



Schroders Equity Lens

Strategic Research Unit

November 2024

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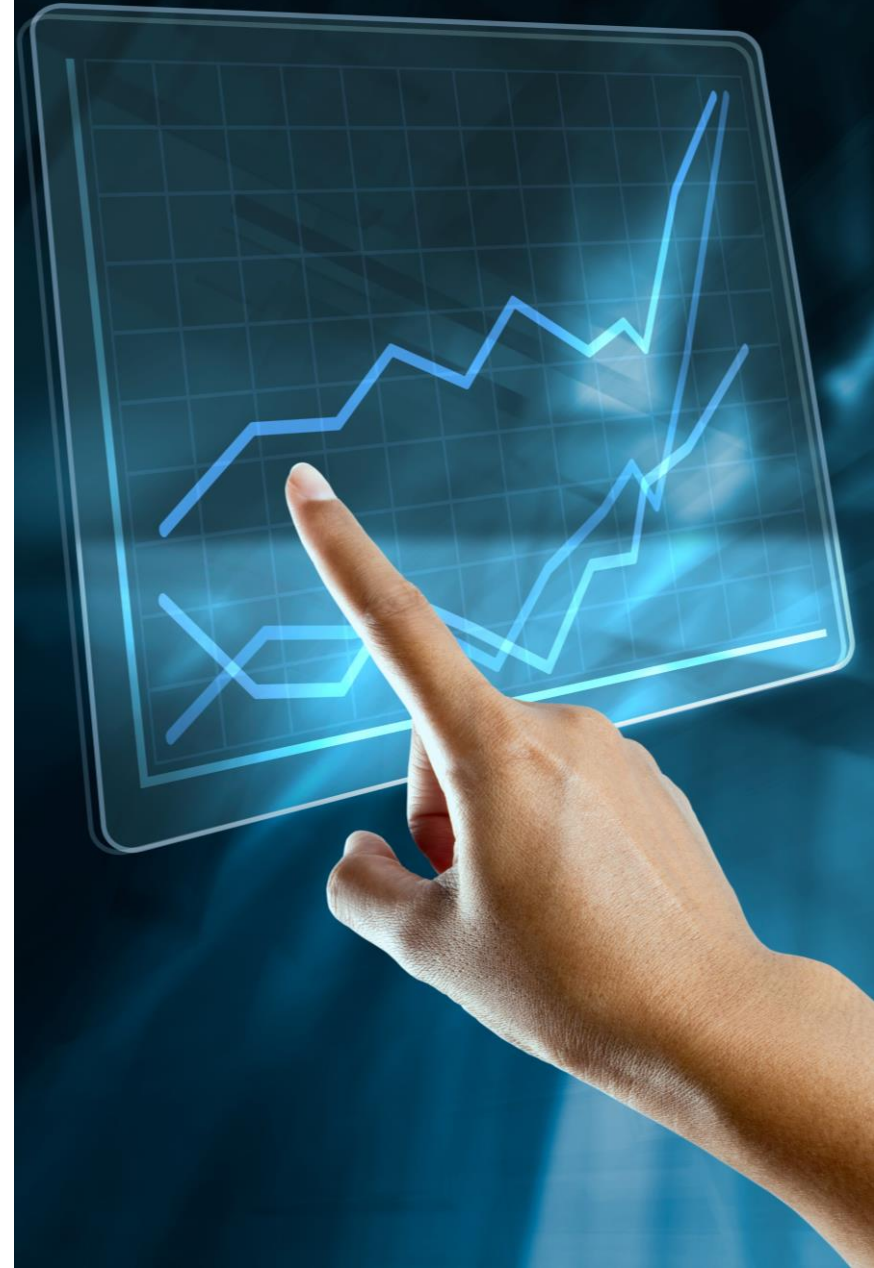
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Summary

- US equities have soared on the back of Trump's victory and are up 27% YTD. In contrast, Europe ex UK equities are up 5% YTD in USD terms (slides 5-6).
- Performance has broadened out with many sectors performing well (slide 7).
- US small caps are now beating large caps (slide 8). Smaller companies are:
 - cheaper in valuation terms, within the US and internationally (slides 30-31),
 - more domestically focussed than large caps, so stand to benefit from Trump's domestic priority (slide 9)
 - have more floating rate debt, the cost of which falls as the Fed cuts rates
- Small caps have also particularly enjoyed the current 1-3% inflation environment in the past. This range of outcomes has been wide, however, and much wider than large caps (slides 13-16). Small caps are riskier.
- The narrative that the Magnificent-7* are the sole driver of stock market returns has passed its use-by date. But, if you track the global market, you get a lot of exposure to them, less to the wider opportunities (slides 10-11).

Other than the intro slides, which capture the post-US-election market moves to 8 November, all other slides are as at 31 October, unless clearly stated otherwise.

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

* The Magnificent-7 is the name given to Nvidia, Meta Platforms, Amazon, Apple, Alphabet, Microsoft, Tesla. Please see relevant disclaimers on slide 47



