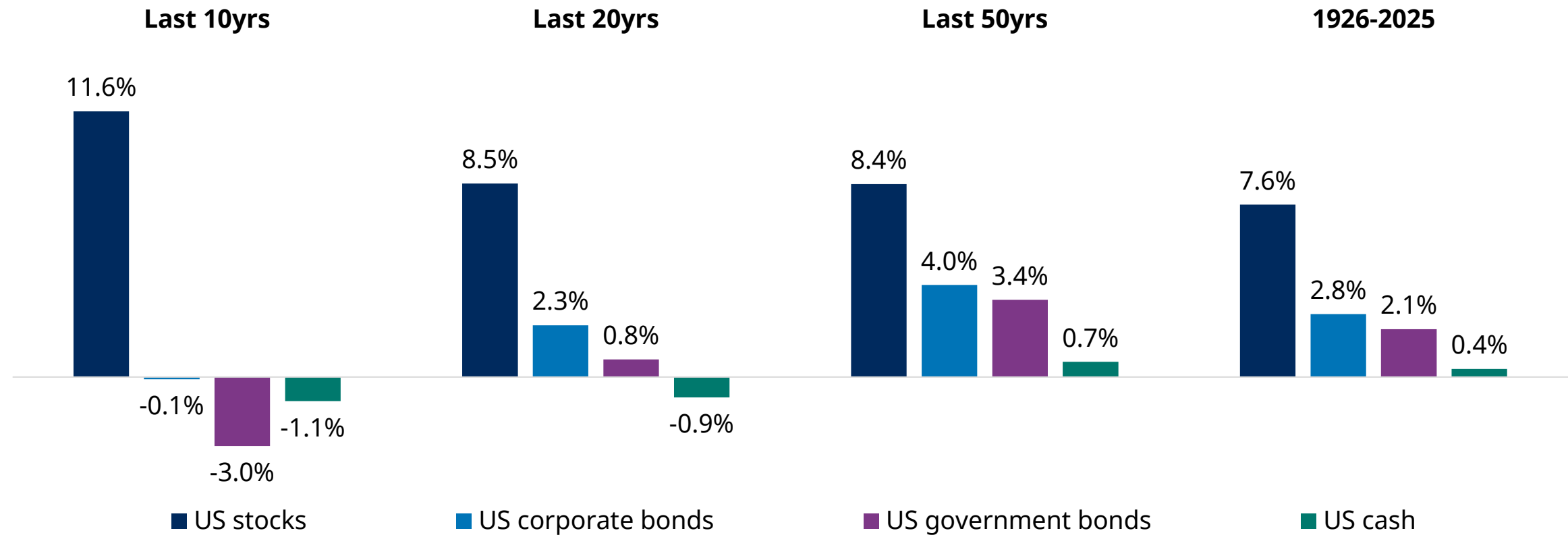


Past performance is not a guide to future performance and may not be repeated.

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 54

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 54



Global equities

Regional performance

EM and Japanese equities have performed especially well this year, even after recent volatility

Total \$ return, to 31 July 2026, %

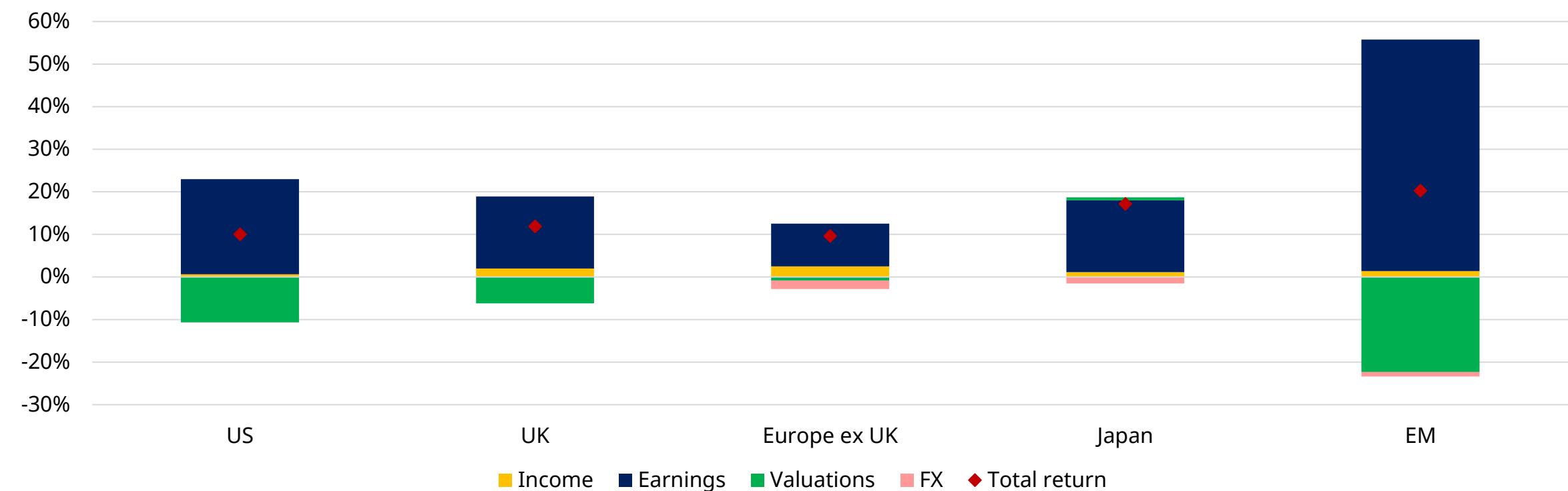
1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 YTD
EM 60	EM 11	EM 75	JAP 22	US 38	UK 27	US 34	EUR 34	EM 66	EUR -7	EM -2	EM -6	EM 56	EM 26	EM 35	EUR 36	EM 40	JAP -29	EM 79	EM 19	US 2	EUR 23	US 33	US 13	JAP 10	US 12	EM 38	US -5	US 32	US 21	US 27	UK -5	US 27	US 25	EUR 37	EM 20
US 31	US 7	EUR 33	EUR 5	EUR 23	US 24	EUR 25	US 31	JAP 62	UK -12	US -12	JAP -10	EUR 44	EUR 22	JAP 26	EM 33	EUR 17	US -37	UK 43	JAP 16	UK -3	EM 19	EUR 29	EM -2	US 1	EM 12	EUR 28	JAP -13	EUR 26	EM 19	UK 19	JAP -16	EUR 23	JAP 9	UK 35	JAP 17
UK 16	UK -4	JAP 26	US 2	UK 21	EUR 19	UK 23	UK 18	US 22	US -13	UK -14	UK -15	JAP 36	UK 20	EUR 11	UK 31	UK 8	EUR -45	EUR 34	US 15	JAP -14	US 16	JAP 27	JAP -4	EUR 0	JAP 3	JAP 24	UK -14	UK 21	JAP 15	EUR 17	EUR -17	JAP 21	EM 8	EM 34	UK 12
EUR 12	EUR -5	UK 24	UK -2	JAP 1	EM 6	EM -12	JAP 5	EUR 18	JAP -28	EUR -22	EUR -20	UK 32	JAP 16	UK 7	US 15	US 6	UK -48	US 27	UK 9	EUR -14	UK 15	UK 21	UK -5	UK -8	EUR 0	UK 22	EM -14	JAP 20	EUR 12	JAP 2	US -19	UK 14	UK 8	JAP 25	US 10
JAP 9	JAP -21	US 10	EM -7	EM -5	JAP -15	JAP -24	EM -25	UK 12	EM -31	JAP -29	US -23	US 29	US 11	US 6	JAP 6	JAP -4	EM -53	JAP 6	EUR 2	EM -18	JAP 8	EM -2	EUR -6	EM -15	UK 0	US 22	EUR -14	EM 19	UK -10	EM -2	EM -20	EM 10	EUR 1	US 18	EUR 10

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 31 July 2026 in US dollars. Please see relevant disclaimers on page 54

Equity gains are being driven by earnings

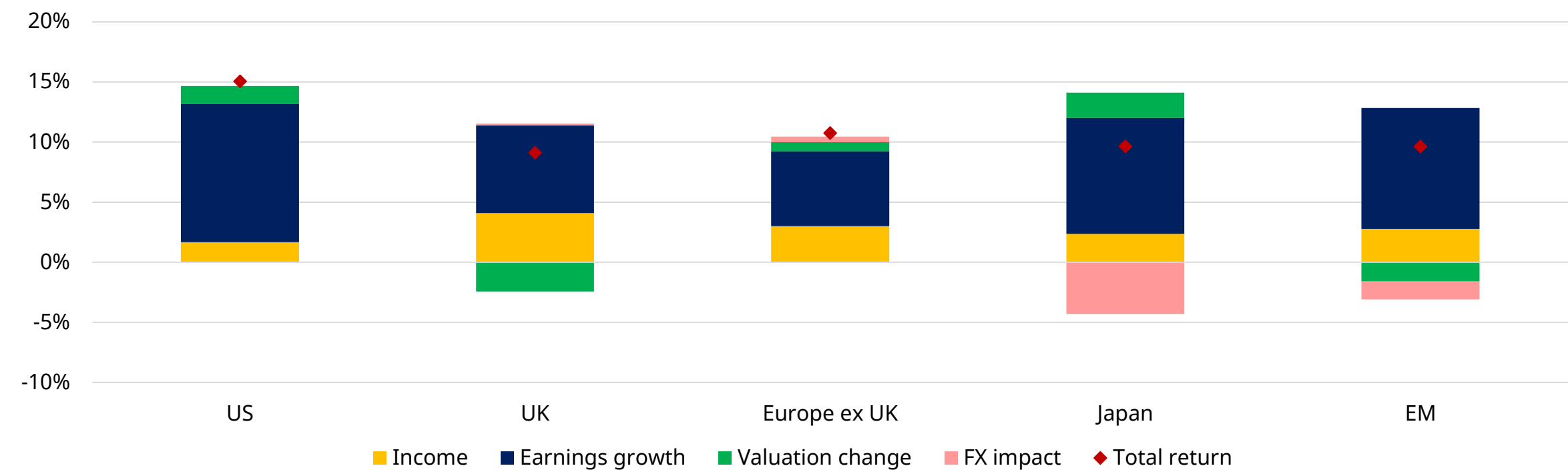
Decomposition of drivers of 2026 YTD returns to 31 July, USD terms



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 31 July 2026 in US dollars. Please see relevant disclaimers on page 54

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

Decomposition of drivers of returns: 31 July 2016 to 31 July 2026, USD terms p.a.



