

Schroders

ASX Adviser Day

Schroders Australia

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May 2026

Marketing material for professional clients only.

Investment Regime Tension: inflation versus disinflation

Two structural forces pulling in opposite directions - market will oscillate between them

HIGHER FOR LONGER

Structurally elevated inflation and government intervention

De-globalisation, persistent fiscal expansion, eroding central bank independence, building supply chain resilience and structural commodity demand from AI infrastructure and global defense expansion are pushing upward pressure on prices.

vs

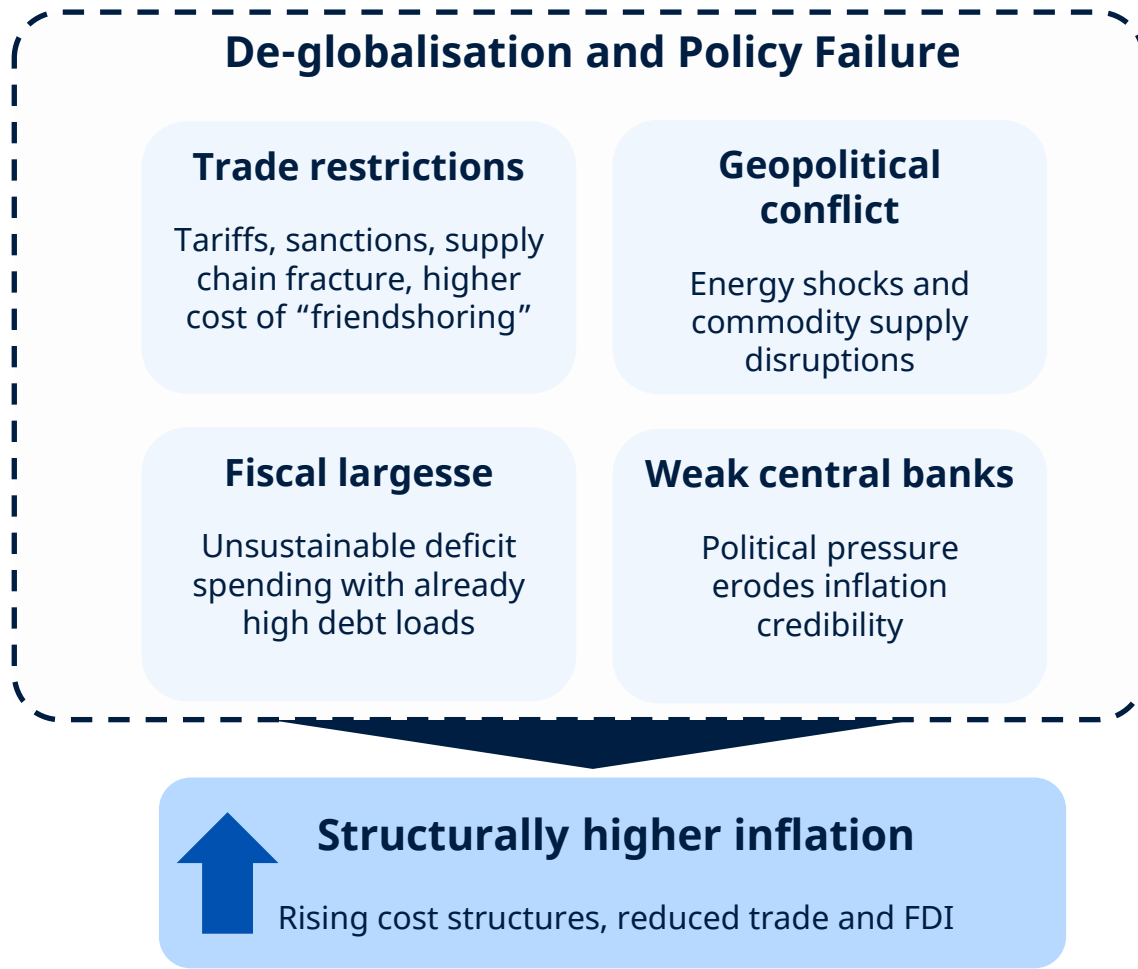
PRODUCTIVITY BOOM

AI will be structurally disinflationary

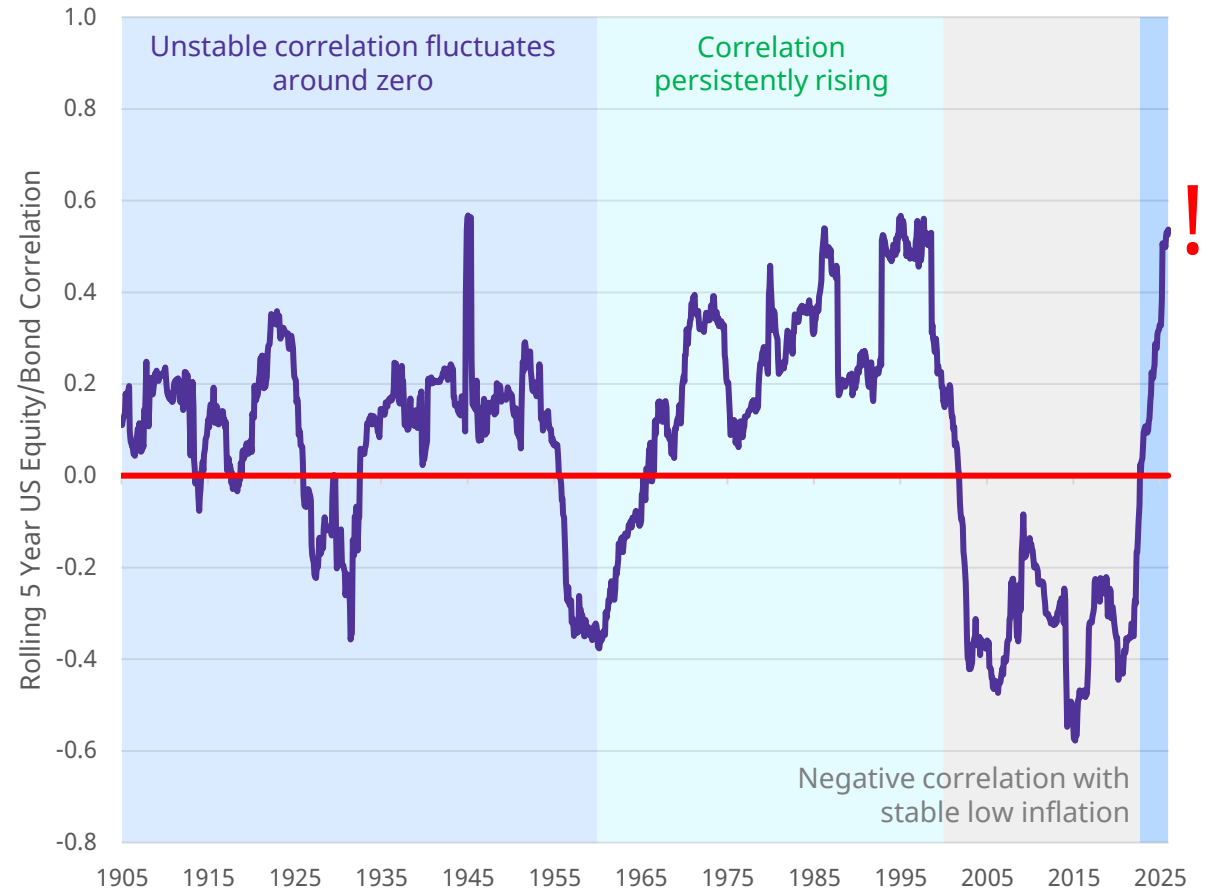
Technology is delivering faster than expected. AI is expected to deliver high productivity gains through automation, improved efficiencies across supply chains and faster R&D cycles. This will deliver more goods and higher quality services at lower prices.

Structurally higher inflation

De-globalisation and fiscal largesse is creating stickier inflation



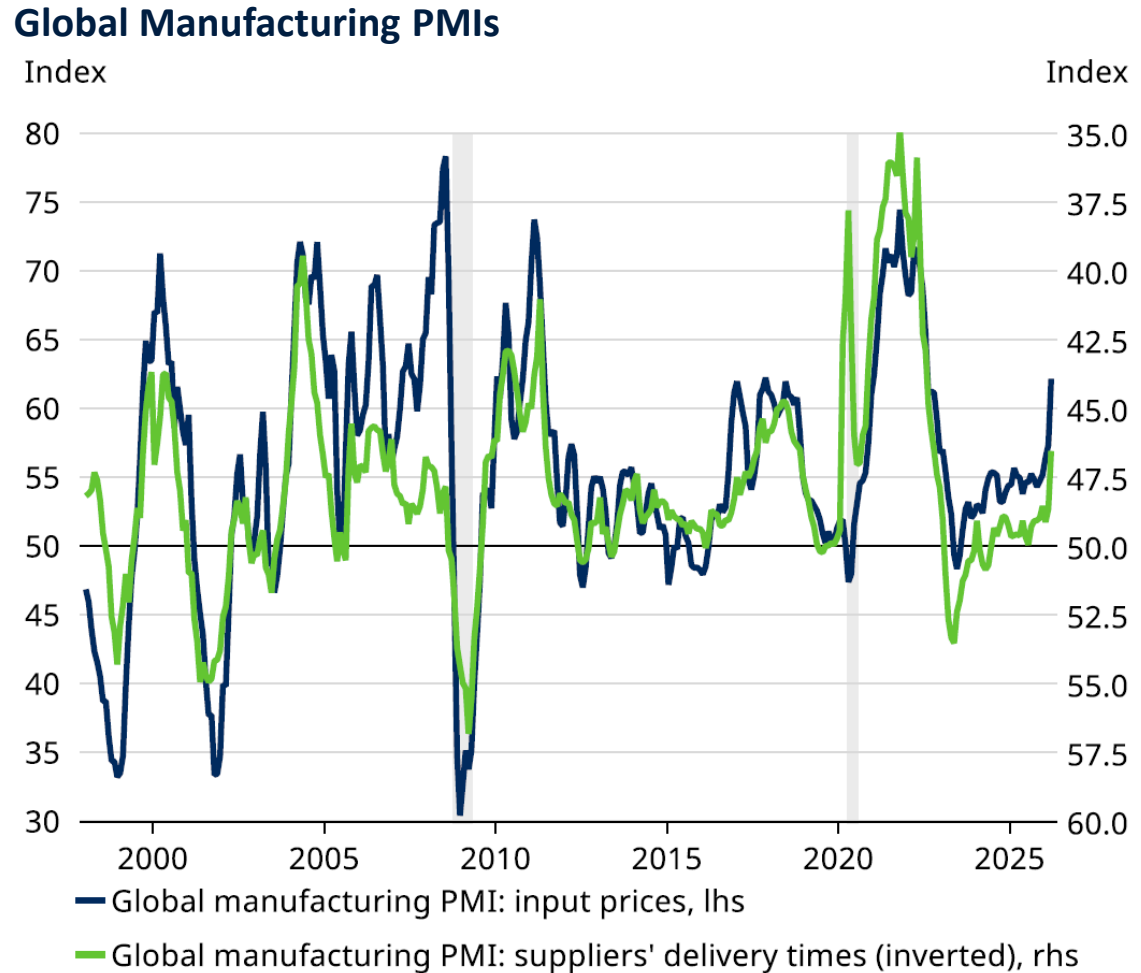
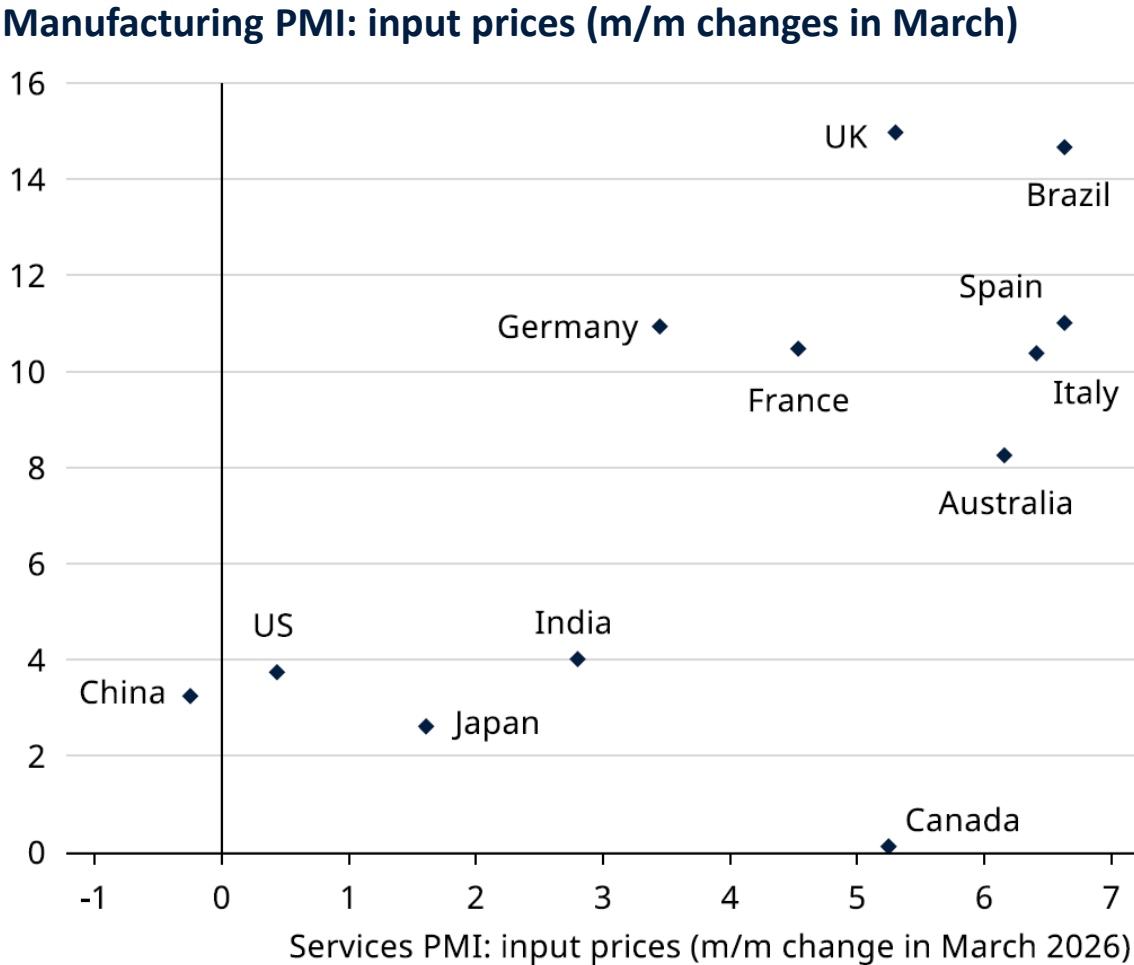
US Equity / Bond Correlation