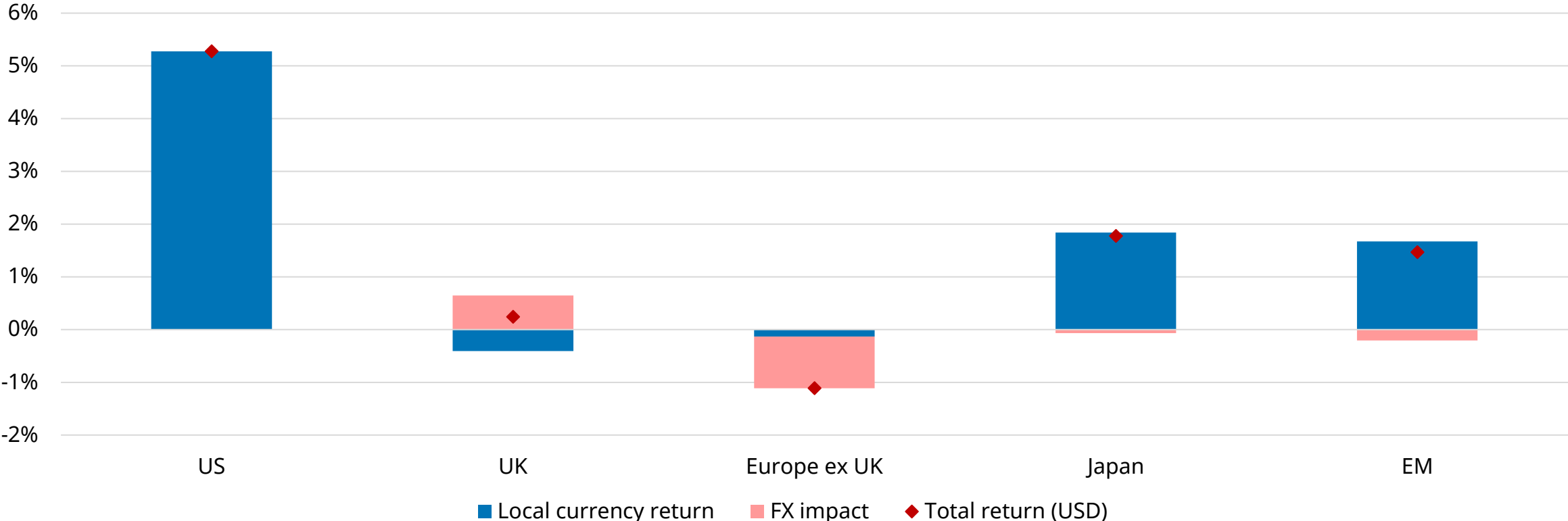


Global equities

Charts of the month

The Trump-effect: US equities have surged further ahead since month-end

Decomposition of drivers of returns since month-end to 8 November, USD terms



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders. Data 31 October-8 November 2024. Please see relevant disclaimers on slide 47

Following the post-election surge, US equities have a commanding lead over the rest of the world in 2024

Total \$ return, 2024 YTD to 8 November 2024, %

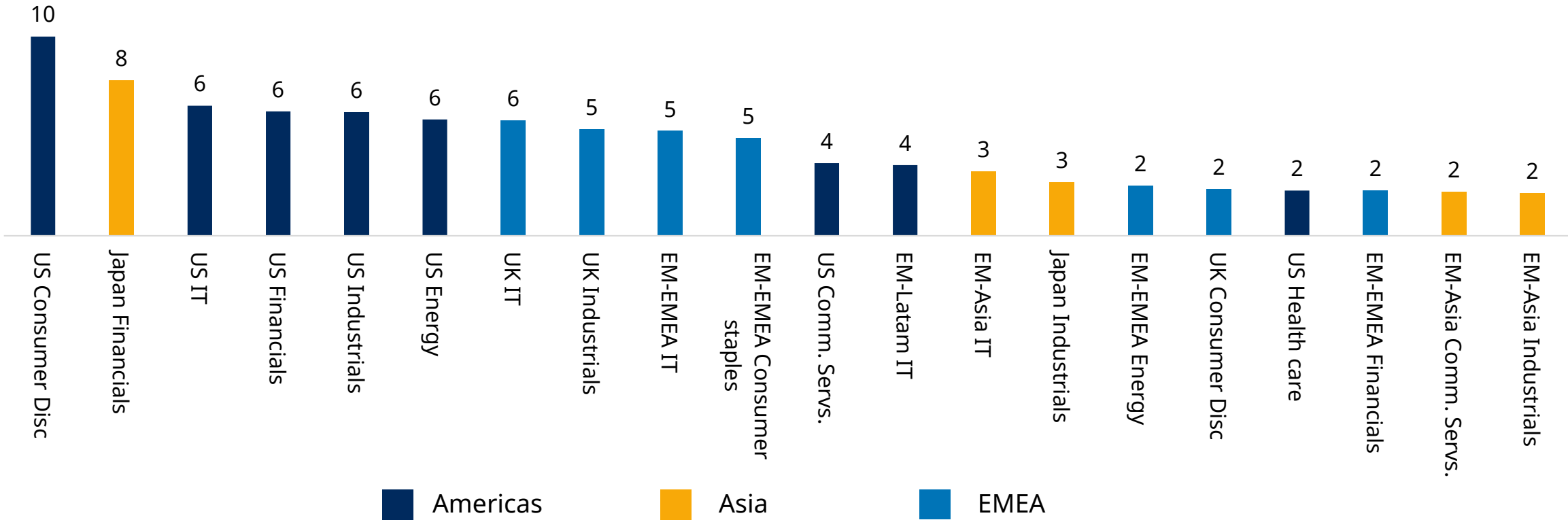
1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
EM 60	EM 11	EM 75	JAP 22	US 38	UK 27	US 34	EUR 34	EM 66	EUR -7	EM -2	EM -6	EM 56	EM 26	EM 35	EUR 36	EM 40	JAP -29	EM 79	EM 19	US 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 27
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	EM 14
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	JAP 10
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 9
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 5

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

Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 8 November 2024 in US dollars. Please see relevant disclaimers on slide 47
Europe = Europe ex UK.

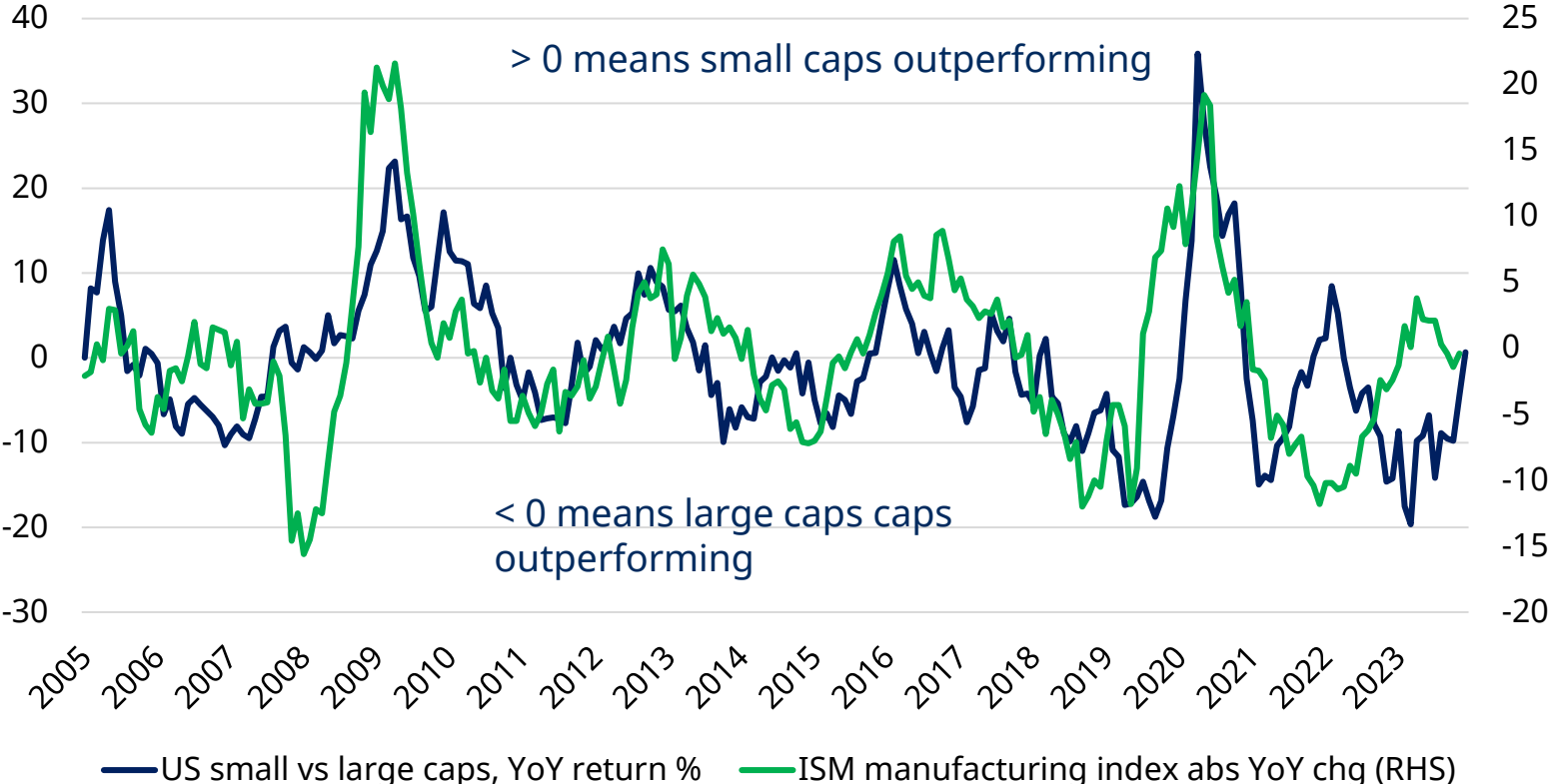
The Trump-effect: strong performance across several US sectors since month-end