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Figures do not sum exactly as the total return is the compound return of the individual components. Income = $(1 + \text{total return}) / (1 + \text{price return}) - 1$; 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 = $(1 + \text{USD total return}) / (1 + \text{local total return}) - 1$. 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 31 July 2026 in US dollars. Please see relevant disclaimers on page 54

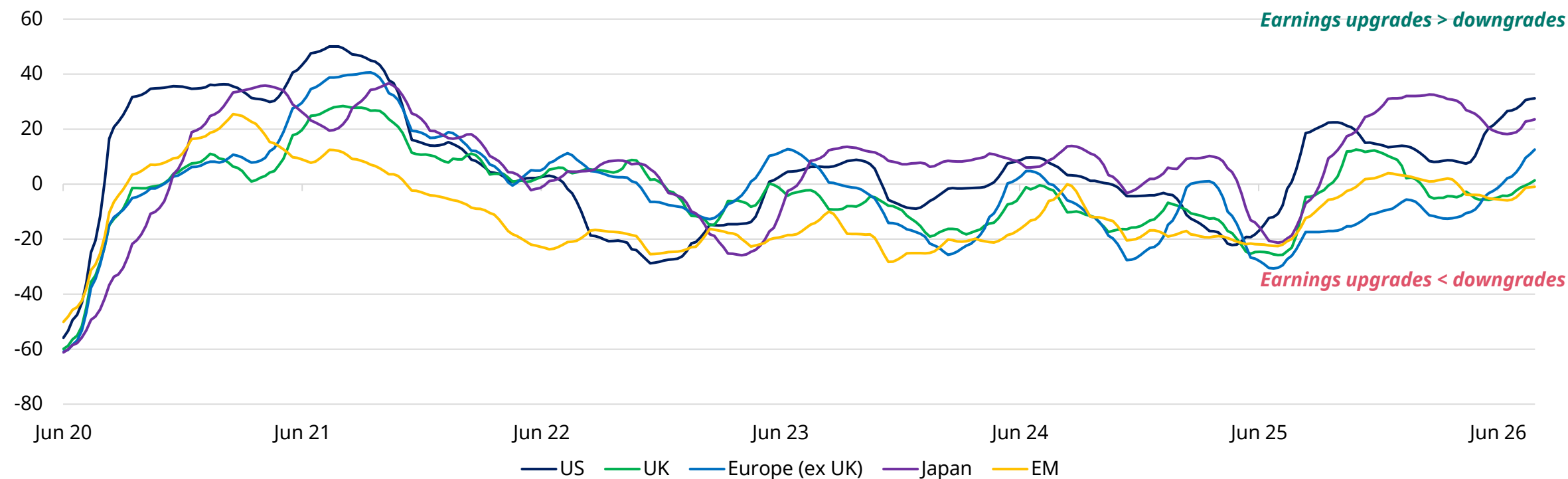


Global equities

Fundamentals and valuations

The earnings revisions cycle is encouraging

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



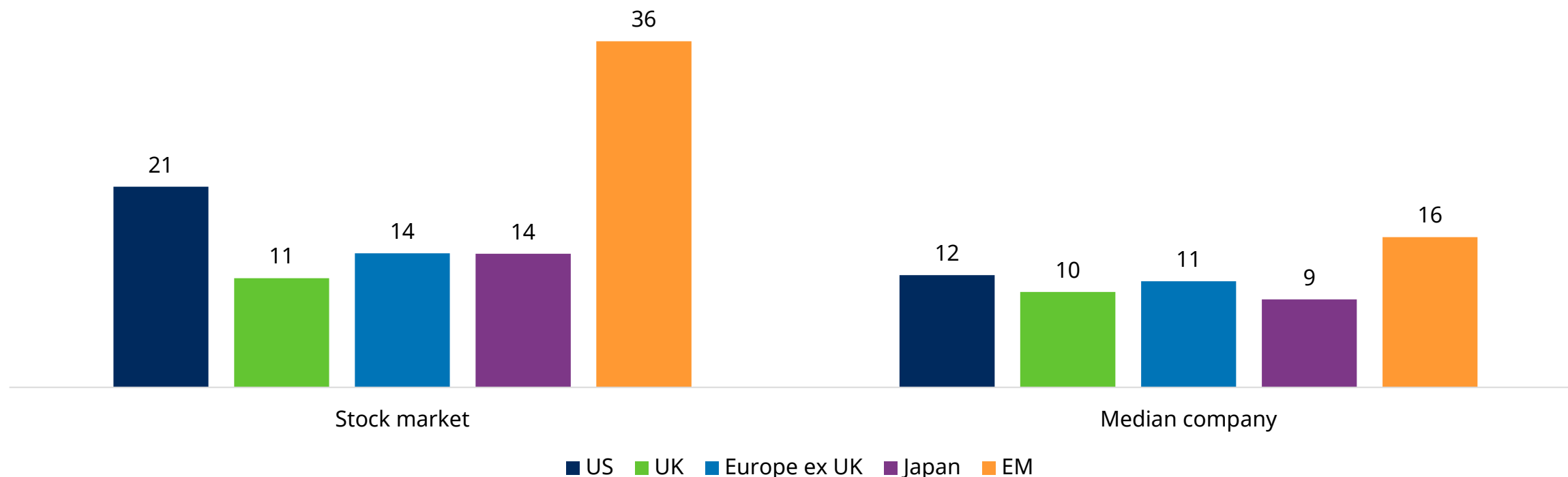
Forecasts included are not guaranteed and should not be relied upon.

Source: LSEG Datastream and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

Notes; 13w earnings revisions = sum of 13 week positive minus negative 12m forward EPS revisions / total revisions.

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, %



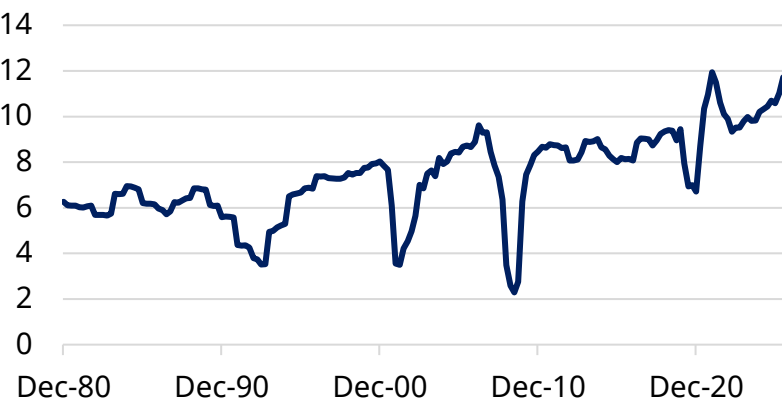
Forecasts included are not guaranteed and should not be relied upon.

Median growth rates based on 12-month forward EPS/trailing 12-month EPS for index constituents, excluding companies with negative earnings.

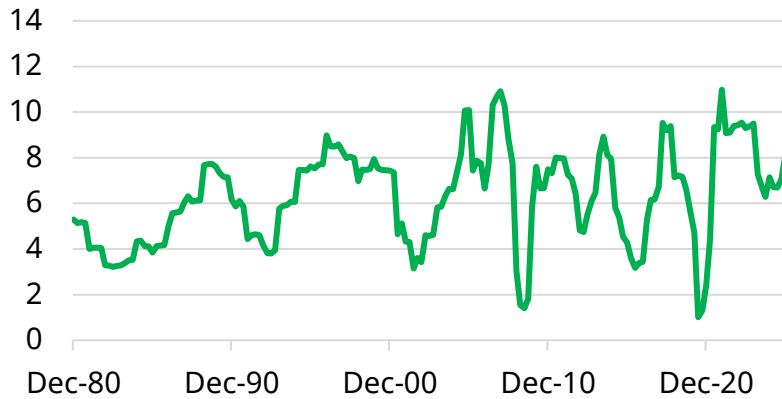
Source: LSEG Datastream and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