Source: Schroders, LSEG, Morningstar. IMF forecast for 2026 debt to GDP from their World Economic Outlook in October 2025. Correlations as of 31 December 2025

PMIs suggest the Iran fallout is already being felt

US more insulated than the rest of the world

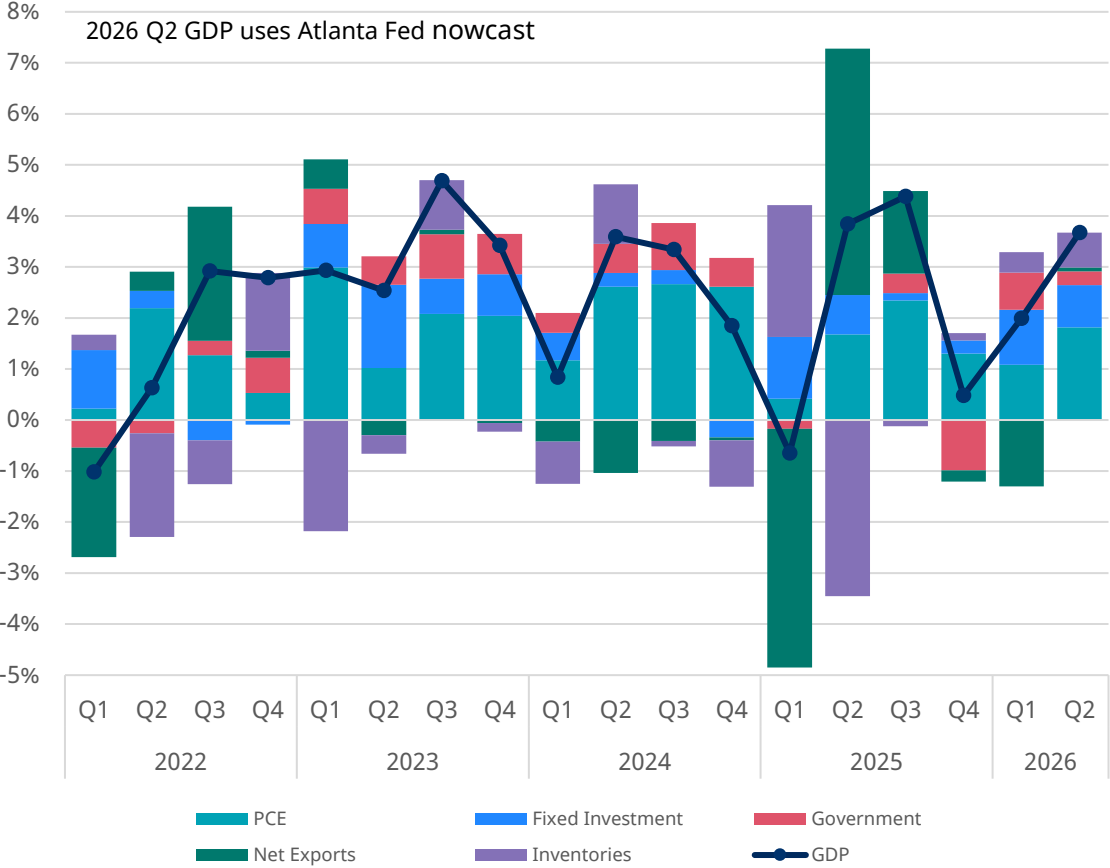


Source: Macrobond, Schroders Economics Group. 10 April 2026.

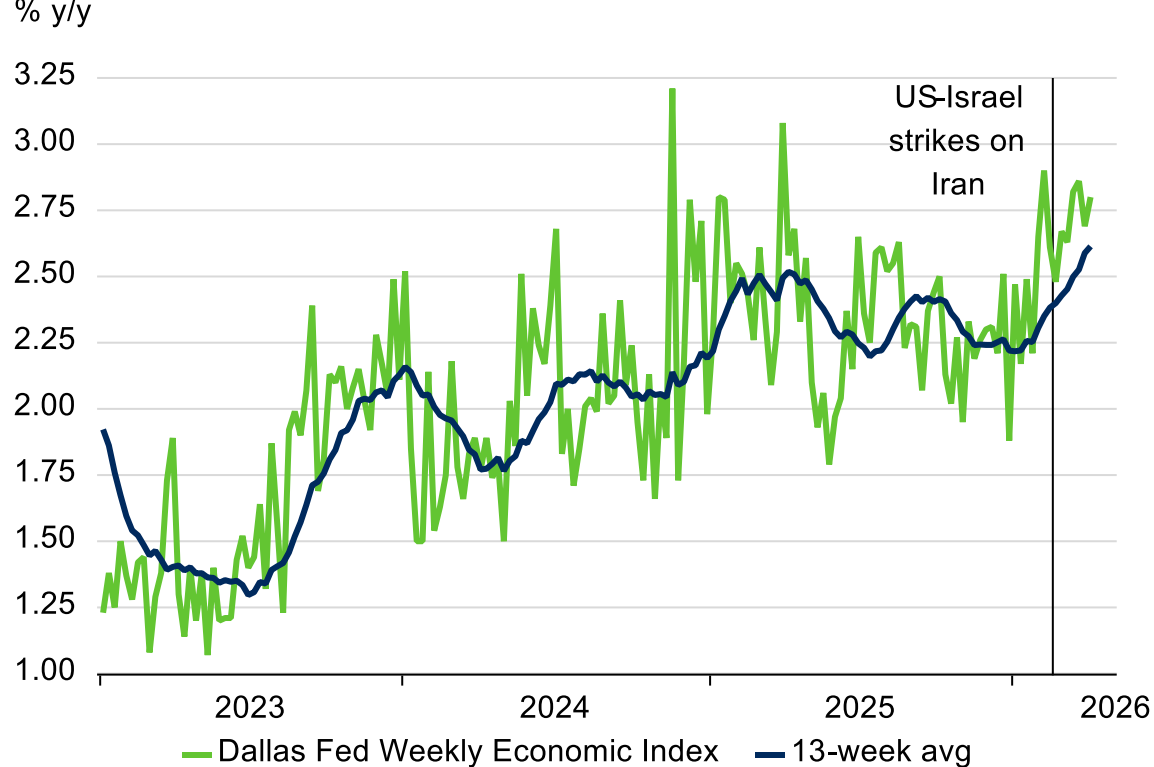
US entered the energy crisis on a solid footing

The fall in Q4 was due to the government shutdown

US Quarterly GDP Contribution



Despite geopolitical noise, US activity remains intact

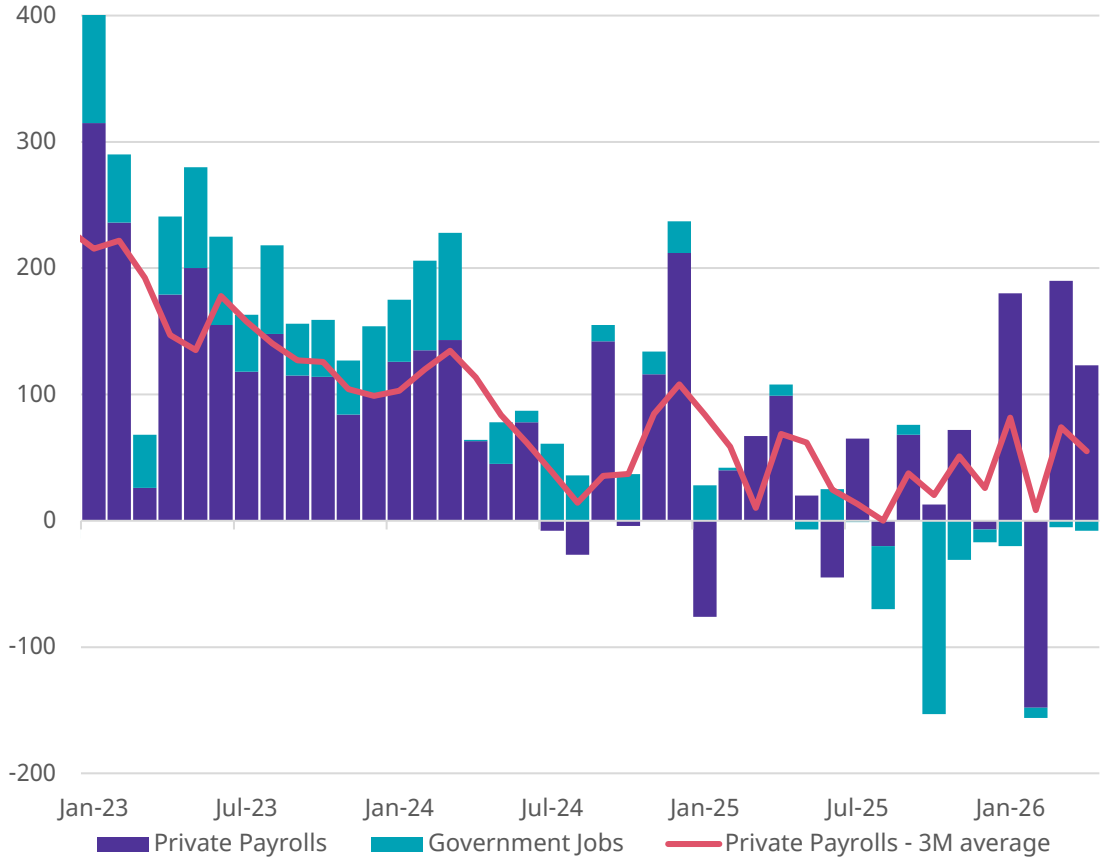


Source: Atlanta Fed, Dallas Fed, Schroders, Macrobond, 30 April 2026.

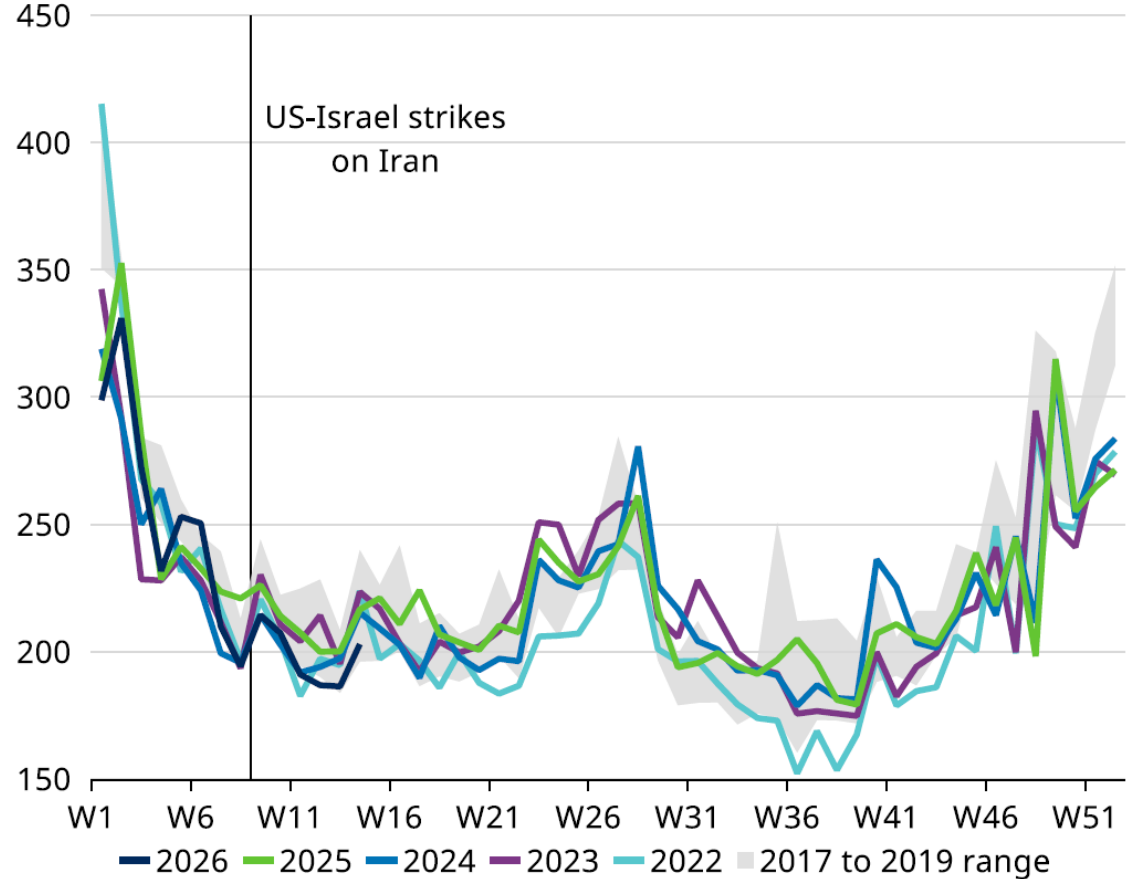
US payroll volatility reinforces argument to focus on claims