Top 20 performing sectors across US, Europe ex UK, UK, Japan, EM Asia, EM Latam, EM EMEA: MTD total return in USD terms, %



Past performance is not a guide to future performance and may not be repeated.
 EMEA = Europe, Middle-East and Africa., Latam = Latin America. Consumer disc – consumer discretionary, Comm. Servs. = communication services. Note: even before the recent bounce in EM Asian stocks, the top performing sectors were dominated by non-US sectors. As at 31 October, the top three performing sectors were Japanese financials, UK health care, and Japanese energy. Source: LSEG Datastream, MSCI and Schroders. Data 31 October-8 November 2024 in US dollars. Please see relevant disclaimers on slide 47

The Trump effect: US small caps have bounced and 12-month returns now exceed large caps (just)



Smaller companies are:

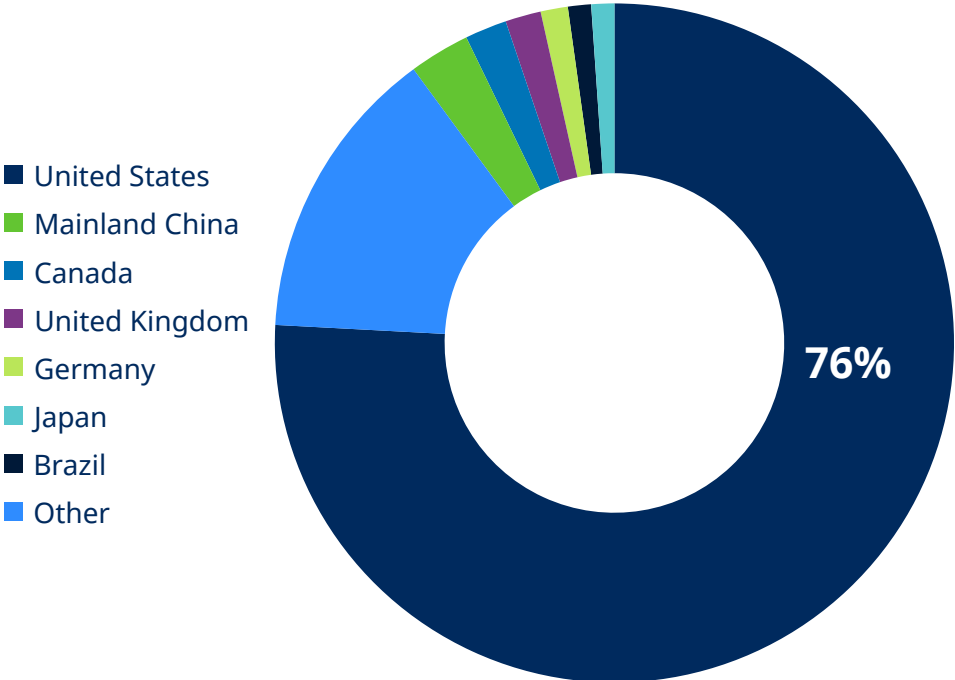
- cheaper in valuation terms
- more domestically focussed vs international large caps
- have more floating rate debt, the cost of which falls as the fed cuts rates

Past performance is not a guide to future performance and may not be repeated.
 Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 8 November 2024. Please see relevant disclaimers on slide 47

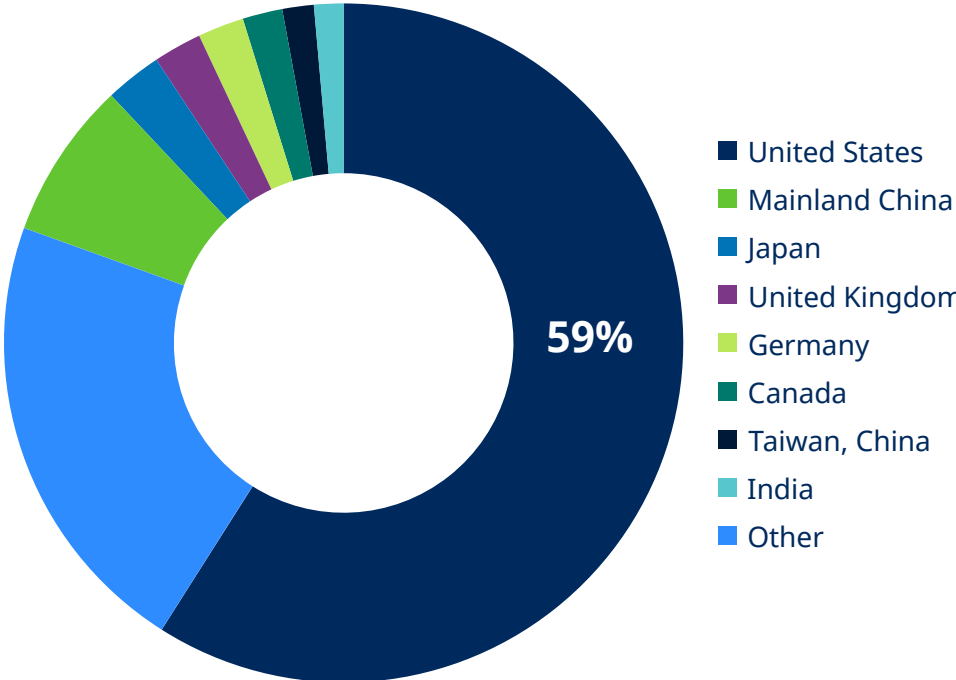
Small and mid caps are positioned to benefit from Trump's focus on domestic growth