Profit margins have been trending upwards

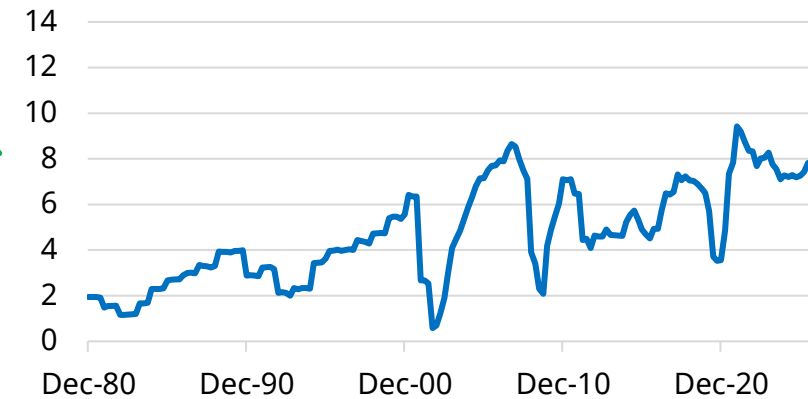
Net profit margins,
US



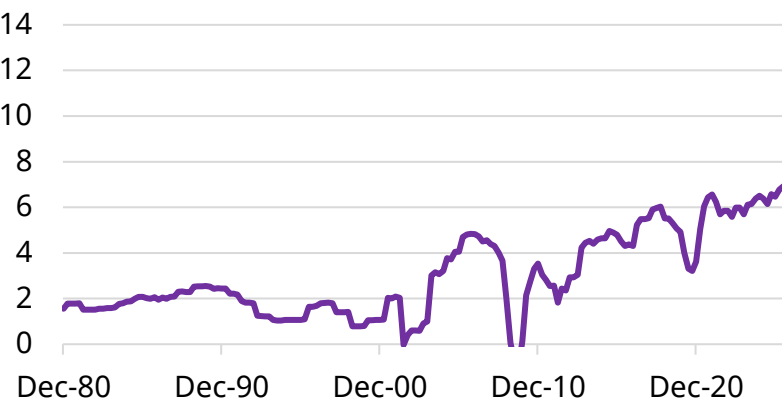
UK



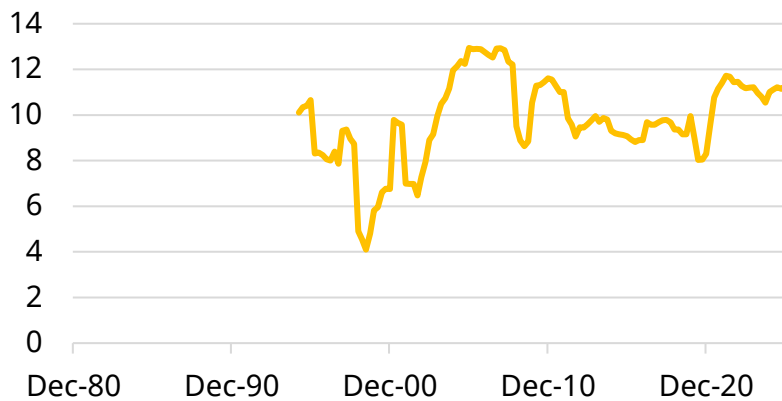
Europe ex UK



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 54

At the aggregate level vs. the last 20yrs, most valuation measures in most markets are elevated. EM forward P/E is low, hinging on whether high earnings growth forecasts materialise

Valuation as at 31 July vs 20-year median (% above or below)

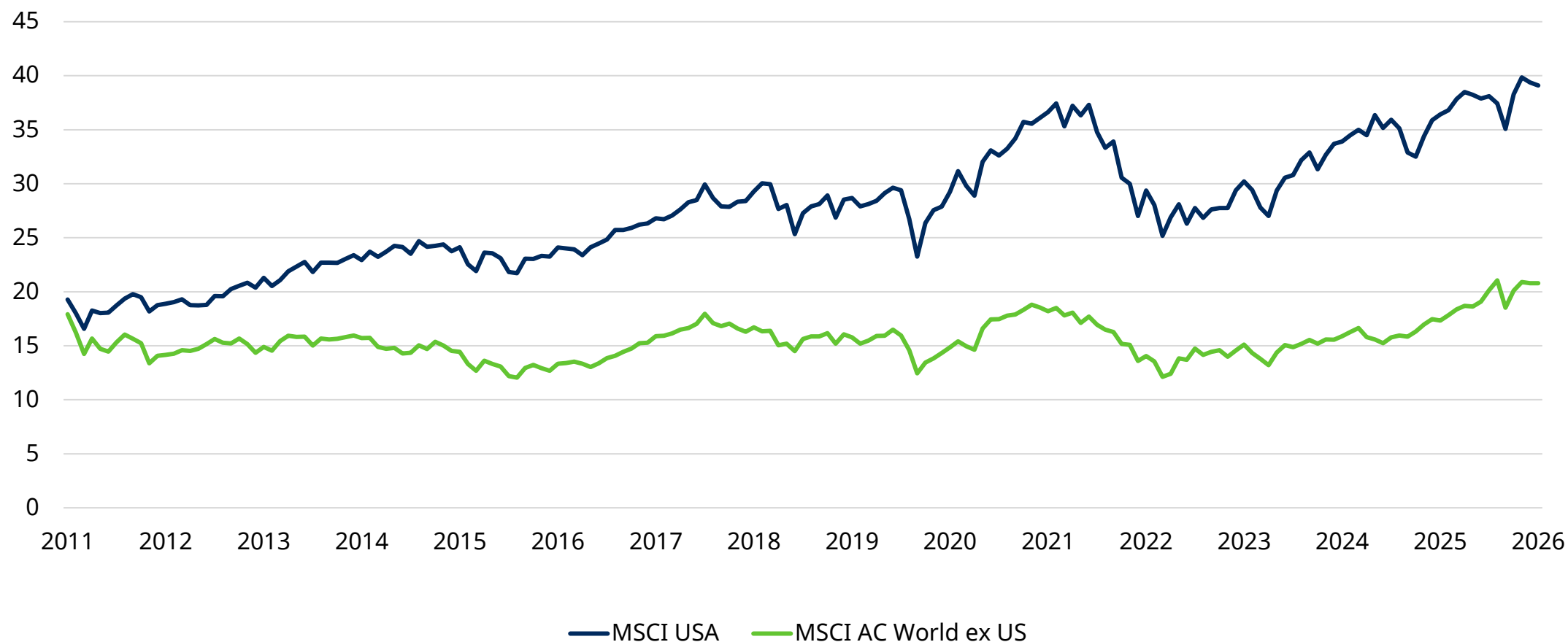
Equity market	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
US	39 (55%)	20 (22%)	27 (31%)	5.7 (95%)	1.1 (71%)
UK	18 (29%)	13 (6%)	16 (18%)	2.4 (33%)	3.1 (23%)
Europe ex. UK	22 (19%)	16 (14%)	19 (14%)	2.6 (41%)	2.7 (15%)
Japan	28 (25%)	14 (16%)	21 (29%)	2.0 (50%)	1.8 (15%)
EM	19 (33%)	10 (-12%)	18 (26%)	2.5 (44%)	2.0 (29%)

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 31 July 2026. Figures are shown on a rounded basis. Assessment of cheap/expensive is relative to 20-year median. Please see relevant disclaimers on page 54

The gap between US and non-US CAPE remains wide

Cyclically adjusted price-to-earnings ratio to 31 July 2026



Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

Smaller companies are less extended vs their own histories

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

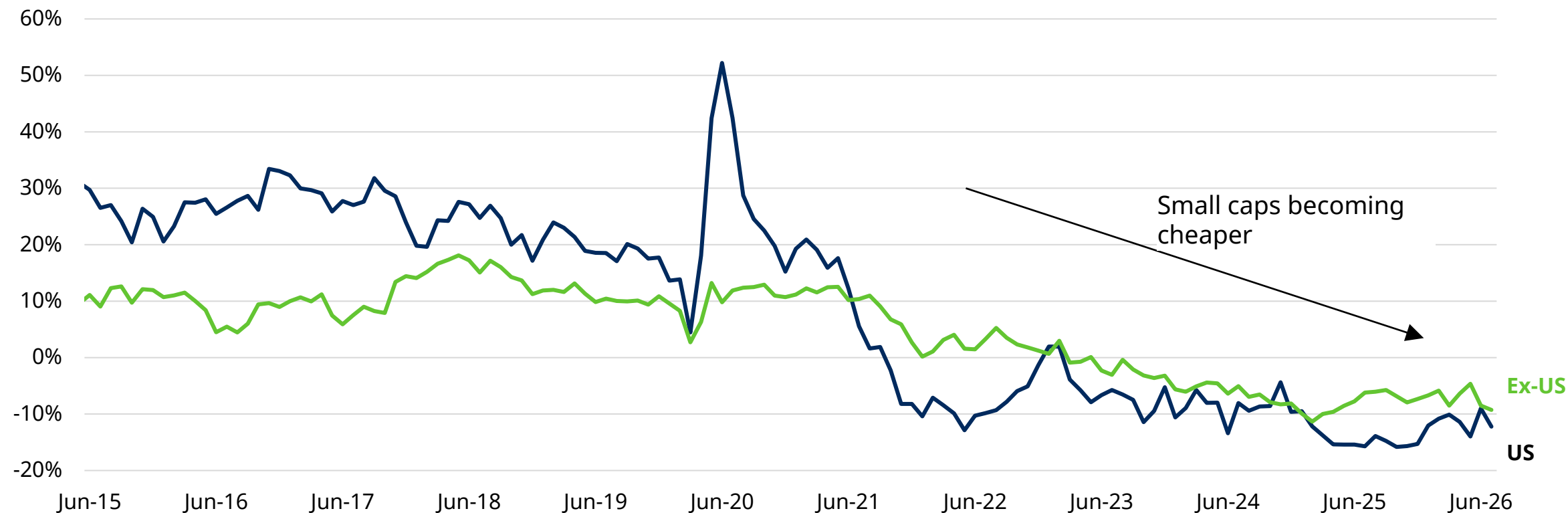
Equity market	Forward P/E	Trailing P/E	P/B	Dividend yield
US large caps	20 (15%)	27 (20%)	5.7 (69%)	1.1 (70%)
US equal weighted	18 (1%)	24 (6%)	3.6 (29%)	1.6 (10%)
US small caps	18 (-10%)	34 (13%)	2.6 (15%)	1.5 (5%)
World ex-US	16 (11%)	19 (17%)	2.4 (41%)	2.5 (20%)
World ex-US equal weighted	15 (3%)	19 (3%)	1.9 (28%)	2.7 (5%)
World ex-US small caps	14 (-5%)	20 (-2%)	1.6 (10%)	2.7 (-4%)