Initial jobless claims in line with previous years this time of year

Change in non-farm payrolls (000s)



Initial jobless claims (NSA, 000s)

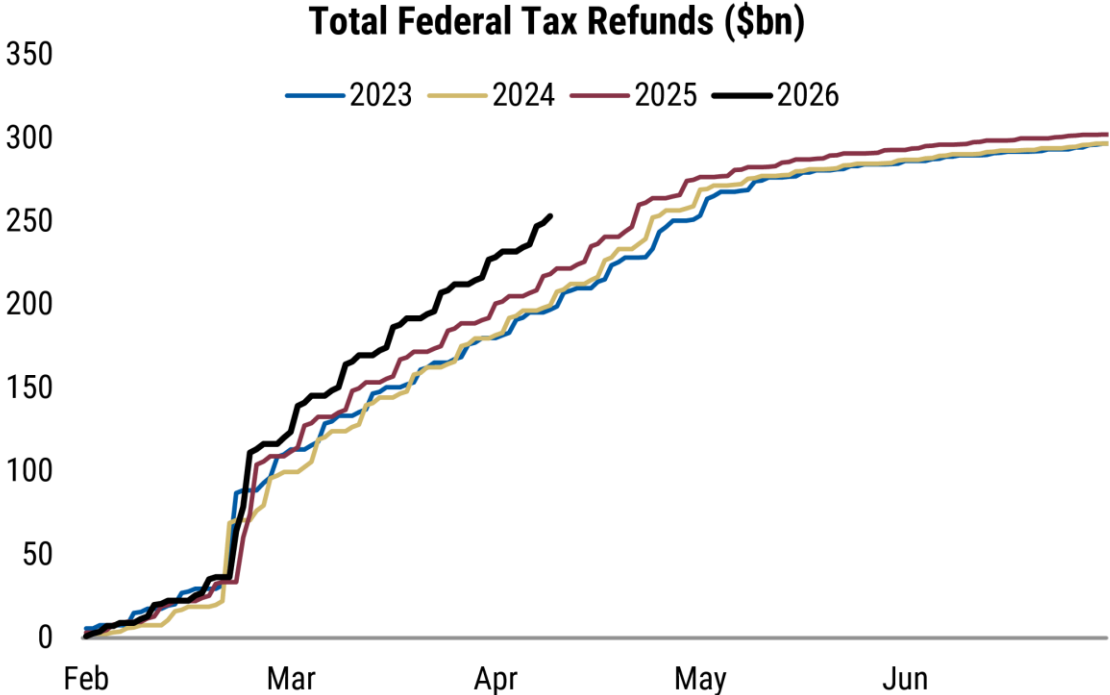


Source: Macrobond, Schroders Economics Group. 10 April 2026.

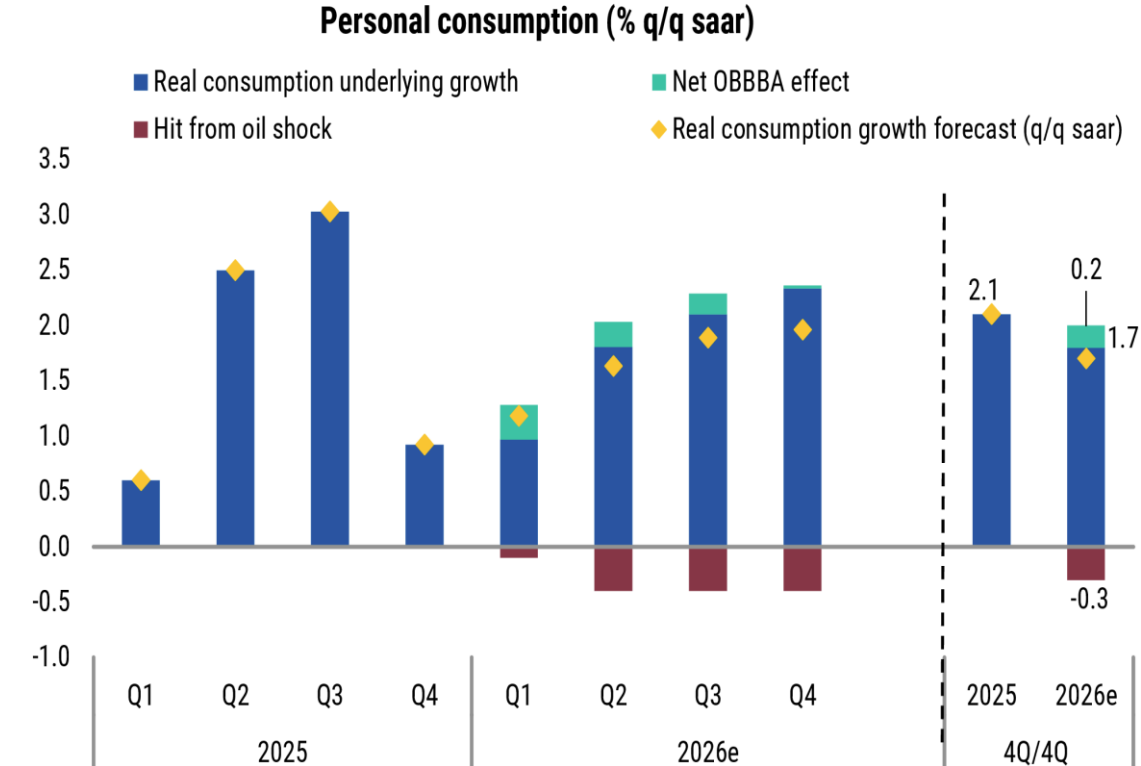
US consumers might soften in the near-term

But fiscal policy offsetting impact from higher energy for now

US tax refunds are coming through now and are higher than last year by about 14%



Higher energy prices offsetting OBBBBA

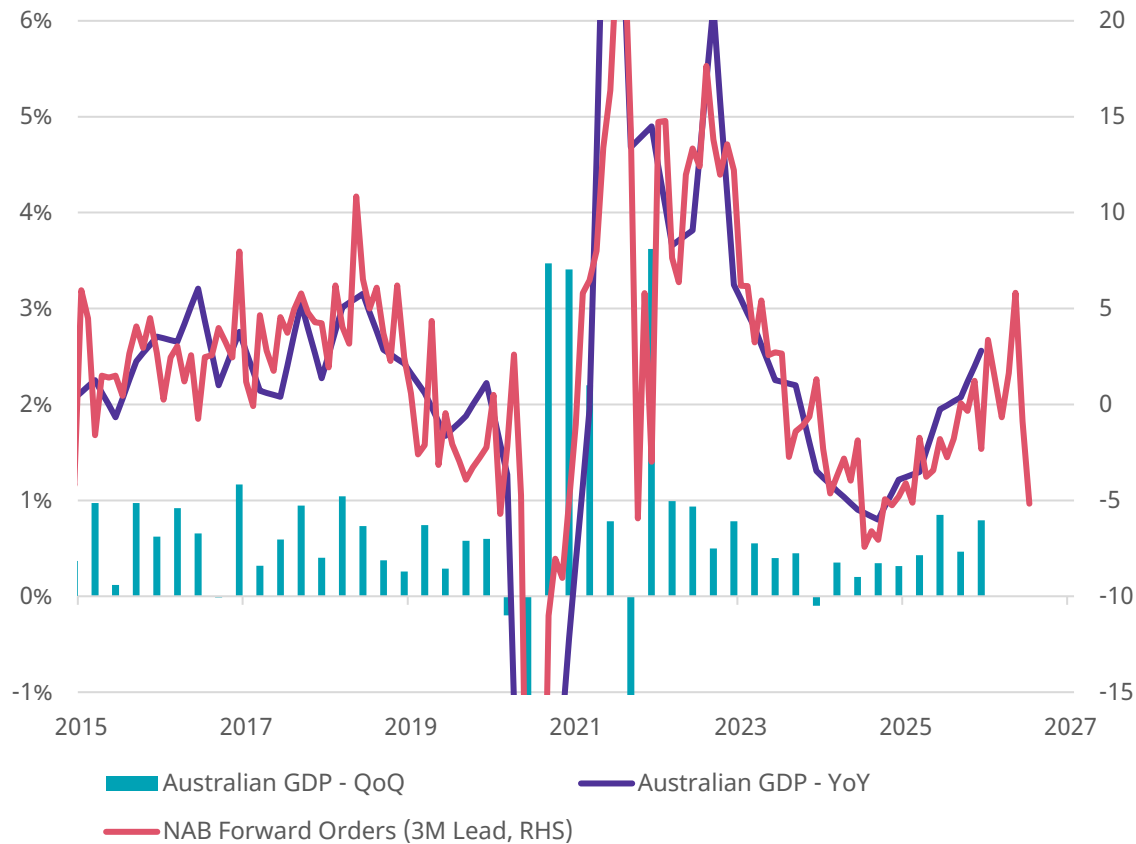


Source: Morgan Stanley, April 2026

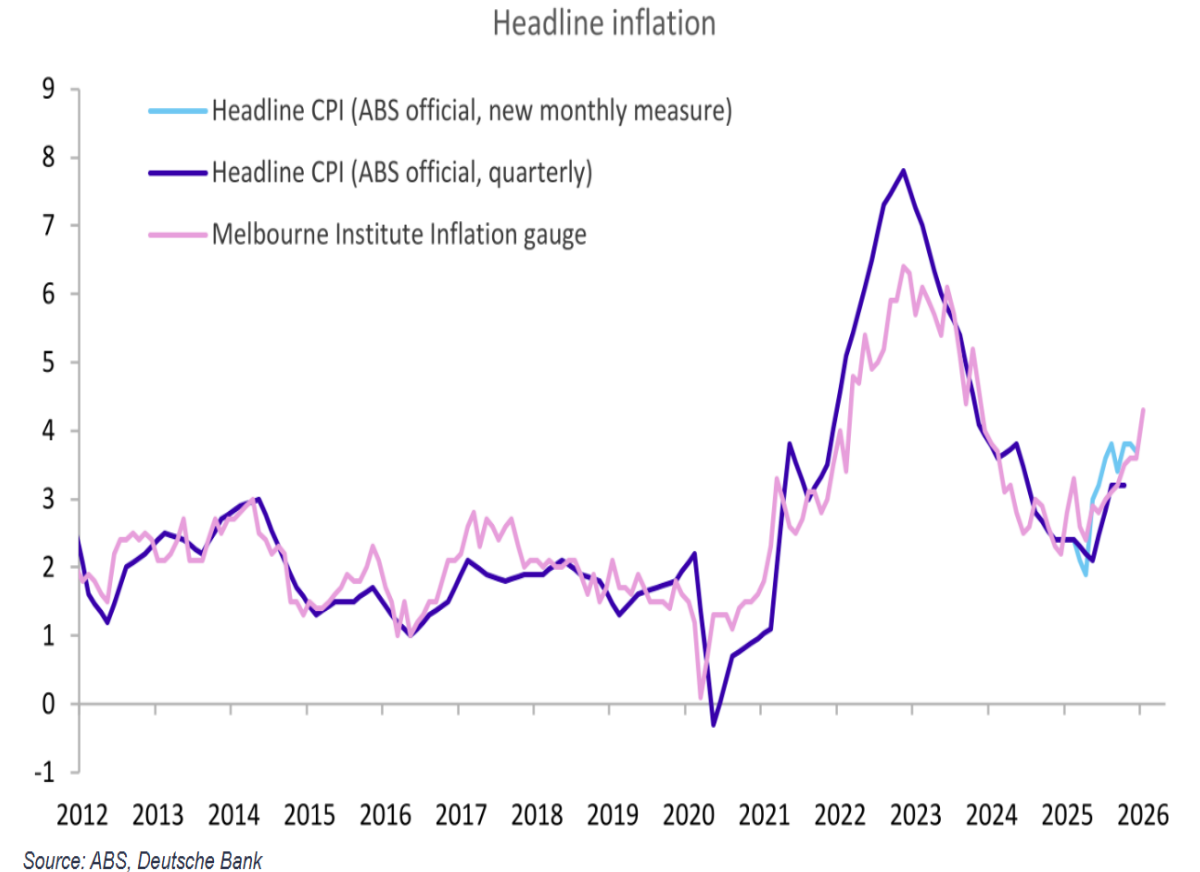
Australia hit by sticky inflation plus an energy crisis