Exposure of geographic revenues

Russell 2500



S&P 500



Source: FactSet as of 30 September 2024. Please see relevant disclaimers on slide 47

The Trump-effect: Tesla has soared recently but YTD many global companies have outperformed the Magnificent-7

Magnificent-7 vs MSCI ACWI peers, total returns in USD terms

Company	MTD return %	YTD return %	YTD MSCI ACWI ranking	% of companies that outperformed Mag-7 member YTD
Nvidia	11	198	12	<1
Meta	4	67	141	5
Amazon	12	37	483	18
Tesla	29	29	697	26
Alphabet	4	28	745	28
Apple	1	18	1,096	41
Microsoft	4	13	1,275	47
MSCI ACWI	5	27		

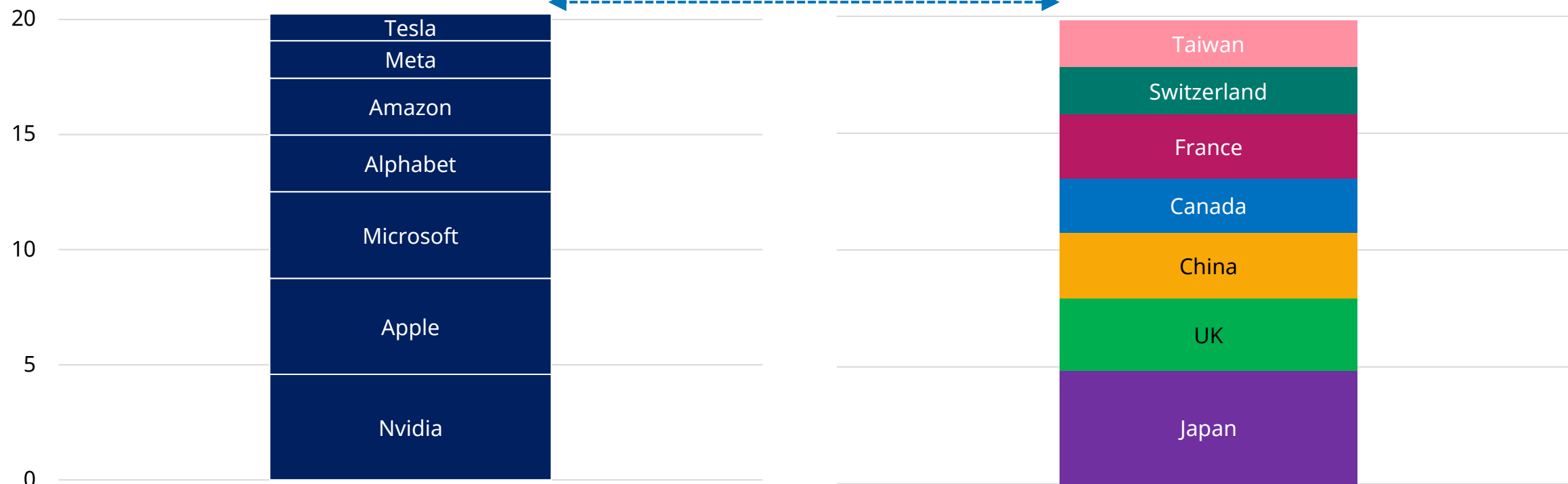
Past performance is not a guide to future performance and may not be repeated.

Source: LSEG Datastream, MSCI and Schroders. Data to 8 November 2024 in US dollars. Please see relevant disclaimers on slide 47

But, if you track the global market, you get a lot of exposure to seven past US winners and less to the wider opportunities

Weight in MSCI ACWI, %

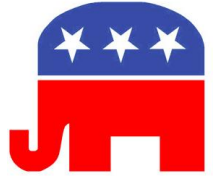
Seven stocks ~ seven next biggest markets



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 8 November 2024. Source: LSEG Datastream, Schroders. Please see relevant disclaimers on slide 47

What are Trump's policy proposals?

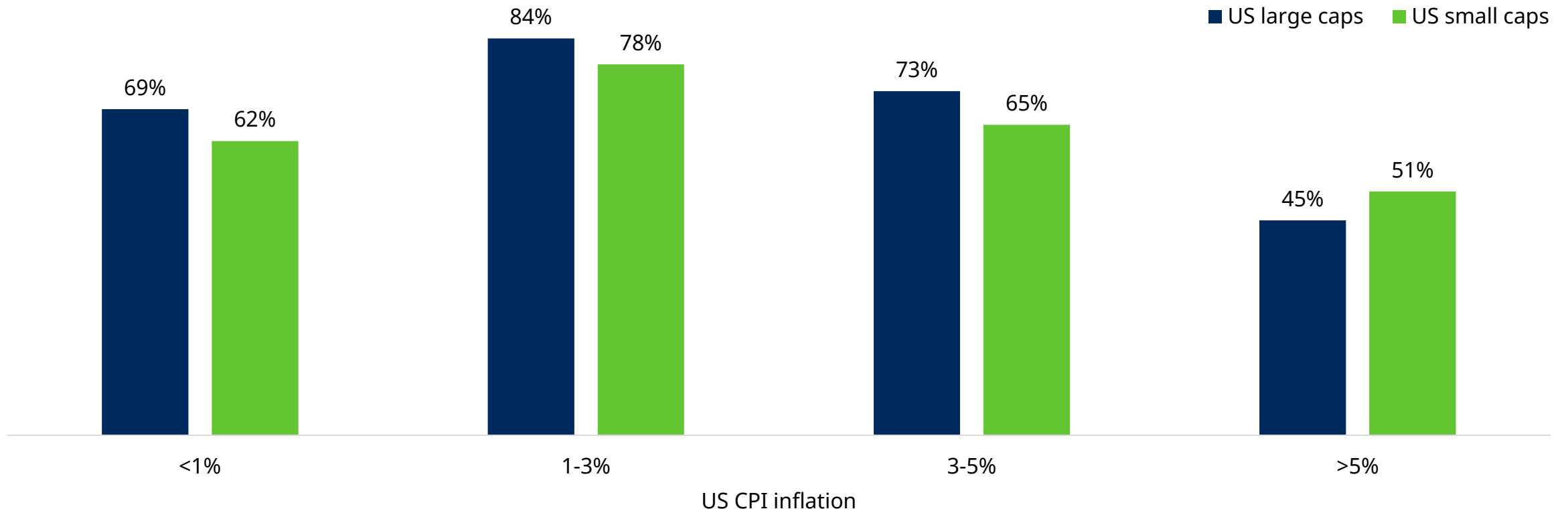


Republican proposals

Taxes	Make the tax cuts permanent. Also, propose replacing personal income taxes with increased tariffs.
Trade	Impose a universal baseline tariff on all US imports. Impose a 60% tariff on US imports from China
Immigration	Much stricter immigration measures and efforts to deport asylum seekers to other countries.
Energy	Greater domestic production of oil and gas and less investment in clean energy.
Defense	More self reliance and pressure on allies to bolster defense spending.
Monetary policy	More interventionist approach to Fed policy.
Regulation	Less regulation of energy and financial services but increased regulation of Big Tech.