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 31 July 2026. Please see relevant disclaimers on page 54
 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 31 July 2026



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Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

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

MSCI ACWI: 31 July 2026 valuation vs 20-year median (% above or below)

Sector	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
Cons stap	-7%	7%	7%	25%	-1%
Health care	-2%	10%	1%	22%	8%
Materials	13%	4%	23%	29%	18%
Utilities	29%	8%	7%	26%	17%
Financials	41%	15%	13%	60%	17%
Cons disc	9%	26%	30%	38%	59%
Energy	58%	10%	53%	34%	13%
Industrials	50%	38%	46%	73%	49%
IT	103%	2%	52%	173%	103%
Comm Svcs	85%	24%	10%	87%	268%

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 31 July 2026. Please see relevant disclaimers on page 54

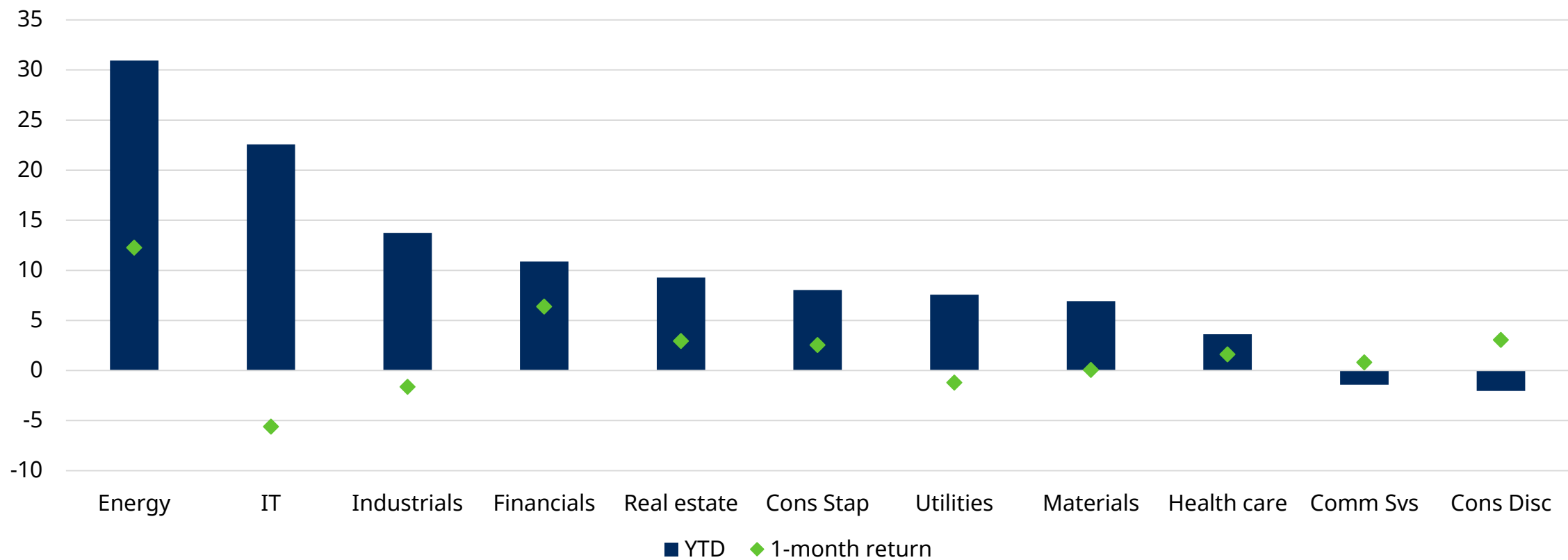


Global equities

Sectors & Styles

The energy sector leads the way in 2026, followed by IT

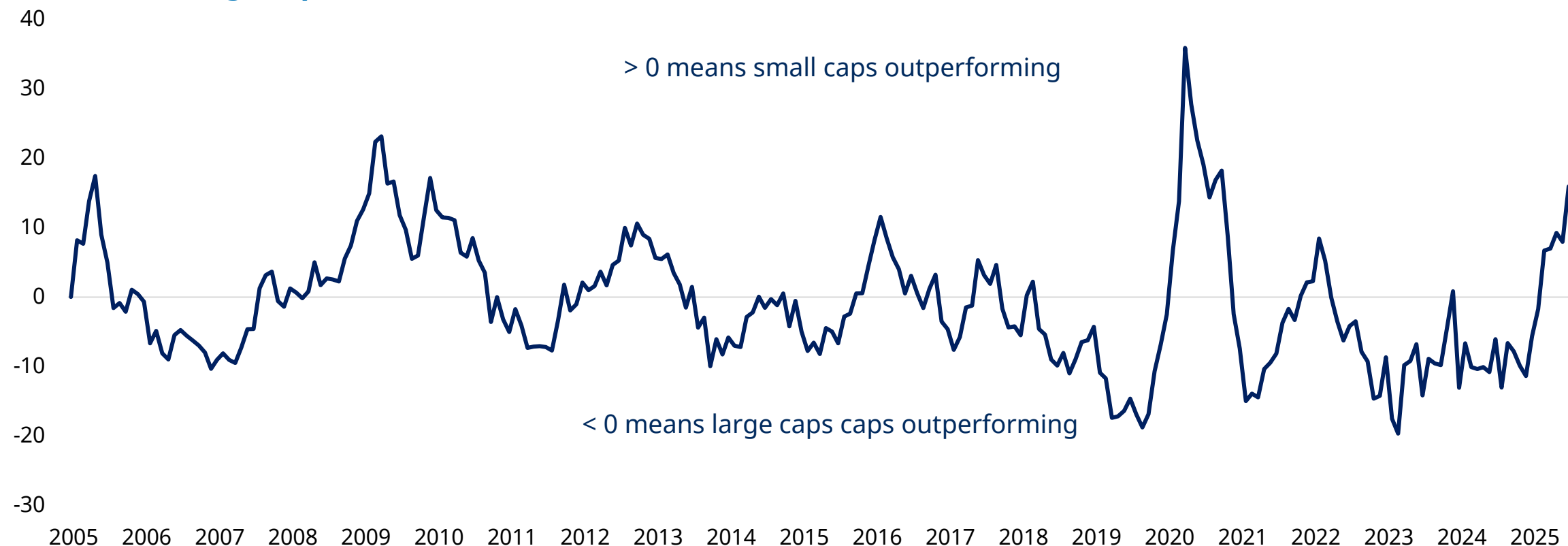
MSCI ACWI \$ sector return, total returns YTD to 31 July 2026



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Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026 in US dollars. Please see relevant disclaimers on page 54

Small caps have outperformed large caps over the last 12 months

US small vs large caps, YoY % return,



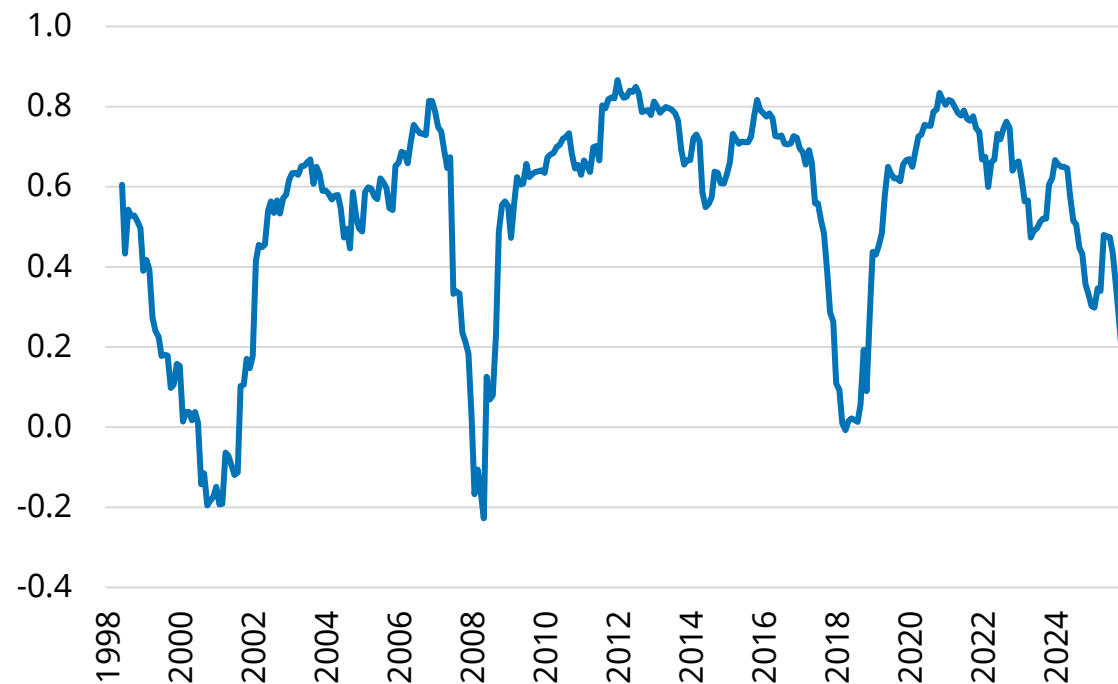
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Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