Growth momentum is stalling out

Forward orders suggest GDP growth turns lower



While inflation is turning higher

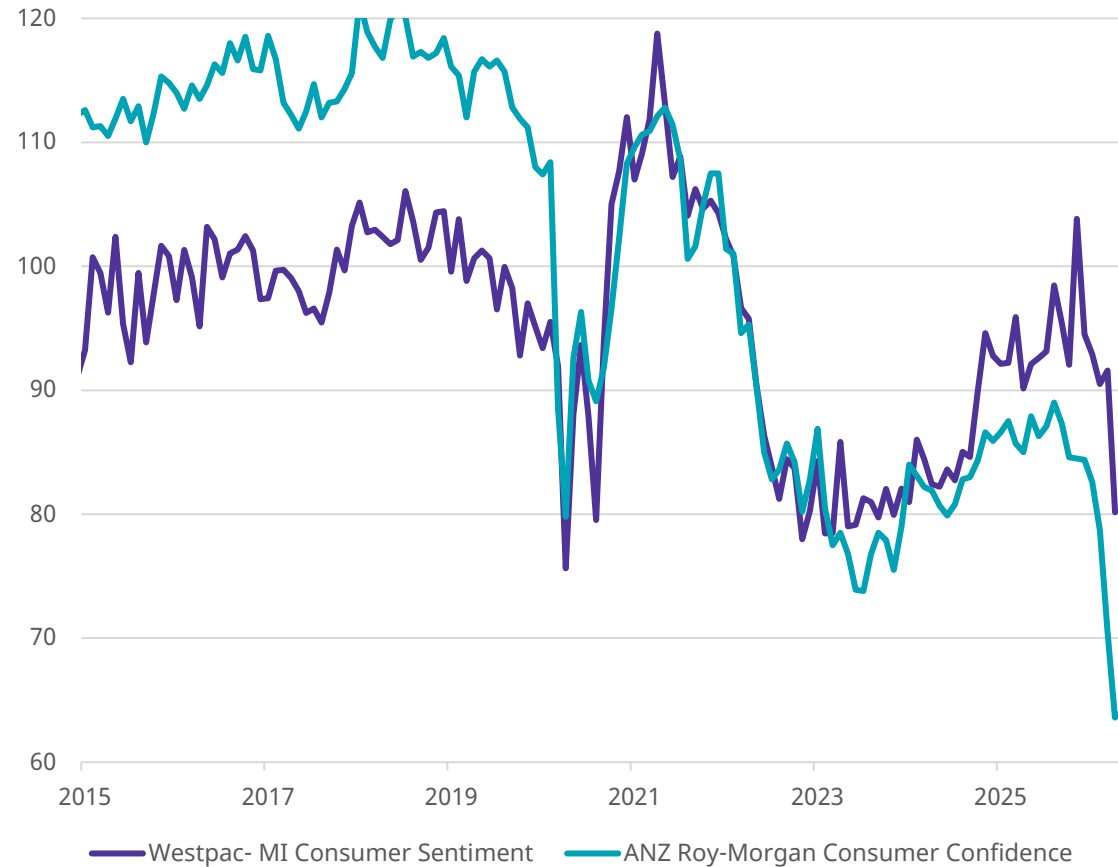


Source: Schroders, LSEG, NAB, April 2026

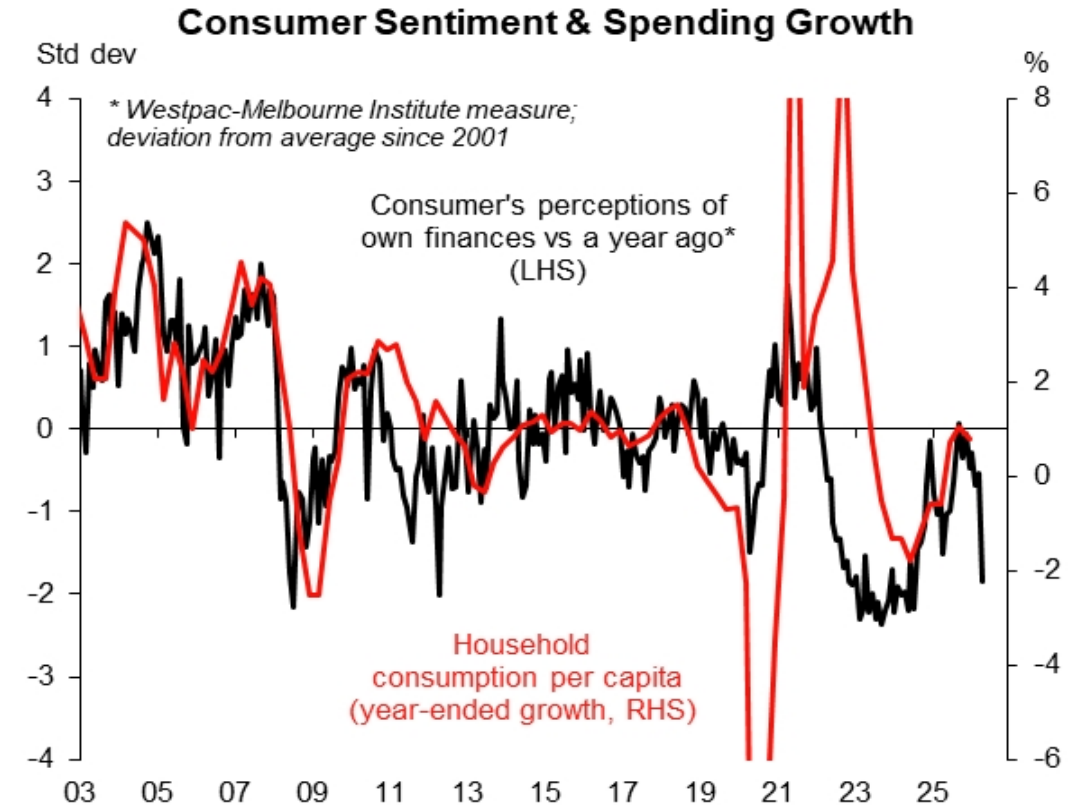
Australian Consumer

Surveys data falling sharply, spending momentum pulling back

Consumer sentiment and confidence both falling



Household spending vulnerable to the downside

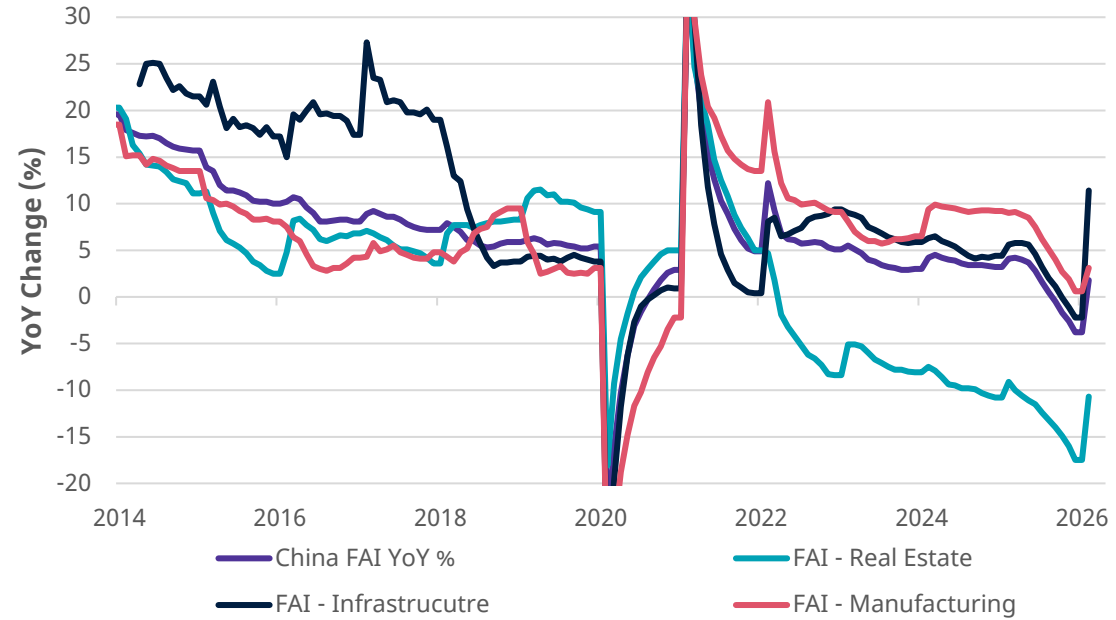


Source: Westpac, ANZ, NAB, Macquarie, April 2026

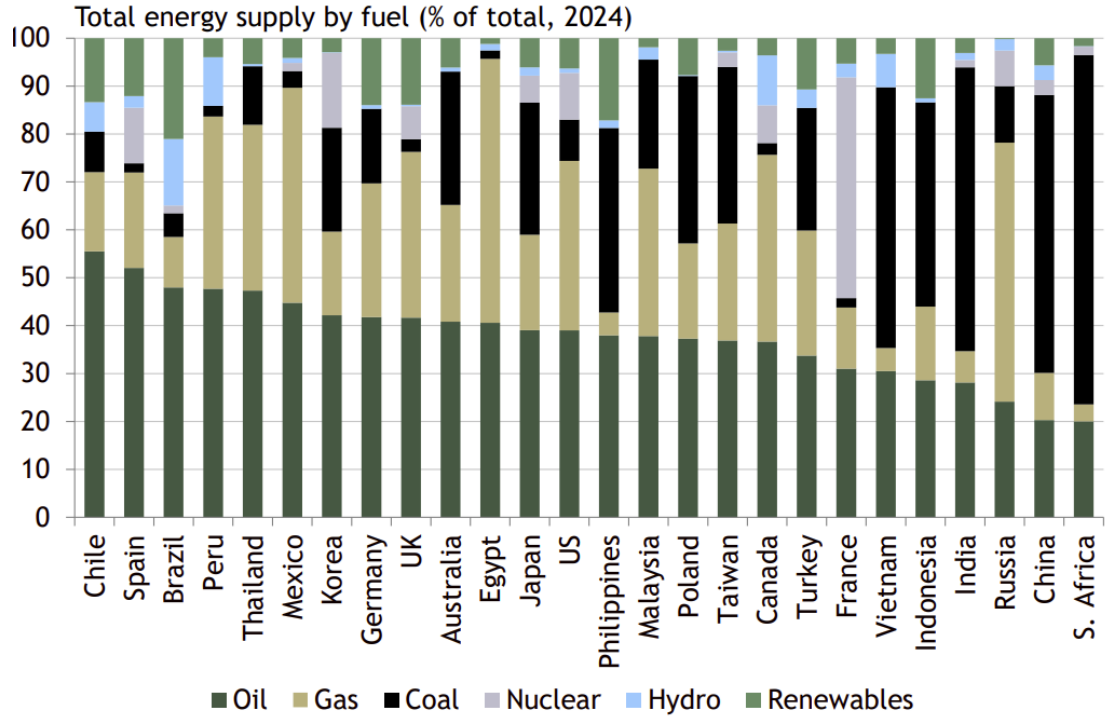
China showing a rebound but too early to be positive

FAI starting to rebound but expect volatility due to CNY. Await confirmation.

Fixed Asset Investment – Infrastructure picking up



China’s reliance on oil relatively low



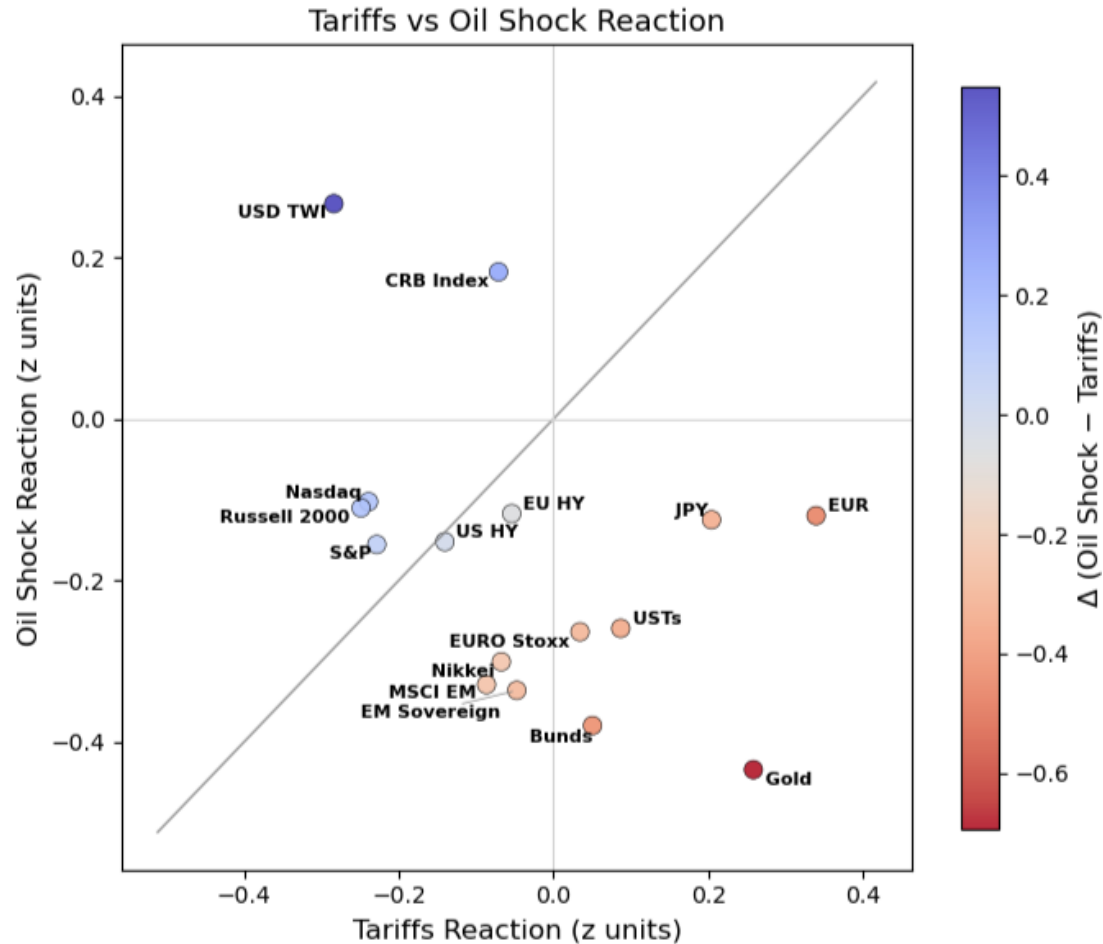
DBS Q1 GDP Nowcast: 4.4% (was 4.3%)

DBS GDP Nowcast for China incorporates industrial production, loans, exports, fixed asset investment, non-oil imports, retail sales etc

Source: DBS, LSEG, Schroders, ASR, April 2026.