Headline US inflation has fallen below 3%, the historical sweet spot for equities

% of rolling 12-month periods when equities have outperformed inflation, 1926-2023

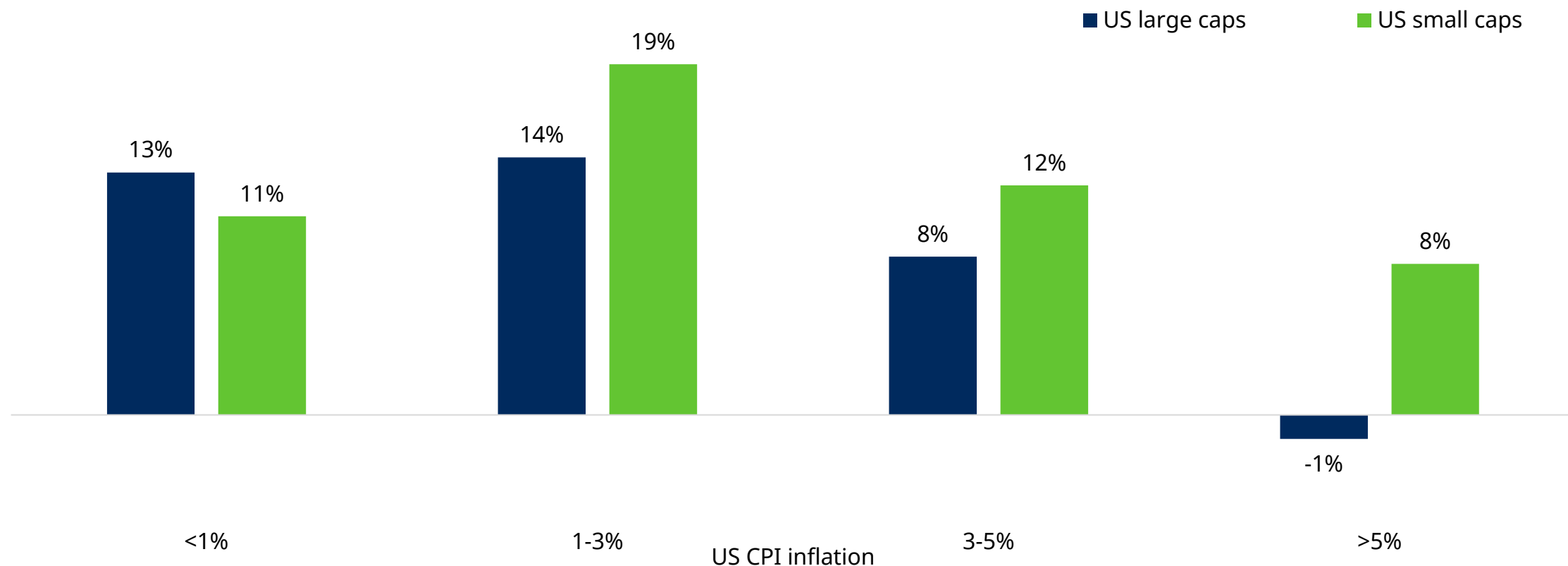


Past performance is not a guide to future performance and may not be repeated.

Data to end 2023. Source: CFA Institute Stocks, Bonds, Bills, and Inflation (SBBI®) database, and Schroders. Please see relevant disclaimers on slide 47

Average small cap returns have been particularly strong when inflation has been 1-3%

Average 12-month return in excess of inflation, 1926-2023

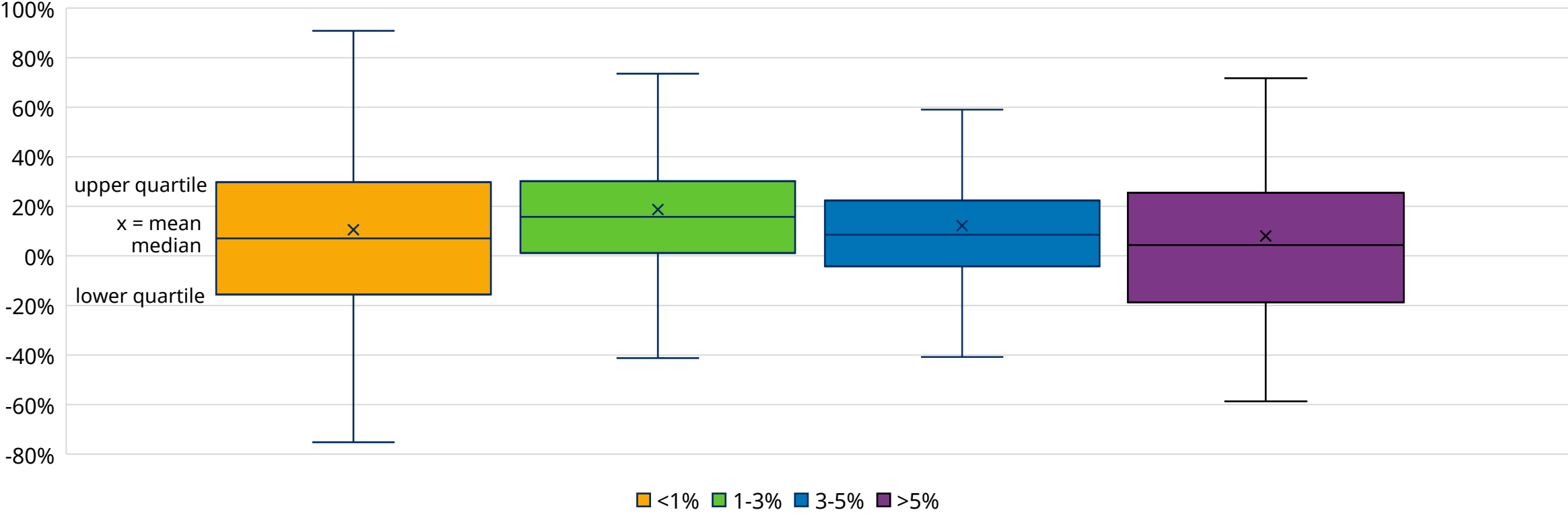


Past performance is not a guide to future performance and may not be repeated.