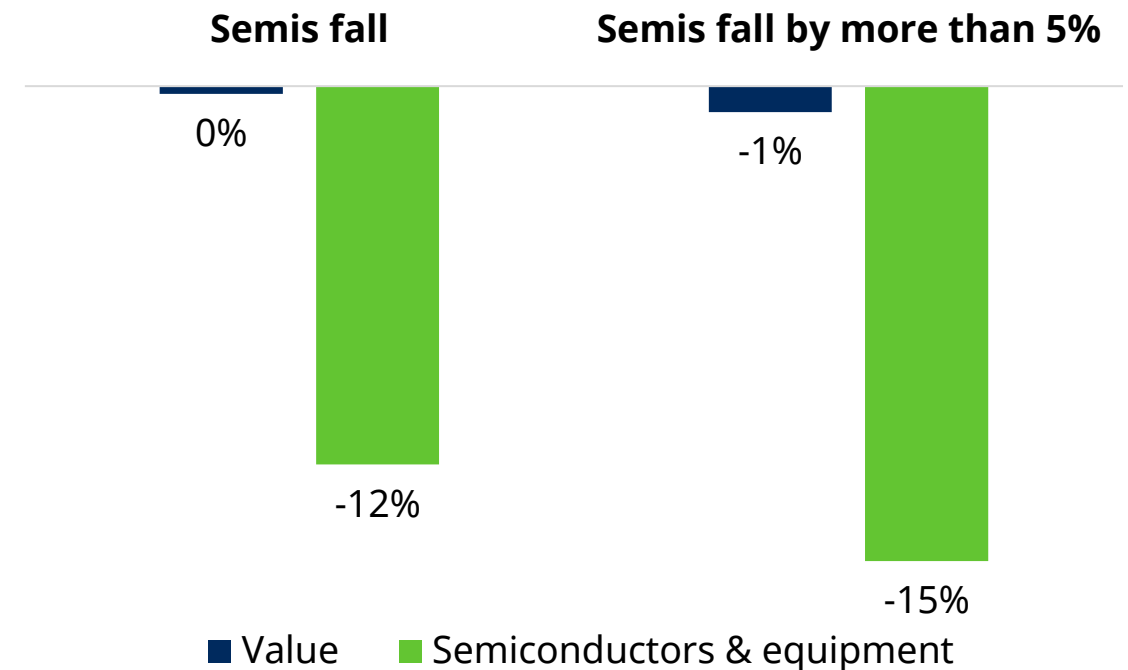
Consider value equities as a hedge against AI-risk, without sacrificing equity exposure

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 31 July 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 54

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

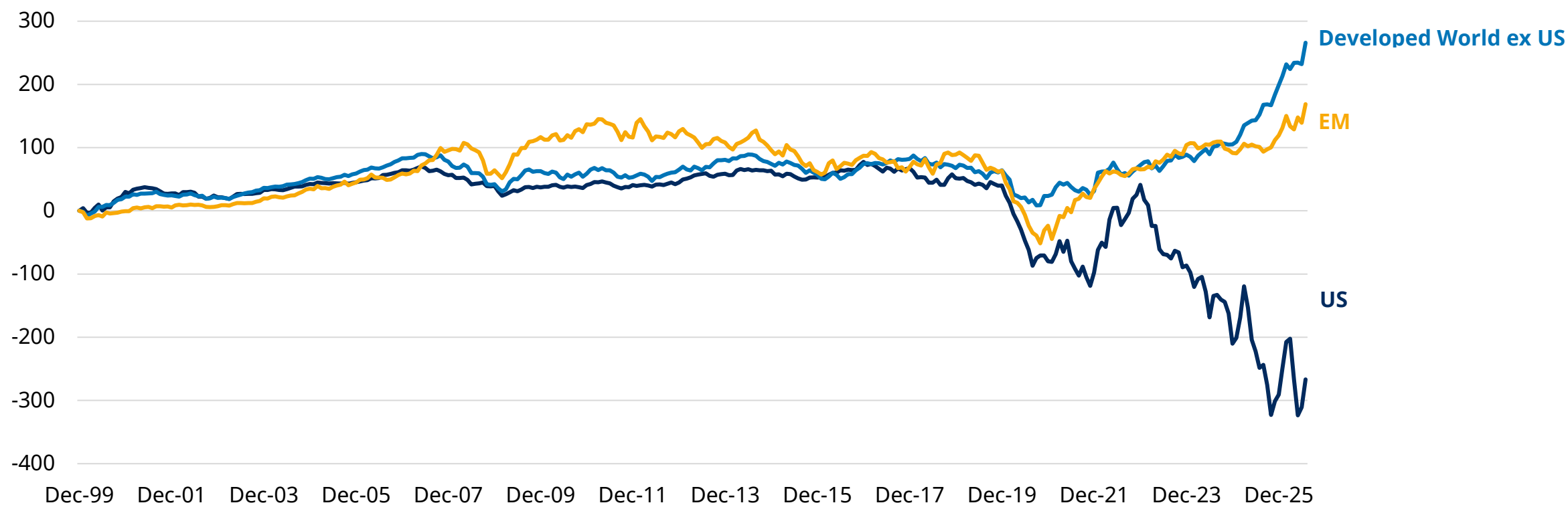
Largest five holdings

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 54

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

Cumulative outperformance of Value vs Growth, %



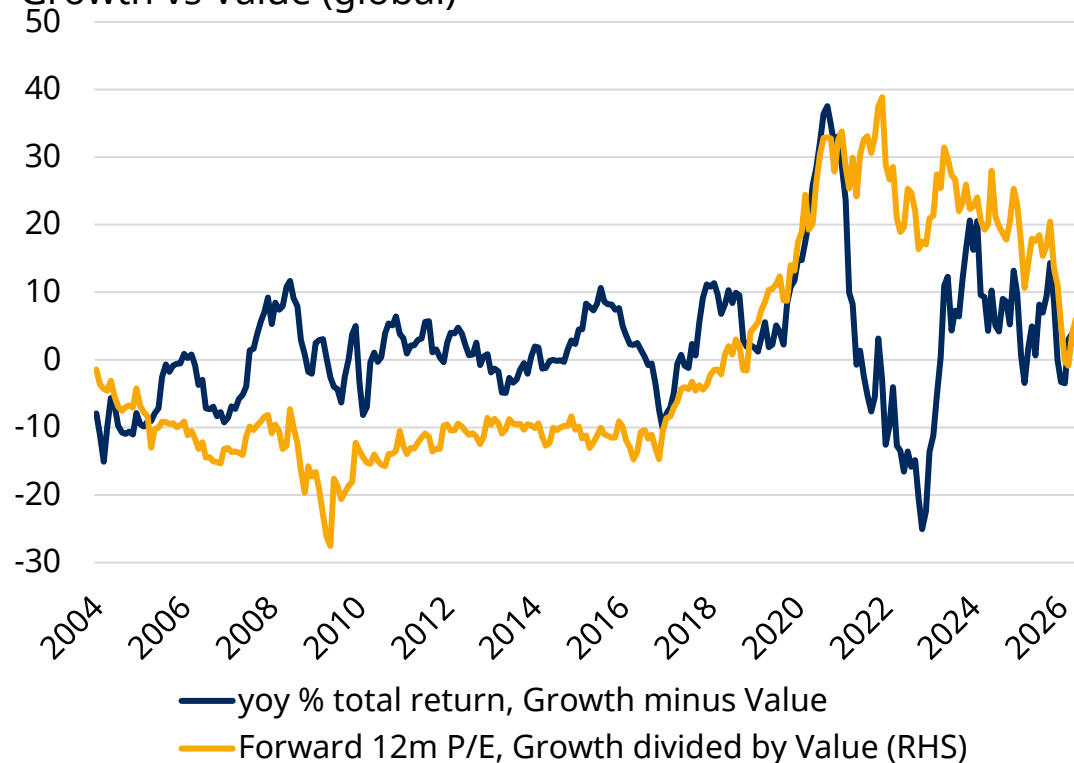
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Source: LSEG Datastream, MSCI and Schroders. Data to 31 July 2026. Please see relevant disclaimers on page 54