Portfolio hedges

What worked last year is not working this year



Yesterday's hedge can be tomorrow's risk asset

Liberation Day 2025:

- USD fell and foreign currency (EUR & JPY) rallied.
- Gold outperformed.
- Rotation away from US equities towards rest of the world.
- US treasuries steepened.

Iran Conflict 2026:

- USD rallied against major trade weighted currencies.
- Commodities outperformed and gold sold off hard.
- Rotation towards US equities away from the rest of the world.
- US treasuries flattened.

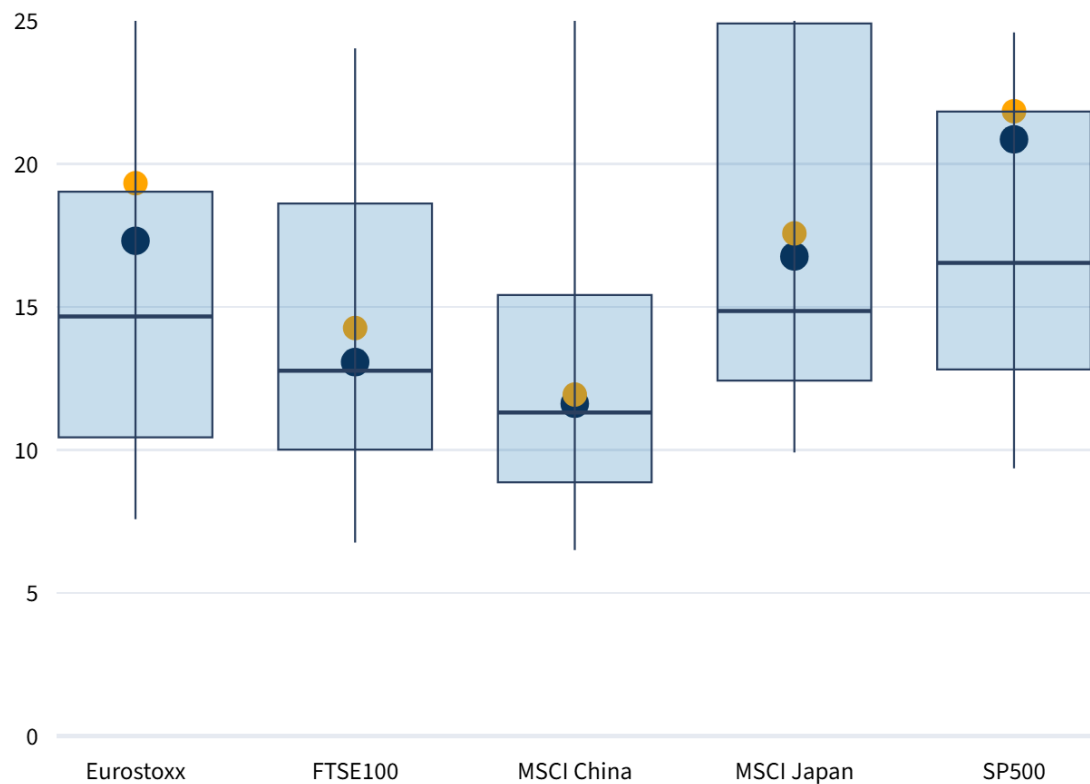
Equities – Prefer US to the Rest of the World



Markets have recovered, earnings remain strong, but war downside remains

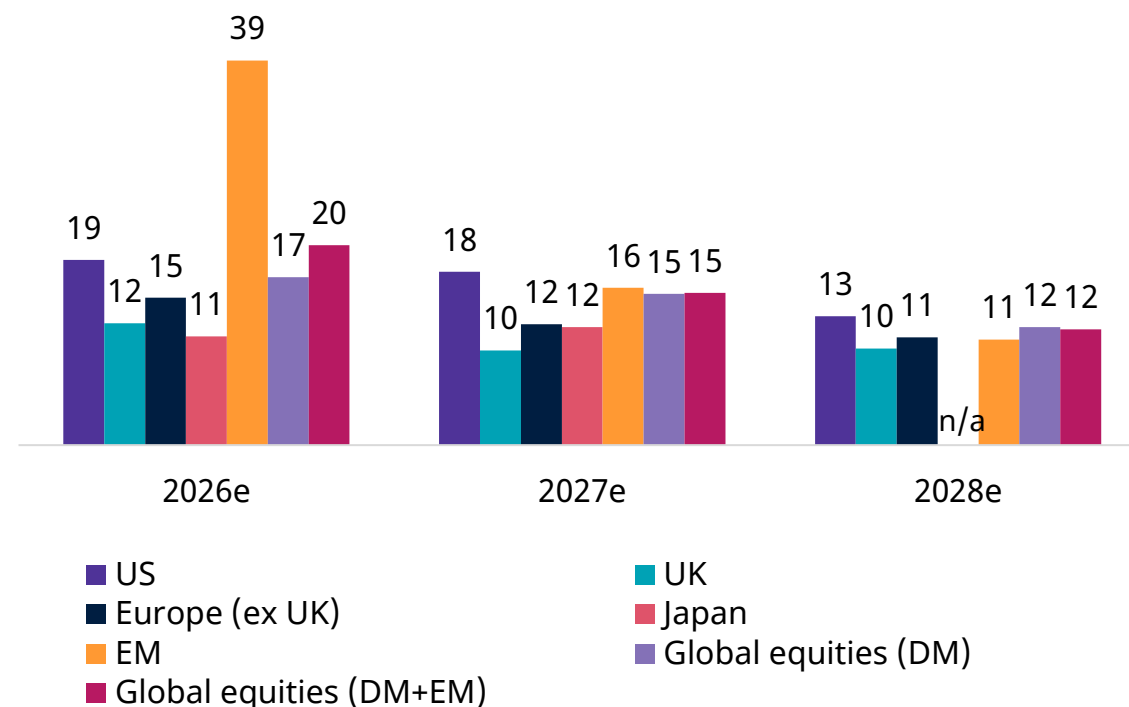
Equity markets have re-rated since the war started

12m forward P/E



Strong earnings growth expected despite stagflation fears

Consensus EPS growth forecasts y/y %

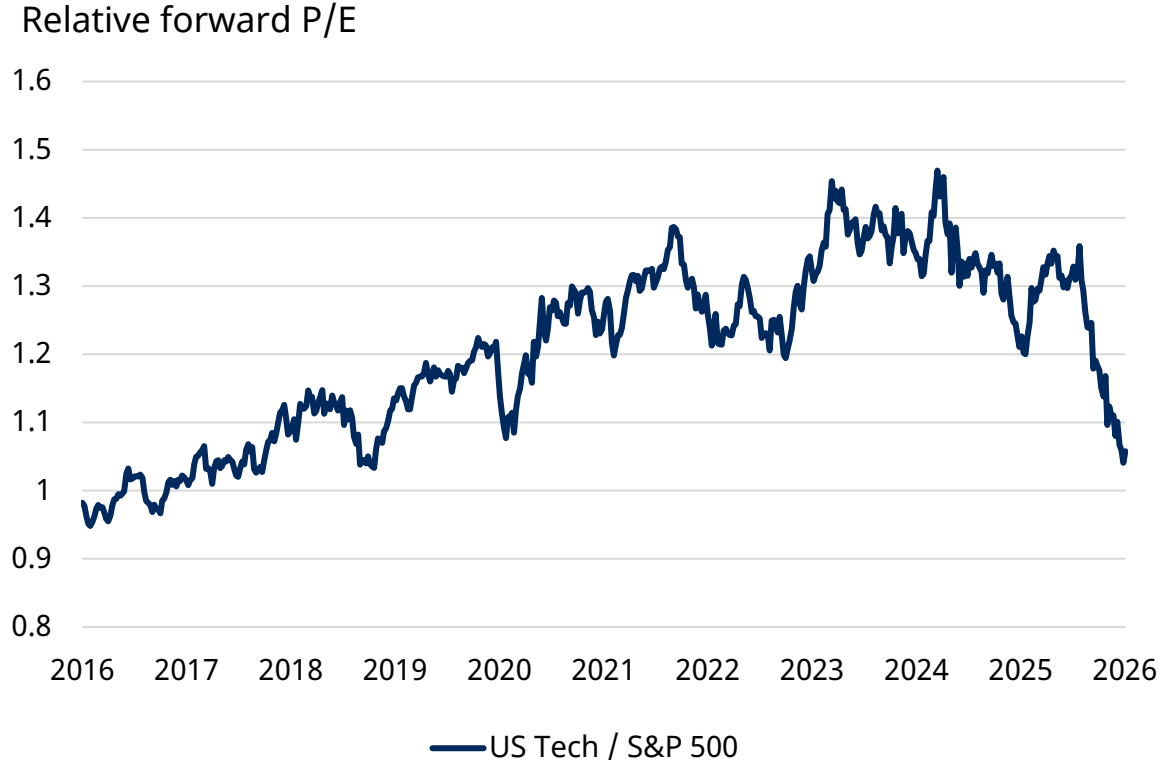


Source: Schroders, Refinitiv Datastream, Macrobond, 17 April 2026. (LHS) Data from January 2000, box top/bottom percentile range = 10%.

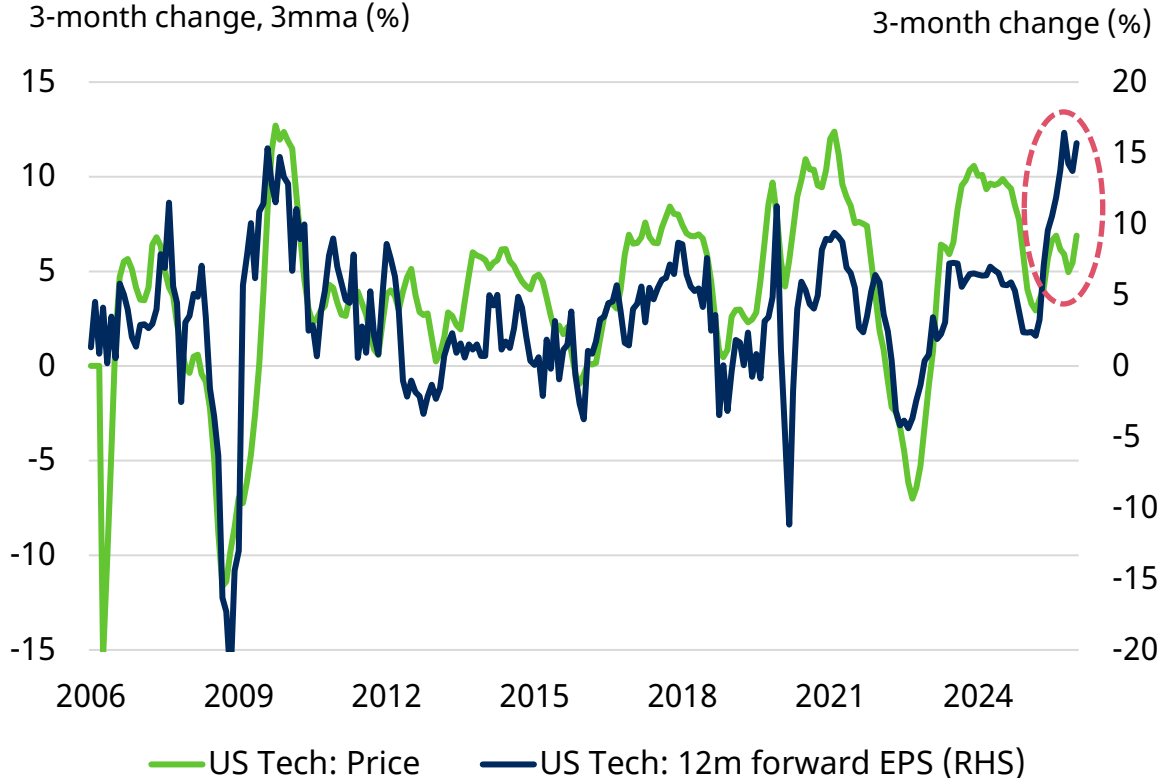
US Tech has cheapened since the Iran conflict

Sitting near bottom decile in relative valuation to the S&P 500 over the past 10 years

Valuations have reset after recent sell-off



Tech continues to be an earnings-driven market



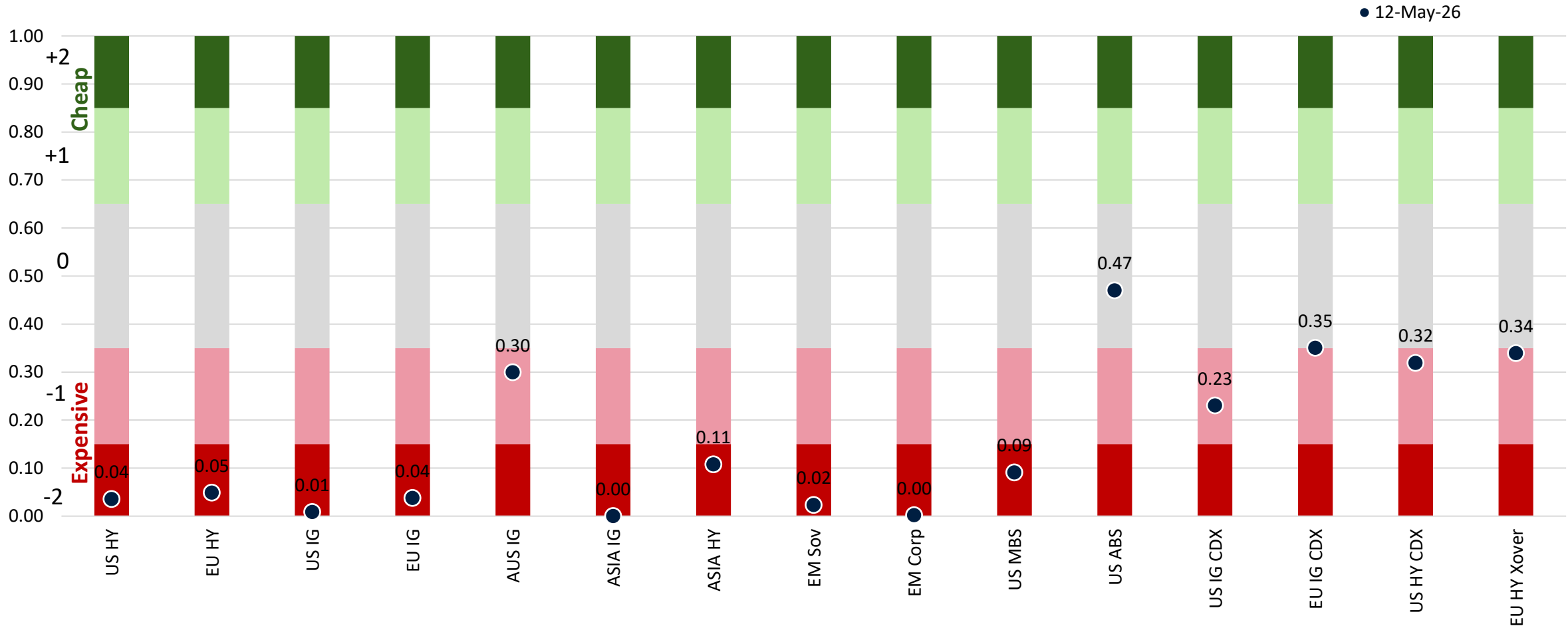
Source: Schroders, Refinitiv Datastream, 16 April 2026. Past performance is not a guide to future performance and may not be repeated. For illustrative purposes only.