Data to end 2023. Based on rolling 12-month periods. Source: CFA Institute Stocks, Bonds, Bills, and Inflation (SBBI®) database, and Schroders. Please see relevant disclaimers on slide 47

Lower quartile, median, mean, and upper quartile small cap performance have all been best in 1-3% environment – but the range is wide

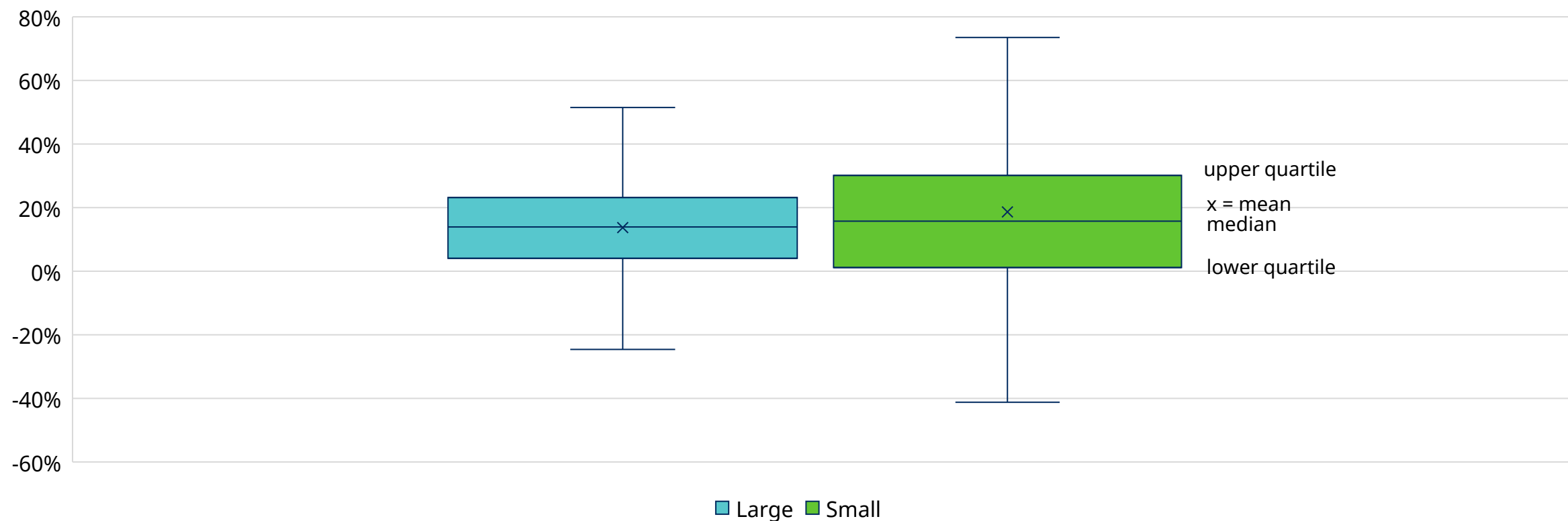
12-month small cap returns in excess of inflation, in different inflation environments, 1926-2023



Past performance is not a guide to future performance and may not be repeated. Data to end 2023. Based on rolling 12-month periods. Source: CFA Institute Stocks, Bonds, Bills, and Inflation (SBBI®) database, and Schroders. Please see relevant disclaimers on slide 47

The range of outcomes for small cap much wider than large caps – small caps are higher risk

12-month small cap returns in excess of inflation, in different inflation environments, 1926-2023



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

Data to end 2023. Based on rolling 12-month periods. Source: CFA Institute Stocks, Bonds, Bills, and Inflation (SBBI®) database, and Schroders. Please see relevant disclaimers on slide 47