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

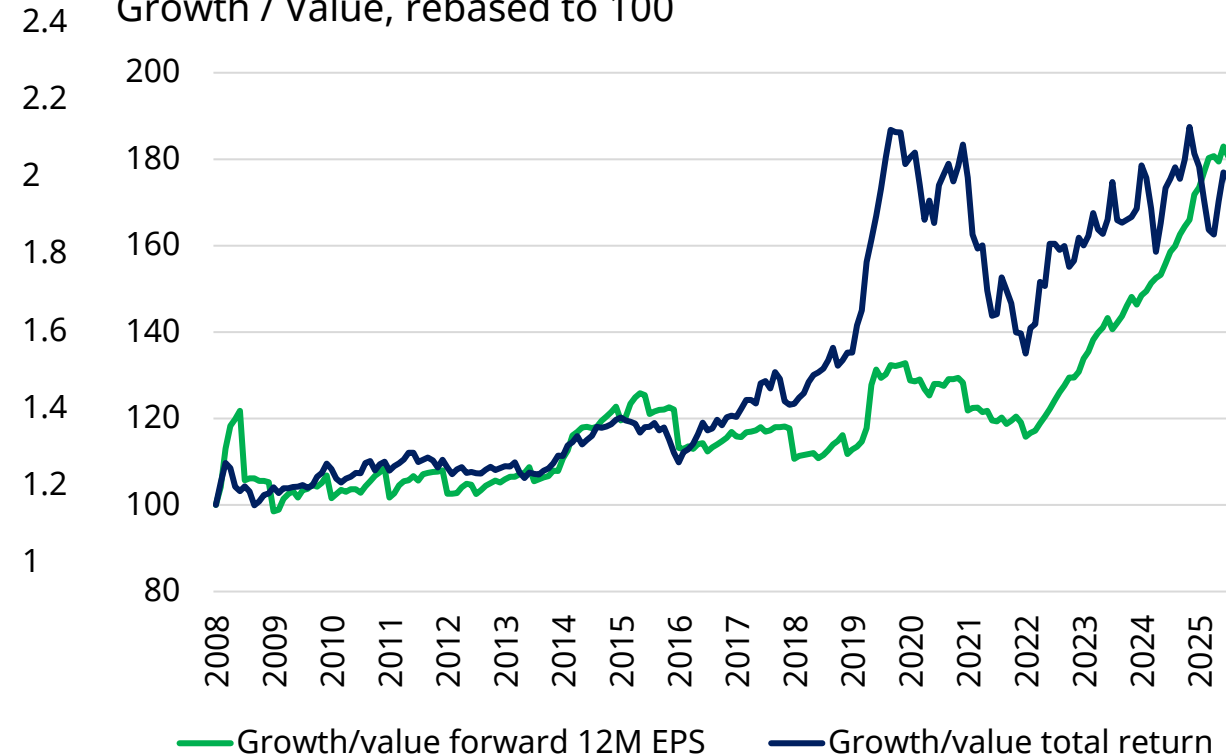
Relative valuations remain high by historical standards

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 31 July 2026 in US dollars. Based on MSCI ACWI World. Please see relevant disclaimers on page 54

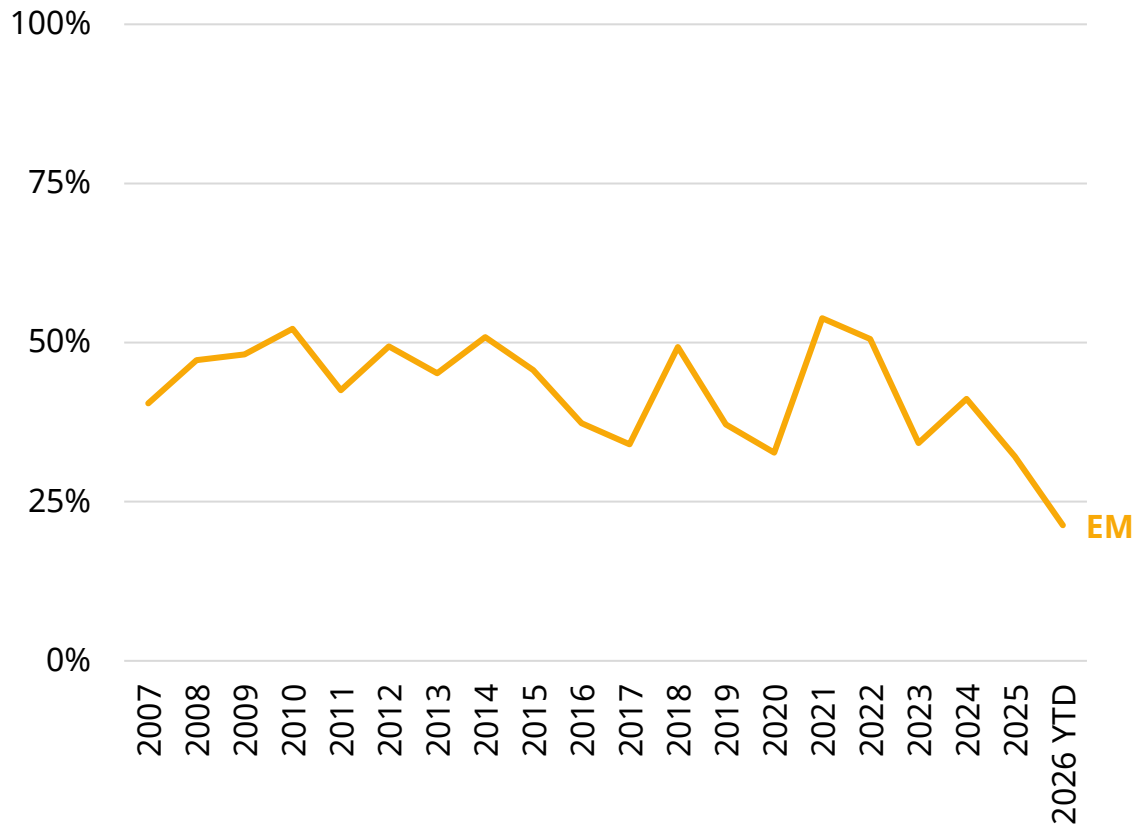


Global equities

Technicals

Performance has broadened out in developed markets but is historically concentrated in EM

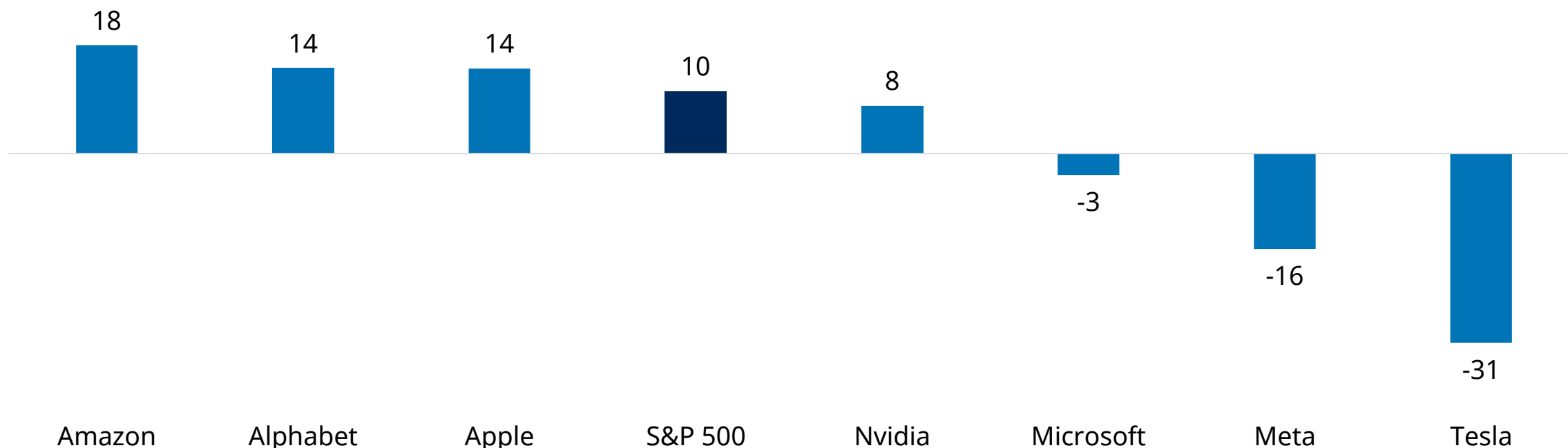
% of stocks outperforming the index



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Source: MSCI, Schroders, as of 31 July 2026. Please see relevant disclaimers on page 54

Performance dispersion among the Magnificent-7 is high: they are not and never have been a homogenous block

YTD total return, %



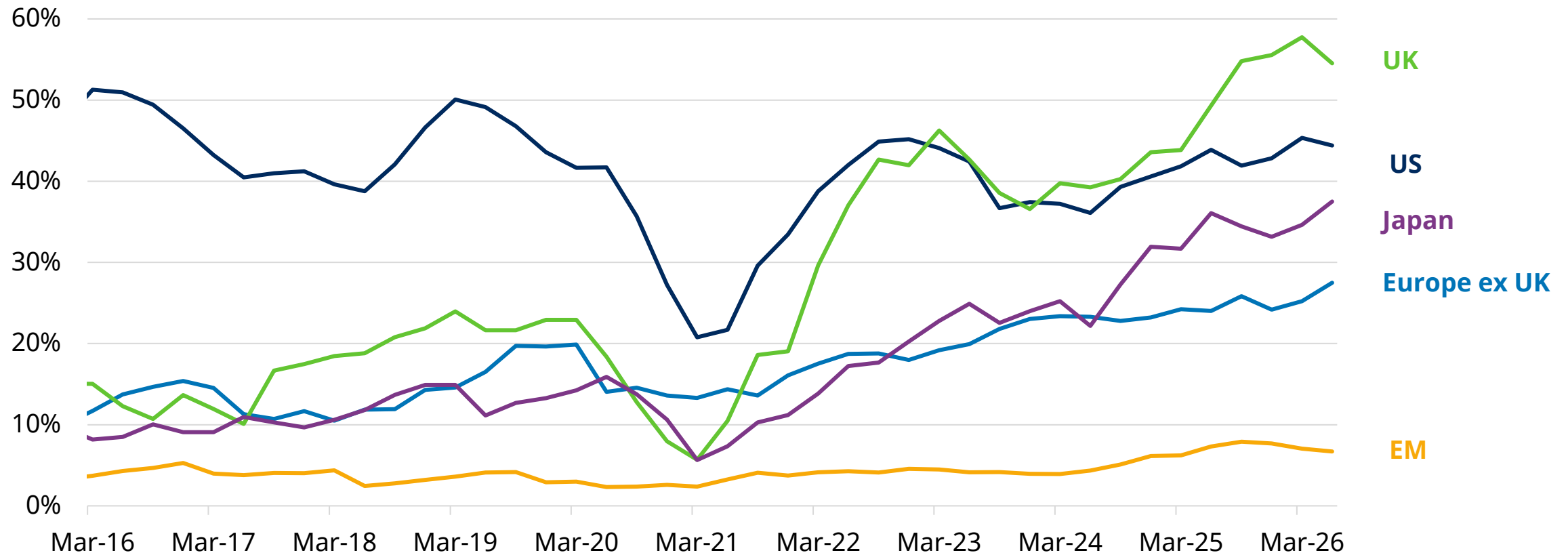
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YTD is as at 31 July 2026. Source: LSEG Datastream and Schroders. Please see relevant disclaimers on page 54