Credit spreads remain tight outside of Australia

Other opportunities include Aus BBBs, US securitized and synthetic credit



Credit spread percentiles



Source: Schroders, Aladdin, ICE BofA as at 12 May 2026.

Australian credit

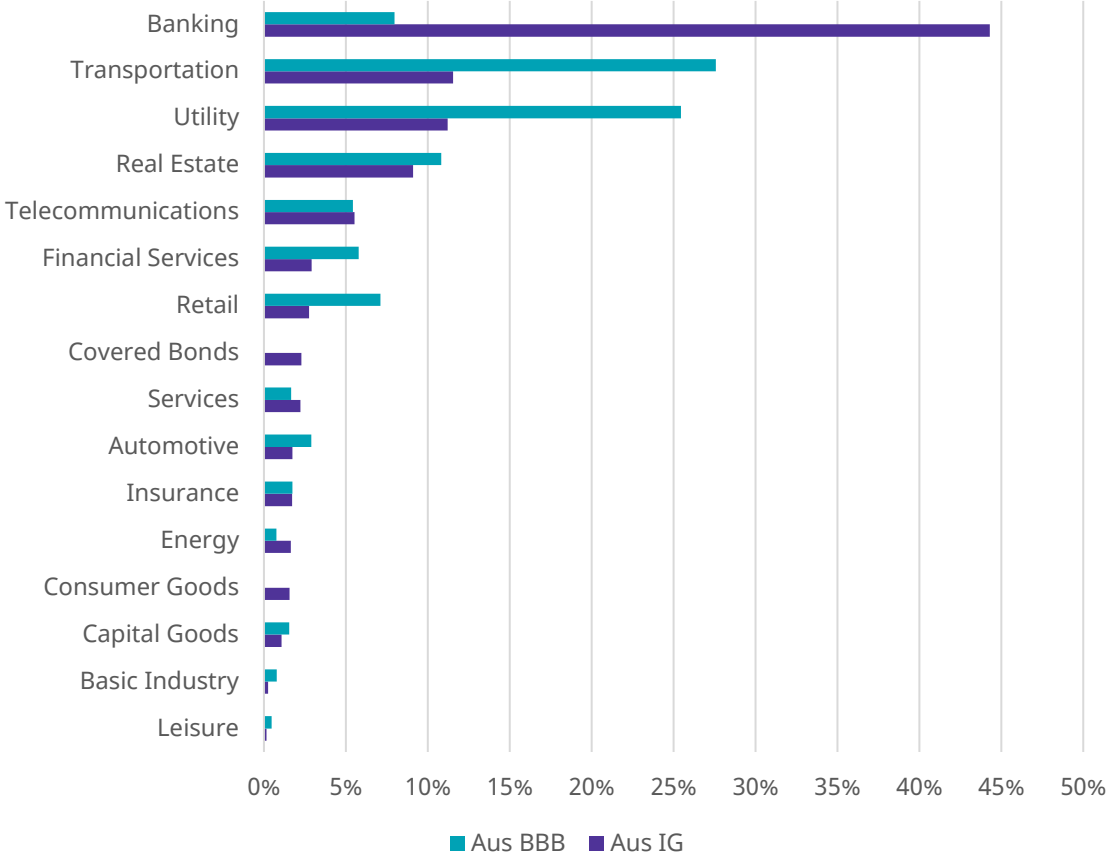
Subordinated bank paper & BBB corporates – sweet spot for attractive yields

Investment grade credit index level spreads (bps)



Aus BBBs provide exposure to infrastructure & utilities

Sector exposure (%)



Source: Schroders, Bloomberg, 30 April 2026

Started buying back Gold after the recent fall

Reserve diversification and investor demand keep gold shining



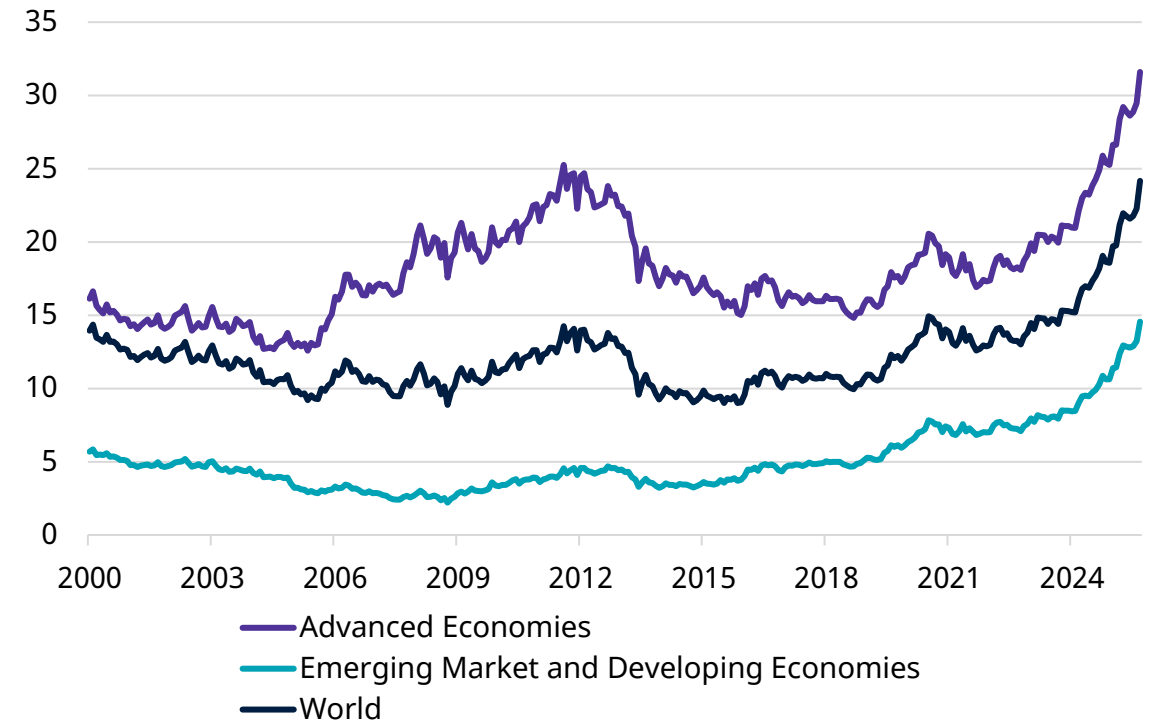
Commodities

Greater breadth of demand from central banks



EM central banks still have scope to increase gold reserves

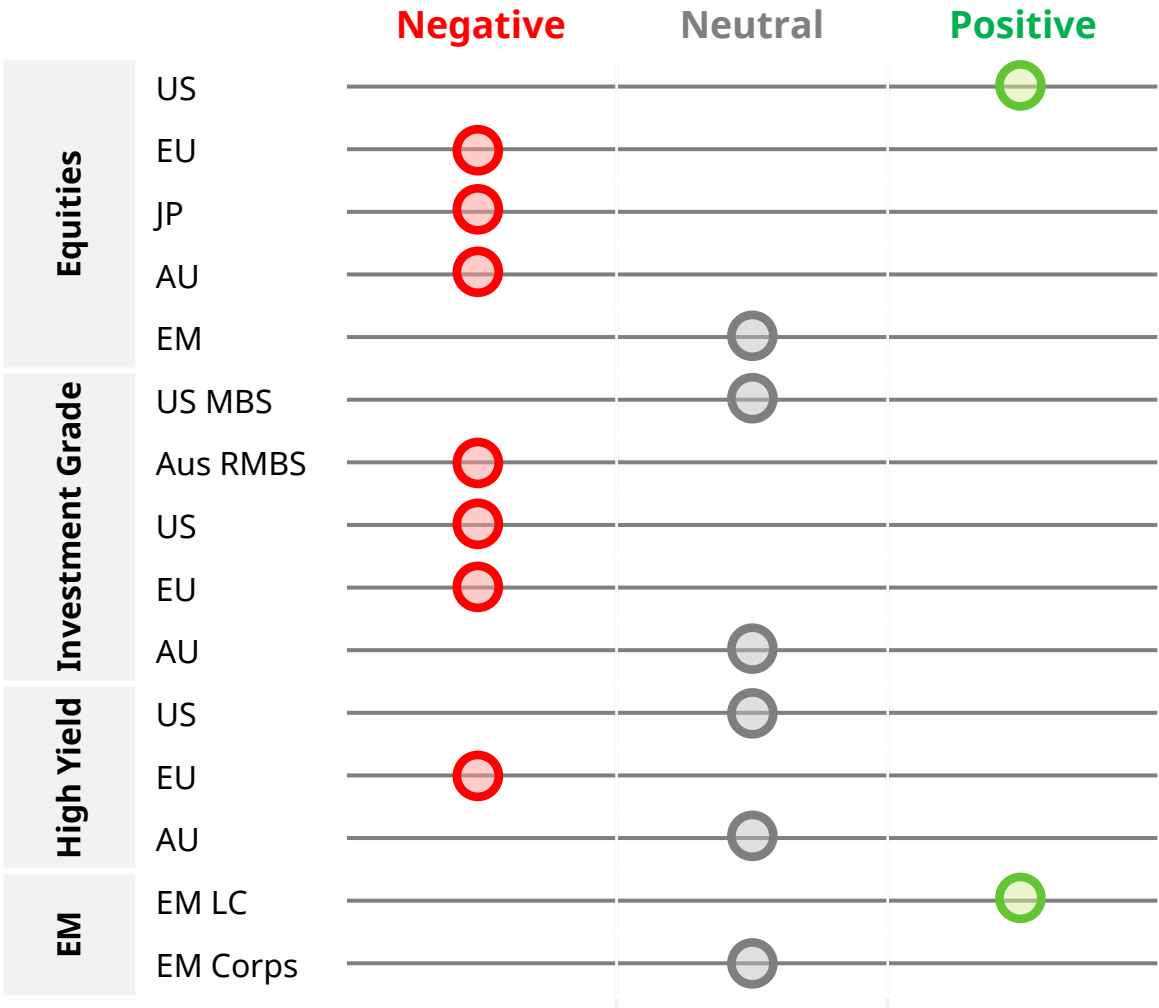
Gold as a share of total foreign reserves (%)



Source: Schroders, World Gold Council, Refinitiv Datastream, 11 March 2026. RHS World Gold Council as of Q3 2025. Past performance is not a guide to future performance and may not be repeated. The forecasts included should not be relied upon, are not guaranteed and are provided only as at the date of issue. For illustrative purposes only.