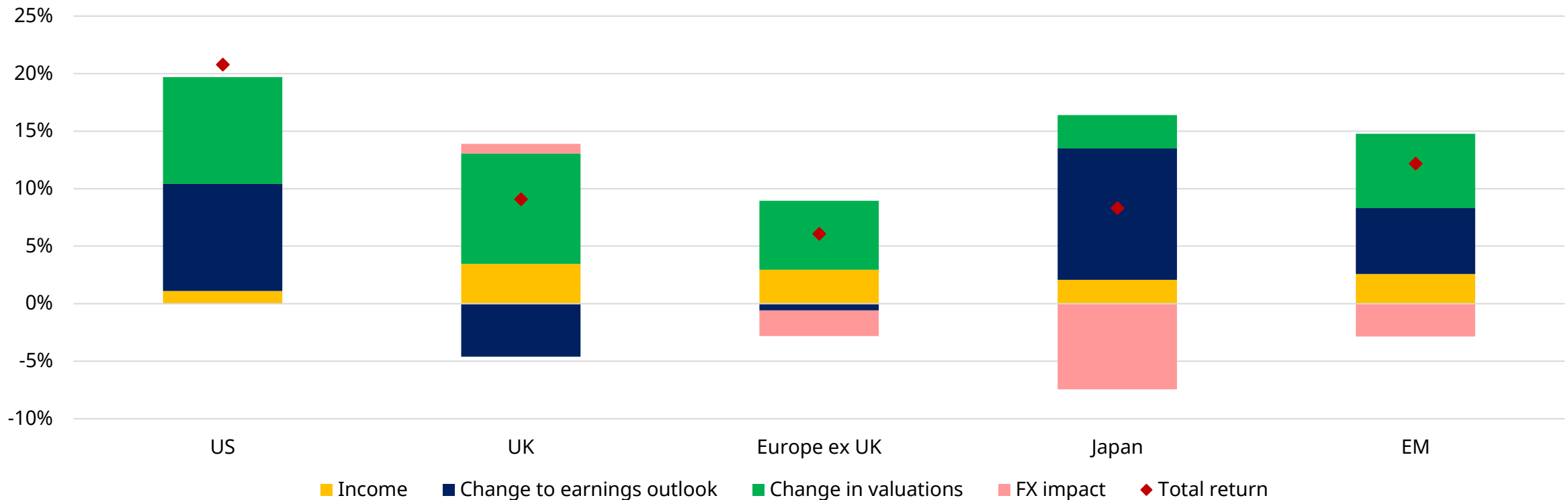


Global equities

Regional performance

Return drivers have varied substantially between markets this year

Decomposition of drivers of YTD returns, USD terms

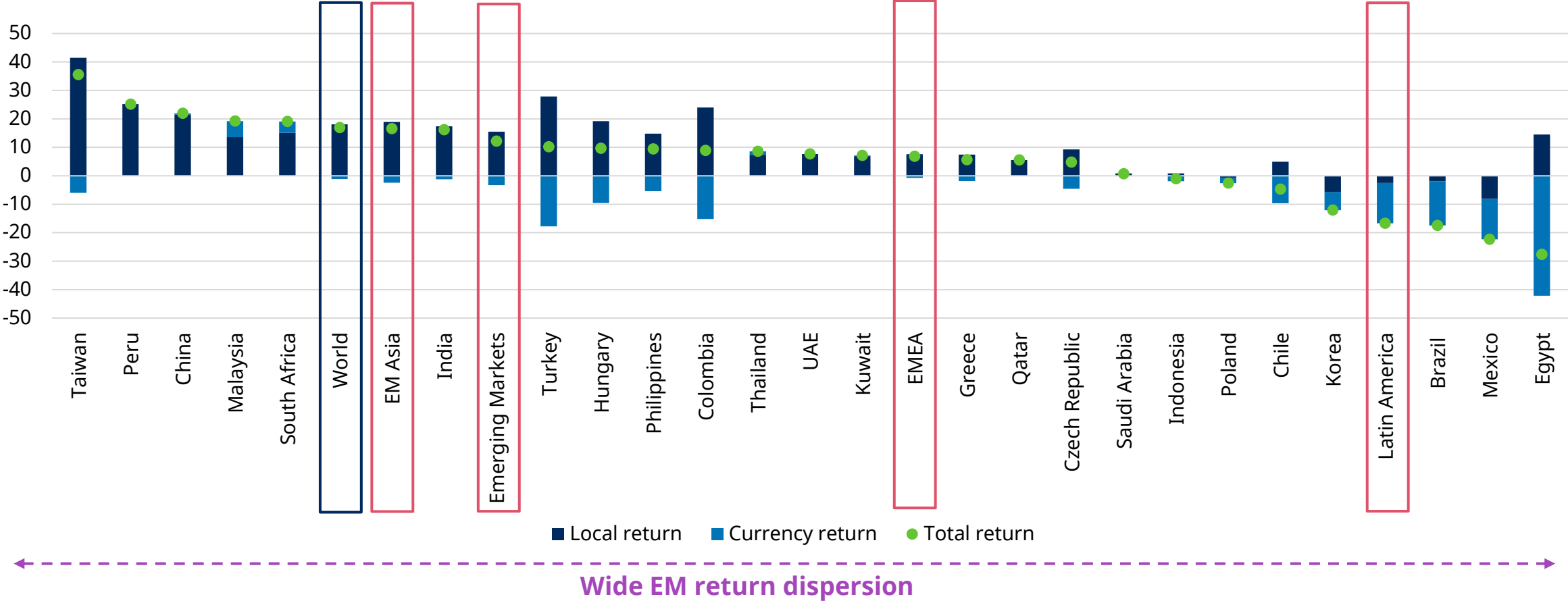


Past performance is not a guide to future performance and may not be repeated.

Figures do not sum exactly as the total return is the compound return of the individual components. Analysis is now based on change in 12-month forward earnings and change in 12-month forward price/earnings multiple. Previously this was shown based on trailing valuations and earnings. Markets are forward looking so earnings expectations ultimately matter more as a driver of returns than trailing earnings, which can also be prone to distortions. Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 31 October 2024 in US dollars. Please see relevant disclaimers on slide 47

Asia underpins YTD gains; Latin America remains the laggard

Year-to-date returns, as at 31 October 2024 (USD, %)



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

Note: EMEA is Europe, the Middle East and Africa. World is developed market only. Total return, USD.

Source: Schroders, LSEG Datastream, MSCI, Schroders Strategic Research Unit. Data as at 31 October 2024. Please see relevant disclaimers on page 40.

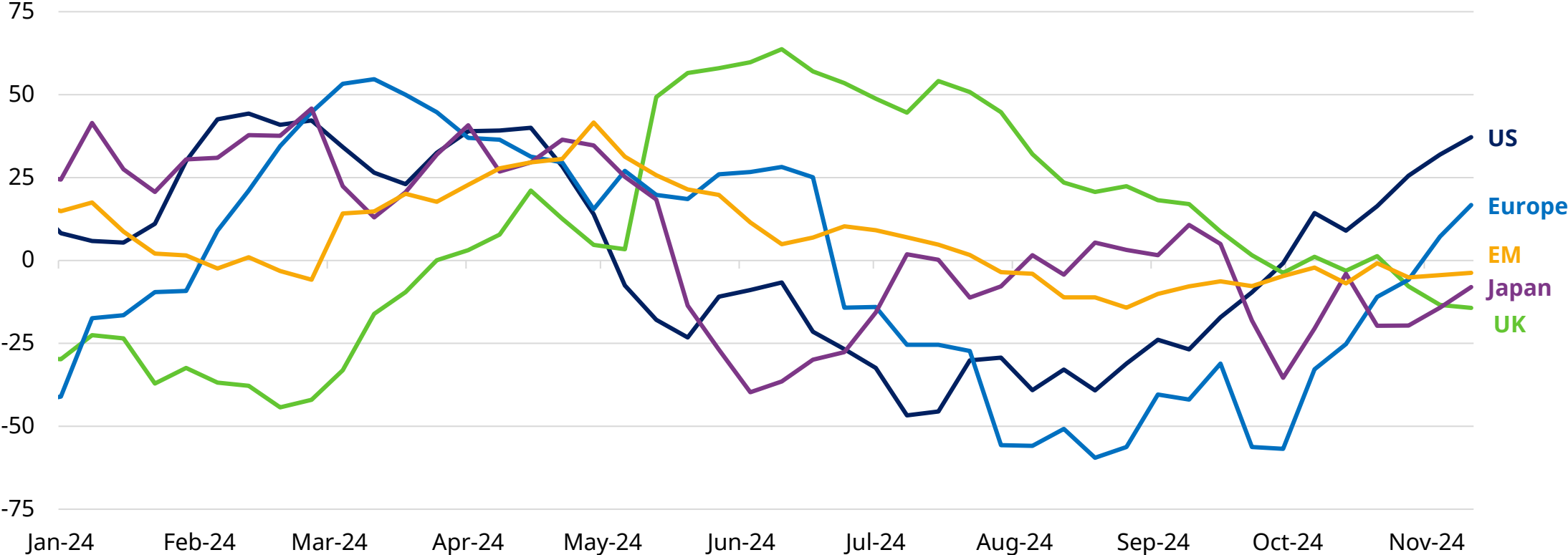


Global equities

Fundamentals and valuations

Economic surprises have been most encouraging in the US. Europe has also improved markedly