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



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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 54



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 %:

		MSCI equity index:				
		US	Europe ex UK	UK	Japan	EM
Geographic source of revenues	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

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 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 54

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

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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 54

The global market is highly concentrated in the US

MSCI USA weight in major global benchmarks

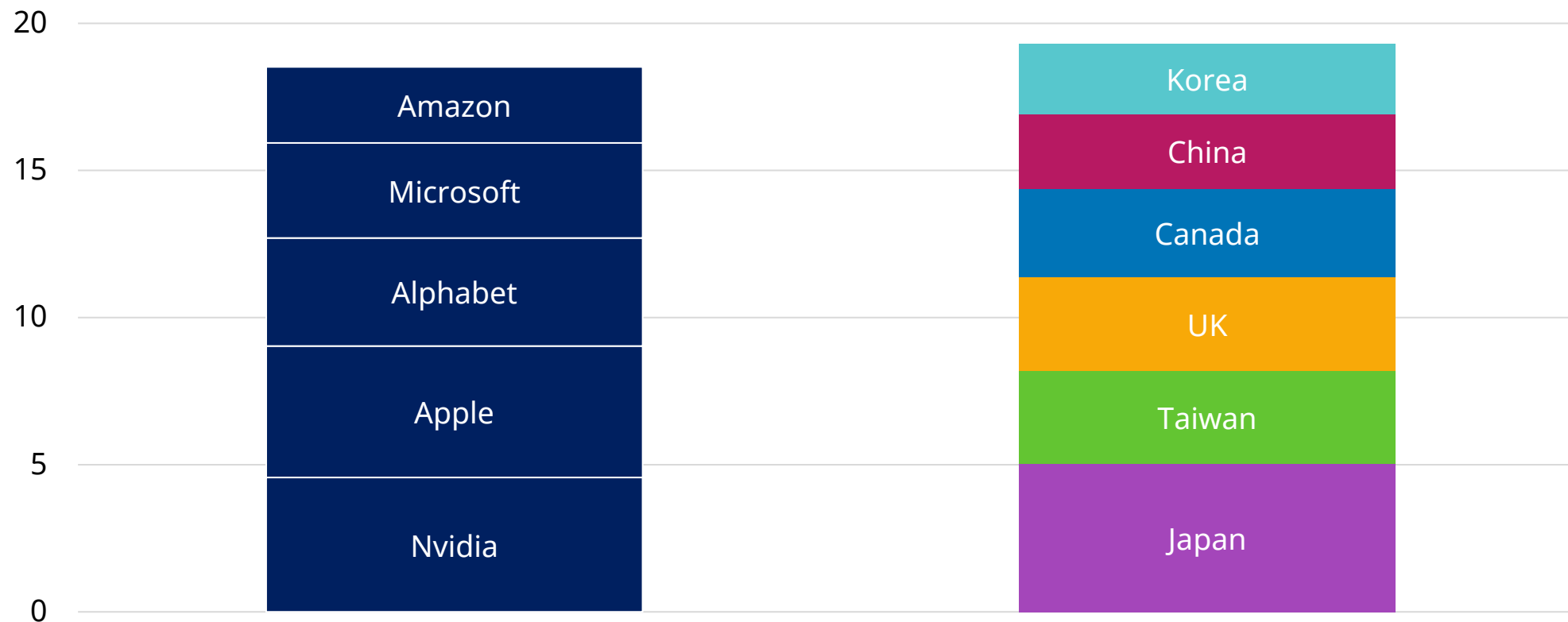


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The five largest US companies have a similar weight to the next six biggest countries in MSCI ACWI combined

Weight in MSCI ACWI, %

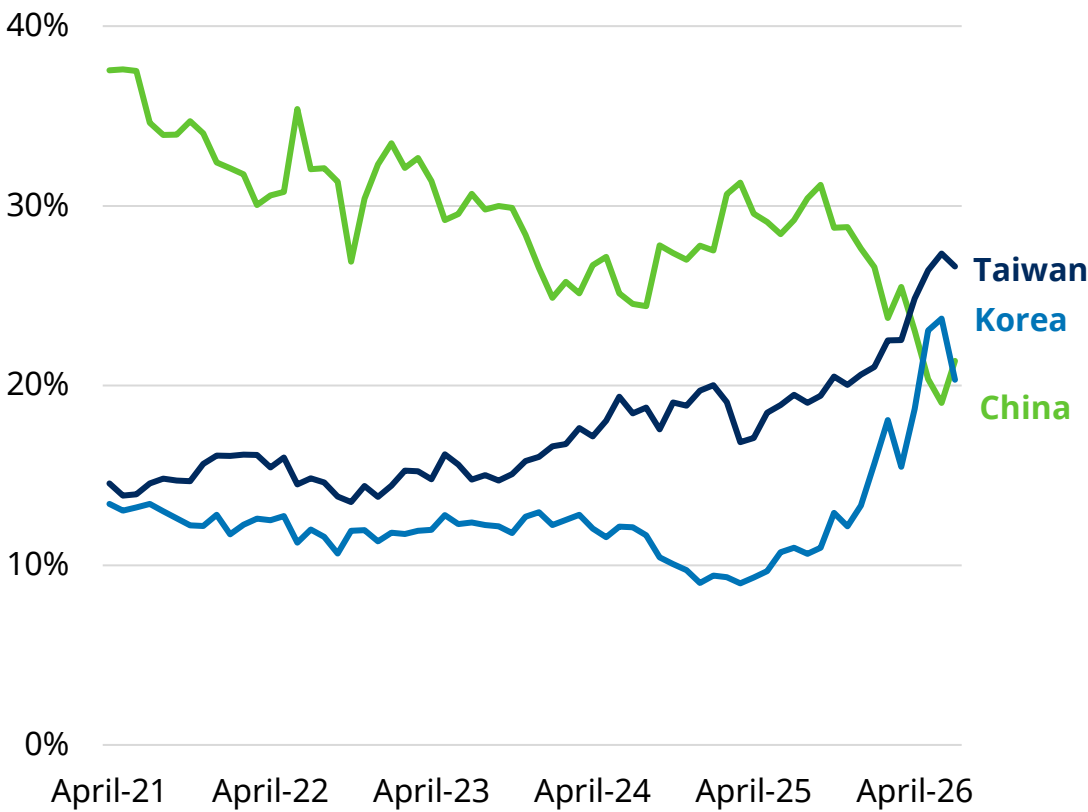


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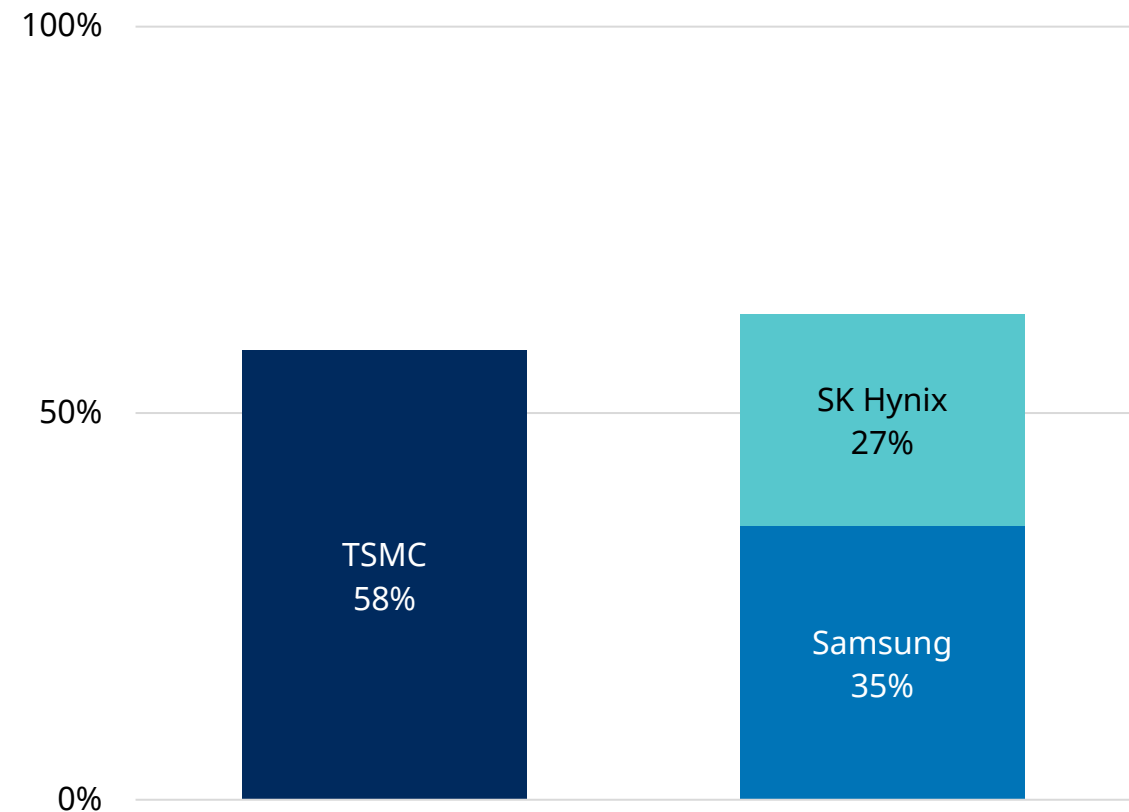
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Korea's recent sharp declines highlight the risks of a concentrated market