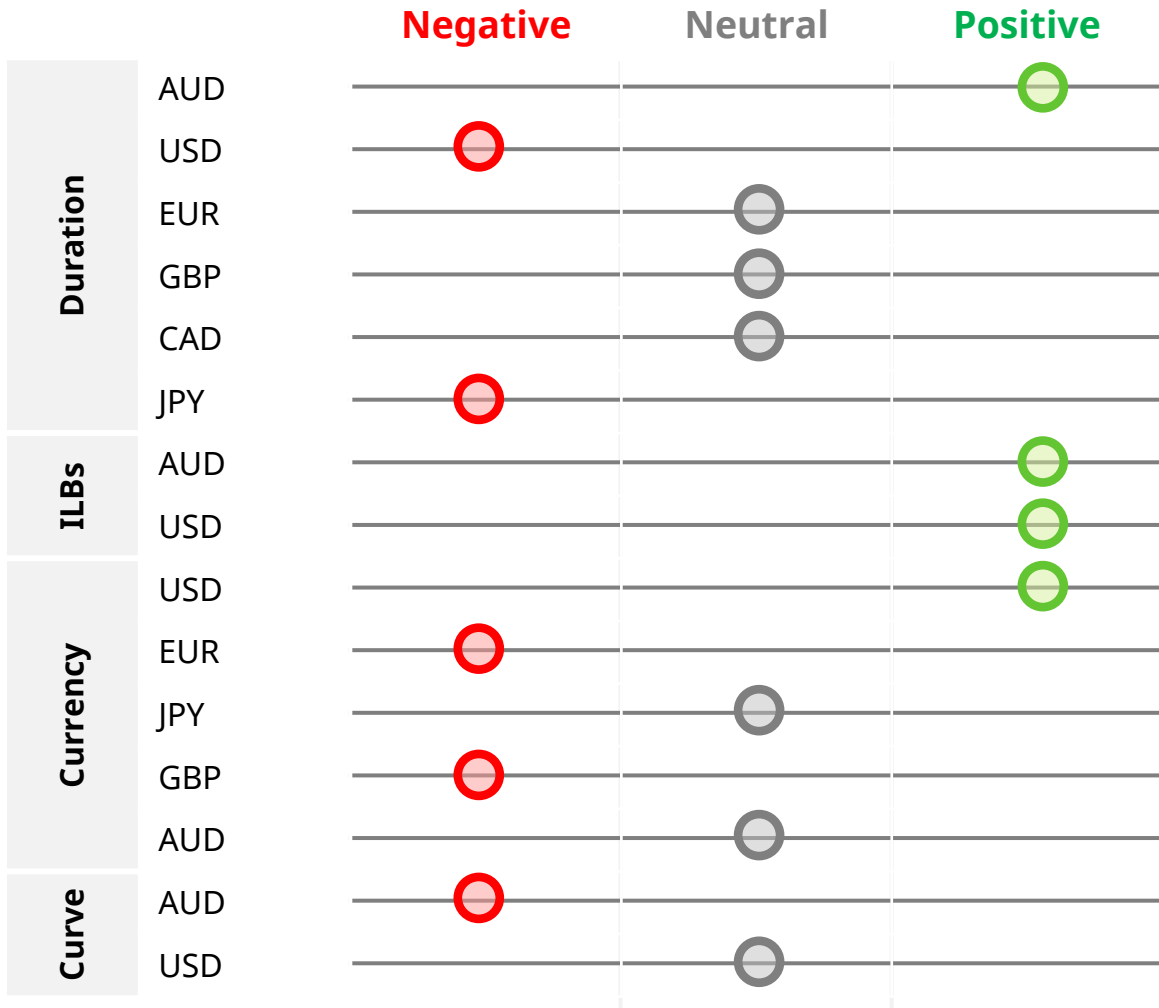
Schroder Real Return Active ETF (ASX: GROW)

Asset Allocation Scorecard



Source: Schroders, 13 May 2026.

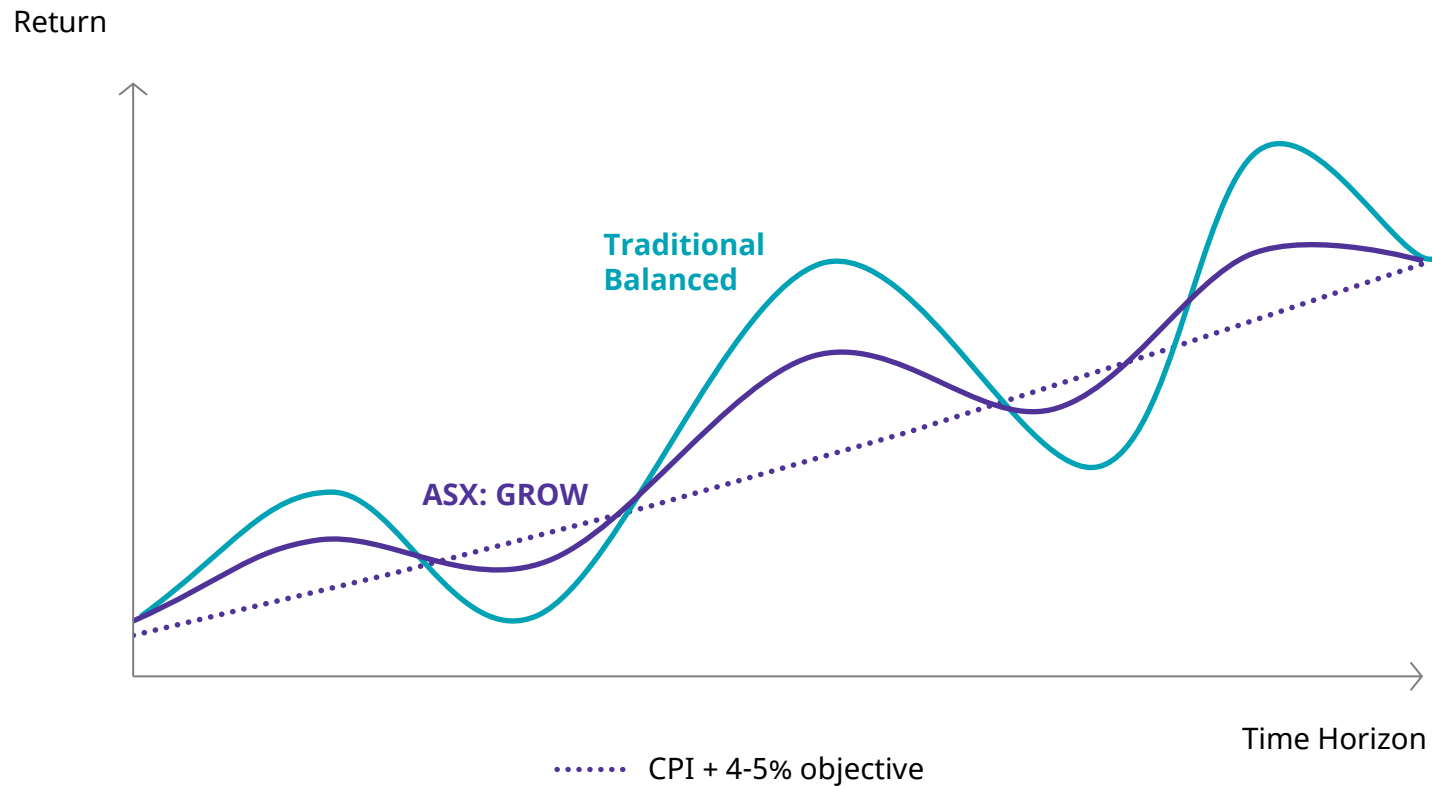
Rates & FX Scorecard



Negative curve score = steeper

Schroder Real Return Active ETF (ASX: GROW)

Delivering a smoother path of returns



Source: Schroders.

Key principles

Highly flexible

Genuine diversification

Stable returns

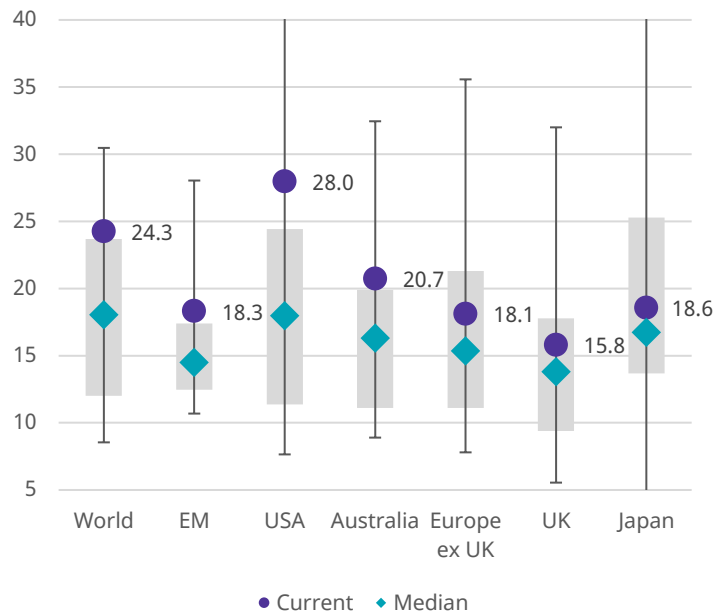
Best of top-down and
bottom-up

Asset allocation using our “VCL” framework

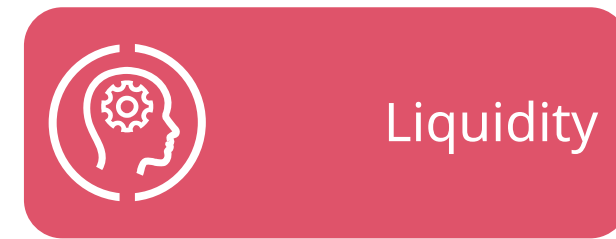
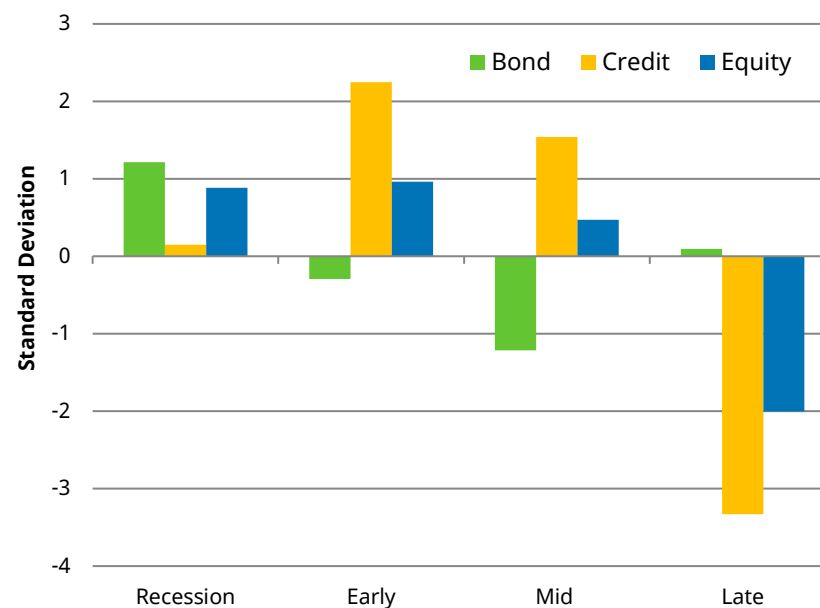
Taking a 3-year outlook and bringing it in closer to a 6–12-month view



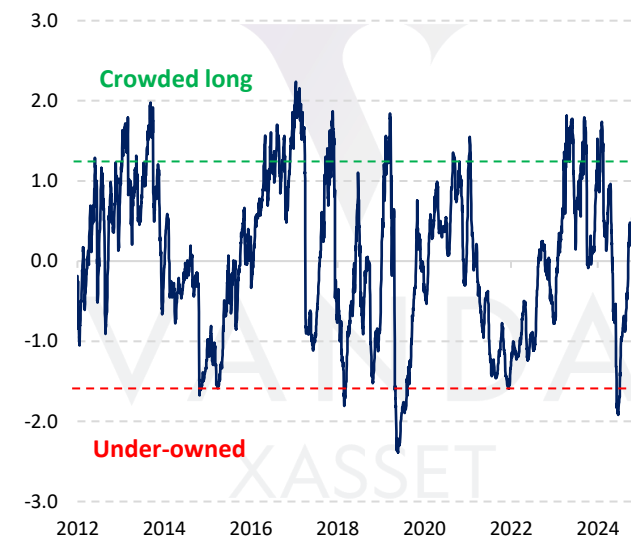
P/E Ratios vs History



Cycle and Asset Class Performance



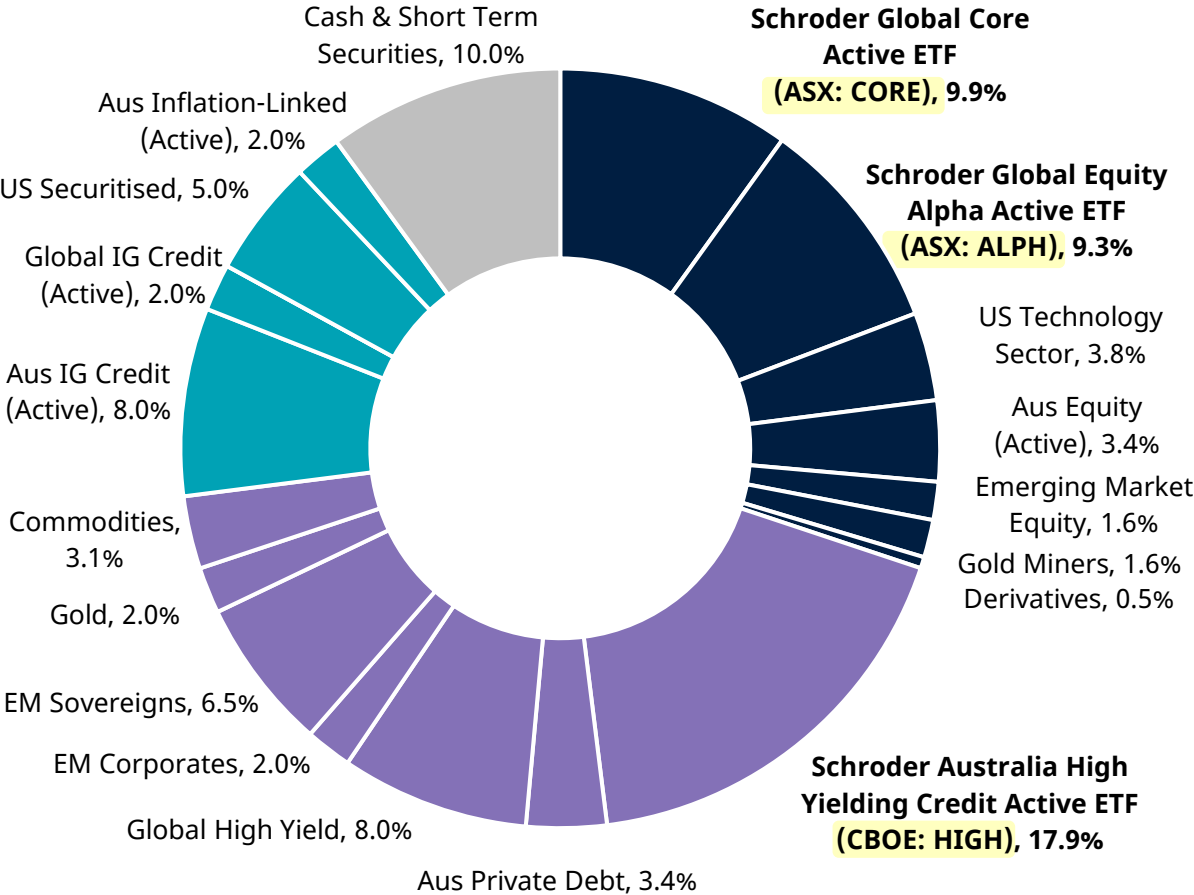
Investors' positioning in US equities (z-score)



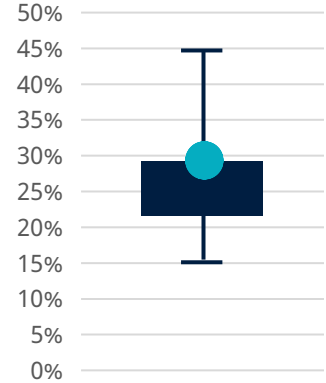
Source: Schroders, as at December 2025. Past performance is not a guide to future performance and may not be repeated. Forward looking projections are not a guarantee of future performance. Any references to securities, sectors, regions and/or countries are for illustrative purposes only.

Schroder Real Return Active ETF (ASX: GROW)

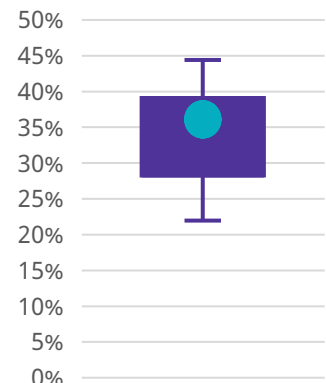
Genuine Diversification – Current asset allocation and portfolio characteristics



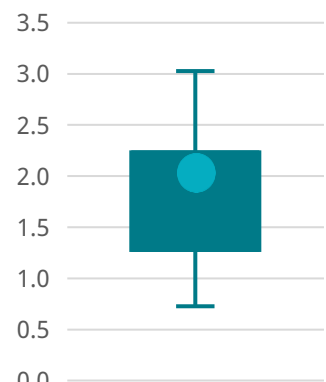
Equity Allocation



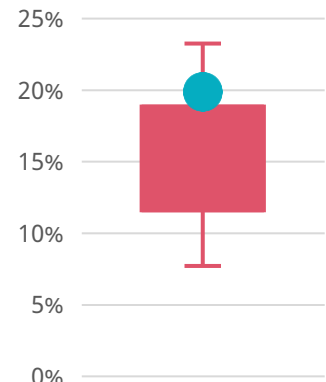
Credit Allocation



Duration (years)



Foreign Currency

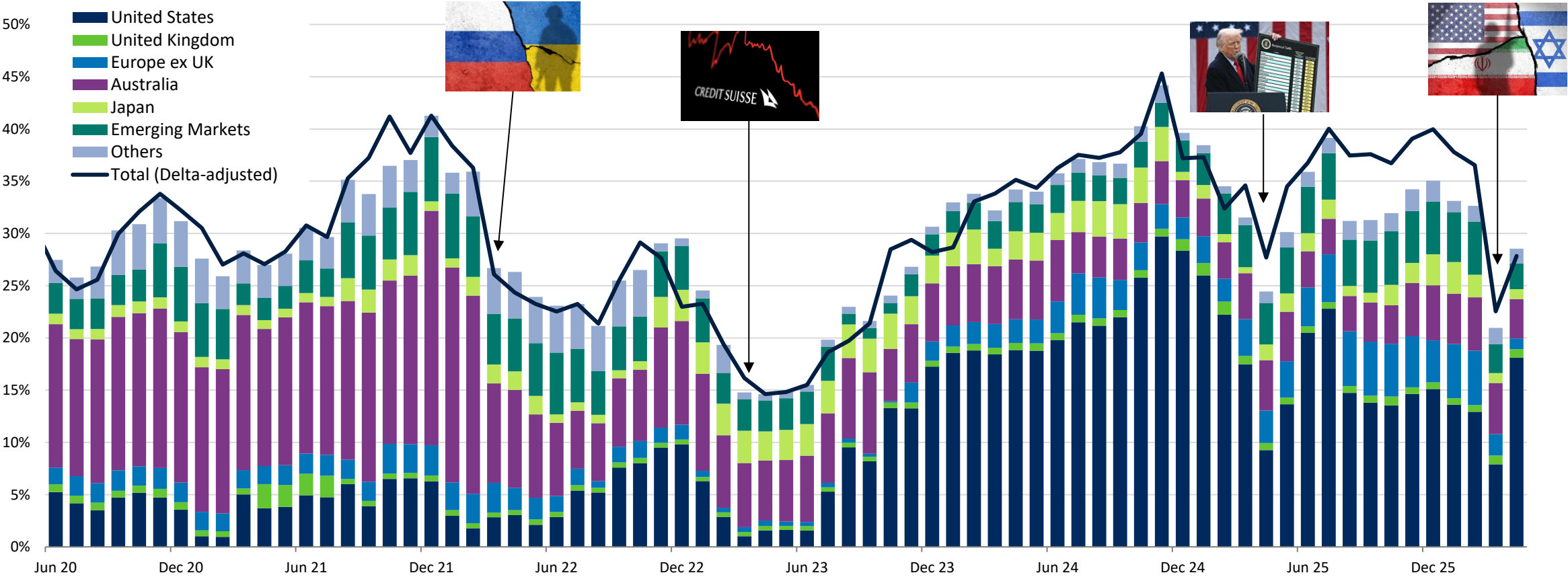


Source: Schroders/Aladdin, as at 12 May 2026. For illustrative purposes only, subject to change and should not be viewed as a recommendation to buy or sell. *Delta-adjusted active weights.

GROW – The benefits of being active

Not afraid to move our risk allocations around as the market environment changes

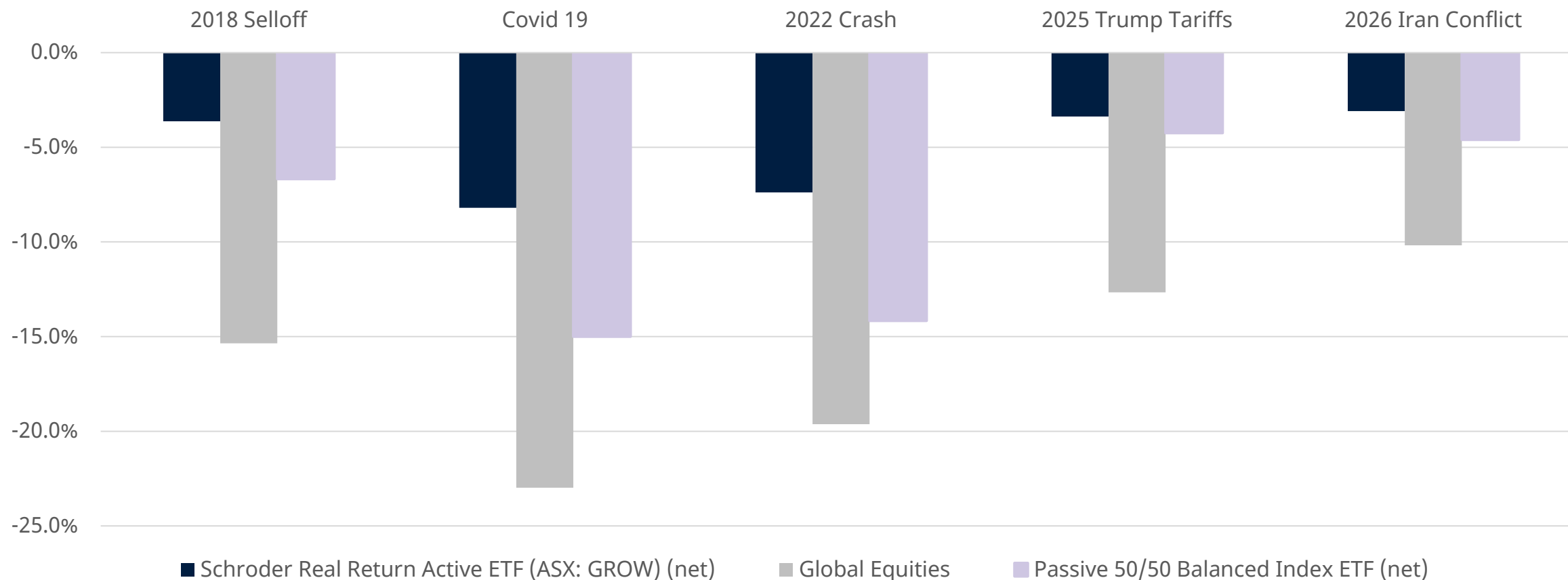
Historical equity exposure



Source: Schroders, Aladdin, updated to 30 April 2026. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Schroder Real Return Active ETF (ASX: GROW)

Targeting stable returns – Managing drawdown across different market events is key

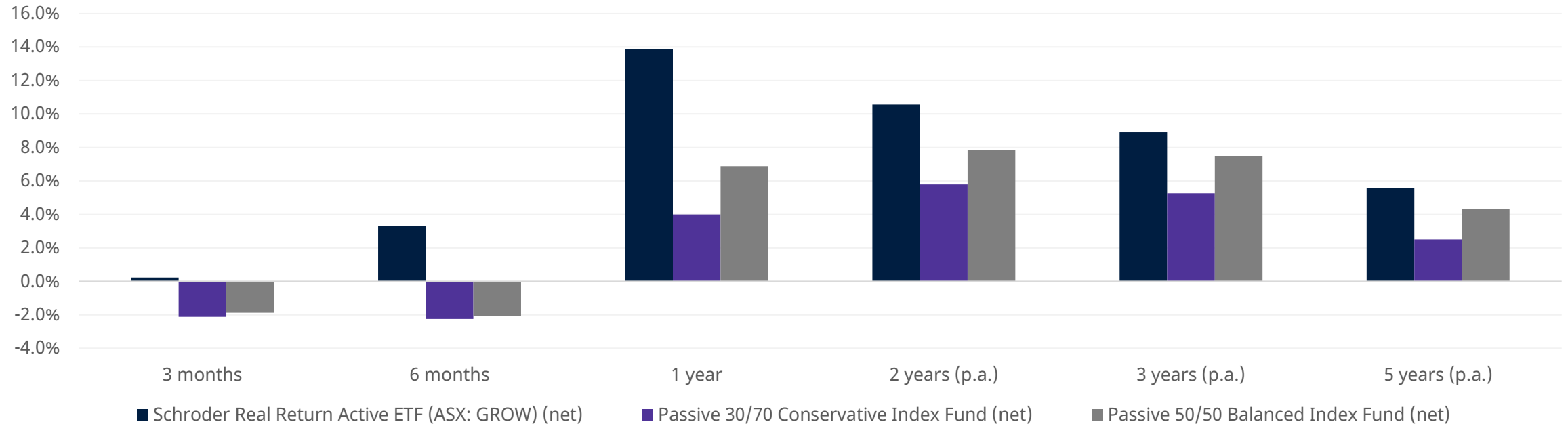


Source: Schroders, Morningstar, Eikon. Based on daily returns from December 2017 to 30 April 2026. Global equities represented by the MSCI AC World ex Australia NR Index AUD. Passive 50/50 Balanced Index ETF is based on Vanguard Diversified Balanced ETF (net of fees). The drawdown is based on the date when equity markets had the maximum drawdown. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Past performance is not a reliable indicator of future performance.

Schroder Real Return Active ETF (ASX: GROW)

GROW performance vs. passive diversified funds

Return % AUD	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	5 years (p.a.)	5yr volatility	Max Drawdown
Schroder Real Return Active ETF (ASX: GROW) (net)	0.23	3.29	13.88	10.56	8.91	5.56	4.14	-7.05
Passive 30/70 Conservative Index Fund (net)	-2.12	-2.24	3.99	5.79	5.27	2.50	5.81	-12.91
Passive 50/50 Balanced Index Fund (net)	-1.87	-2.08	6.88	7.83	7.47	4.31	7.31	-14.08



Source: Schroders, Lonsec, as at 30 April 2026, based on returns of Schroder Real Return Active ETF (ASX:GROW). Passive 30/70 Conservative Index Fund and Passive 50/50 Balanced Index Fund are based on Vanguard Conservative Index Fund (net of fees) and Vanguard Balanced Index Fund (net of fees) respectively. Maximum drawdown is based on data for the last ten years. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. Past performance is not a reliable indicator of future performance.

Schroders Active ETFs

Global Equity and Multi-Asset offerings available on [the ASX](#)



Schroder Real Return
Active ETF

Active Multi-Asset portfolio with downside protection. Targeting returns above the inflation rate, all the way through the cycle.

Objective: Aus CPI + 4-5% p.a.
Mngt fee 0.60% p.a.
Monthly distributions 4.5% p.a.



Schroder Global Equity Alpha
Active ETF

Concentrated 'best ideas' active global equity portfolio, designed to outperform through the cycle, with index levels of risk.

Objective: MSCI AC World + 3% p.a.
Mngt fee 0.65% p.a.



Schroder Global Core Active
ETF

Diversified enhanced index global equity fund, combining lower-cost benefits of index investing with outperformance potential.

Objective: MSCI World + 1% p.a.
Mngt fee 0.25% p.a.

Markets are dynamic. Is your portfolio?
*Get the edge with Schroders' Active
ETFs.*

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