Weight in MSCI EM



Highly concentrated indices, index weight of largest stocks

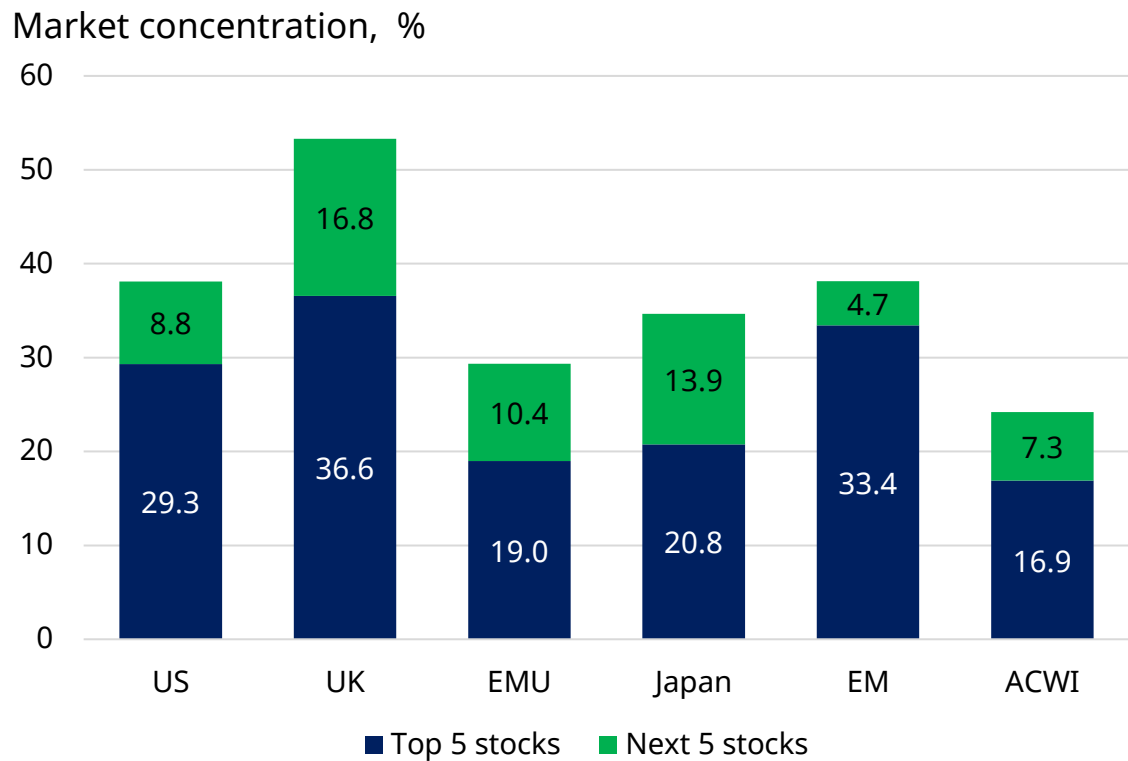


TSMC = Taiwan Semiconductor Manufacturing Company. Source: LSEG Datastream, MSCI and Schroders. Data as at 31 July 2026. Please see relevant disclaimers on page 54

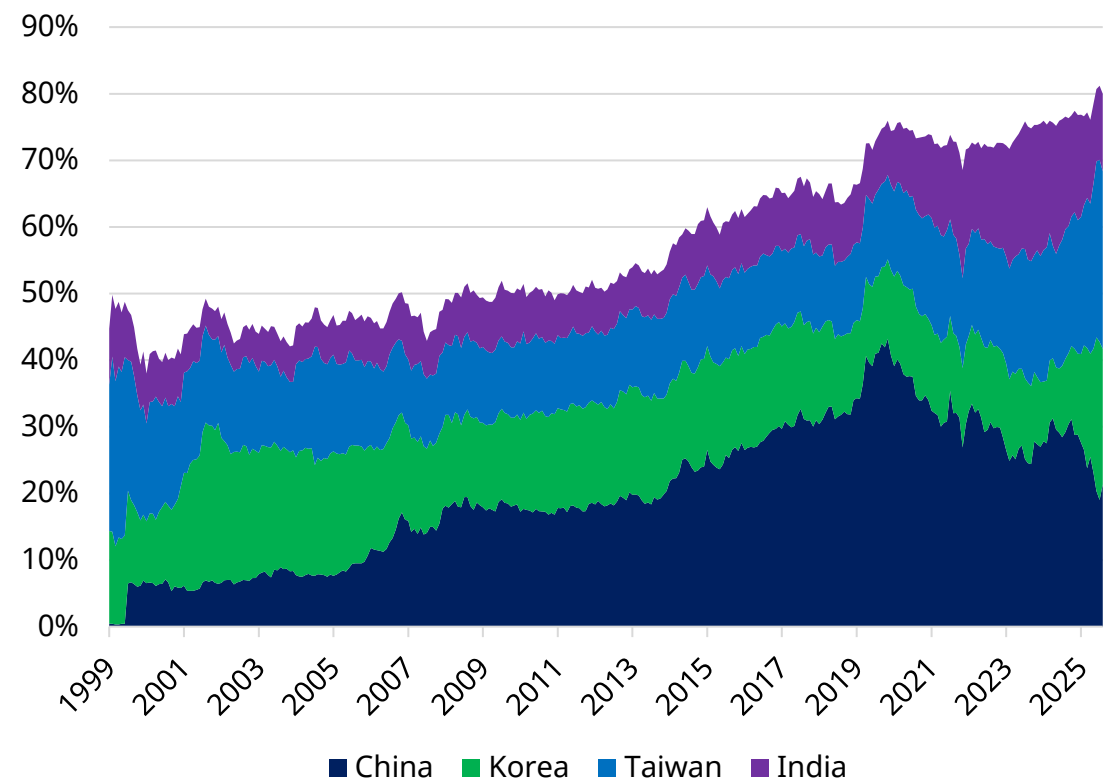
Market concentration is global phenomenon

Top constituents by market share

UK equities heavily weighted towards top 10 stocks



Asia is 80% of MSCI EM



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

Regional market composition

Sector	Beta*	Cyclical/ defensive	Sector Group Index Weight						Sector Group Index Weight vs ACWI				
			US	UK	EMU	Japan	EM	ACWI	US	UK	EMU	Japan	EM
IT	1.4	Cyclical	36	1	15	18	41	30	6	-29	-16	-12	11
Cons disc	1.1	Cyclical	10	4	8	16	9	9	1	-5	-1	7	0
Financials	0.9	Cyclical	12	28	27	20	20	17	-5	11	10	3	3
Industrials	1.1	Cyclical	9	13	20	25	7	11	-2	3	9	14	-4
Comm Servs	1.1	Cyclical	10	2	3	7	7	8	2	-6	-5	-1	-1
Materials	1.1	Cyclical	2	8	4	4	6	4	-2	4	0	0	2
Real estate	1.1	Cyclical	2	1	0	0	0	1	0	-1	-1	-1	-1
Energy	0.4	Defensive	3	12	4	1	3	4	-1	8	0	-3	0
Cons stap	0.6	Defensive	5	14	6	4	3	5	0	10	1	-1	-2
Utilities	0.7	Defensive	2	5	7	1	2	2	0	2	4	-2	0
Health care	0.6	Defensive	9	13	6	5	3	8	1	4	-3	-3	-6
% defensive			19	44	22	11	11	20	0	24	2	-9	-9

Source: LSEG Datastream and Schroders. Data as at 31 July 2026. Please see relevant disclaimers on page 54. 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, quality, value, small caps are more defensive vs market

Style market composition

Sector	Beta vs ACWI	Cyclical/defensive	Sector Group Index Weight						Sector Group Index Weight vs Benchmark*					
			Value	Growth	Quality	Momentum	Min Vol*	US small caps*	Value	Growth	Quality	Momentum	Min Vol*	US small caps*
IT	1.4	Cyclical	18	42	42	45	26	17	-12	12	11	15	-3	-19
Cons disc	1.1	Cyclical	5	13	4	2	5	9	-4	4	-5	-7	-4	-1
Financials	0.9	Cyclical	27	7	8	8	14	15	10	-10	-9	-9	-3	3
Industrials	1.1	Cyclical	9	12	12	13	7	18	-2	1	1	2	-4	9
Comm Servs	1.1	Cyclical	7	1	0	10	3	4	-1	-7	-8	2	-5	-6
Materials	1.1	Cyclical	4	3	3	5	1	5	1	0	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	5	10	10	5	11	3	1	6	6	1	7	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	7	5	2	-2	-2	0	5	3
Health care	0.6	Defensive	10	7	13	6	14	12	2	-2	5	-2	4	3
% defensive			26	20	31	15	42	25	7	1	11	-4	21	6

Source: LSEG Datastream and Schroders. Data as at 31 July 2026. Please see relevant disclaimers on page 54. 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

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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

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

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