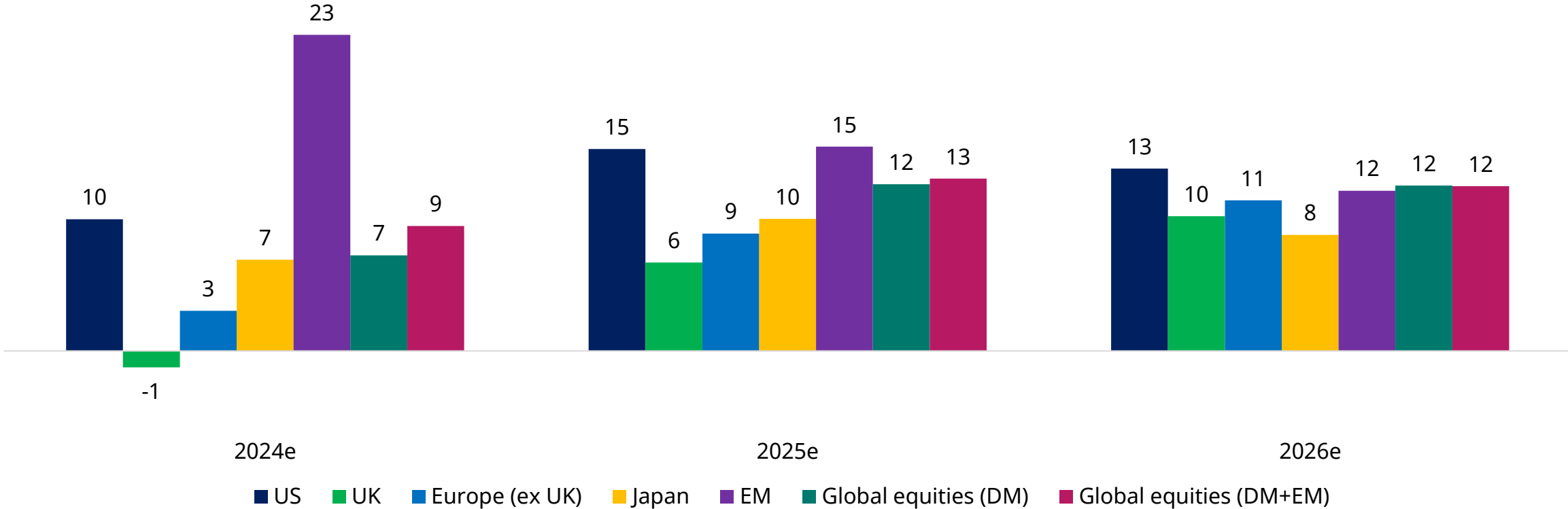
Citi Economic Surprise index



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream and Schroders Strategic Research Unit. Data to 11 November 2024. Please see relevant disclaimers on slide 47

Consensus expectations are for strong global earnings growth in 2025-26. EM growth is coming off a weak 2023

Corporate earnings: Consensus YoY EPS growth forecasts, %

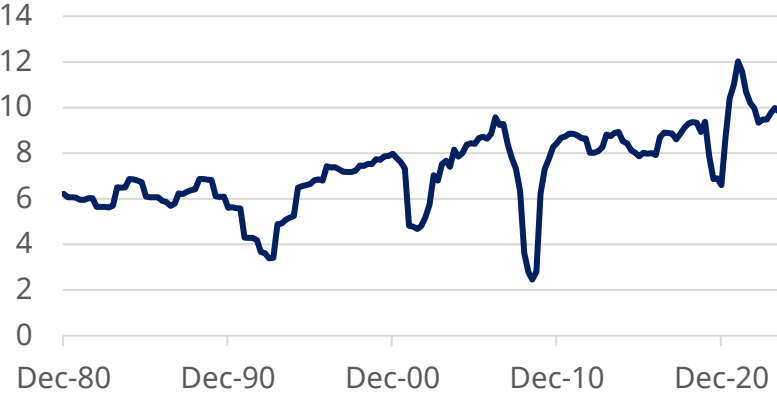


Forecasts included are not guaranteed and should not be relied upon.
 Source: LSEG Datastream and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47
 Notes: Japan EPS is 4 quarter sum until 30 June of next calendar year, e.g. 2024 = 31/03/2024 – 31/03/2025.

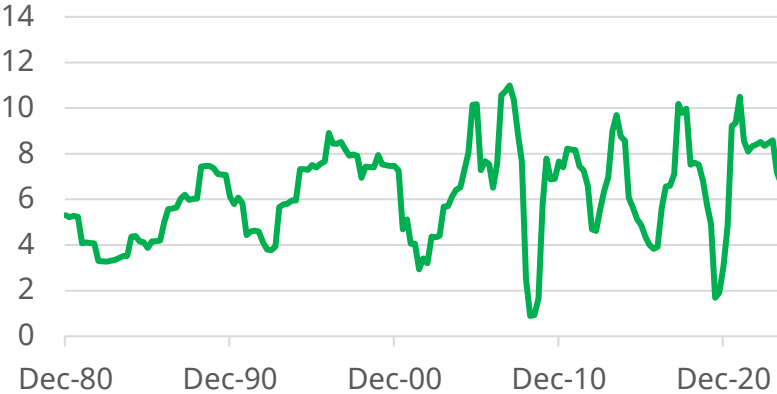
Diverging profit margins: US/Japan have picked up; others still falling

Net profit margins, %

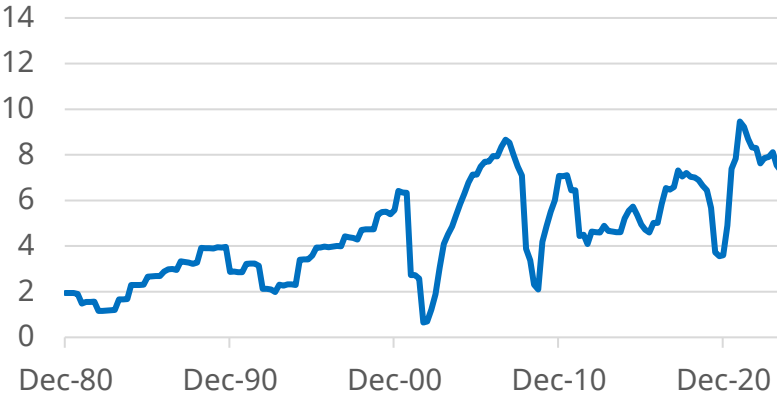
US



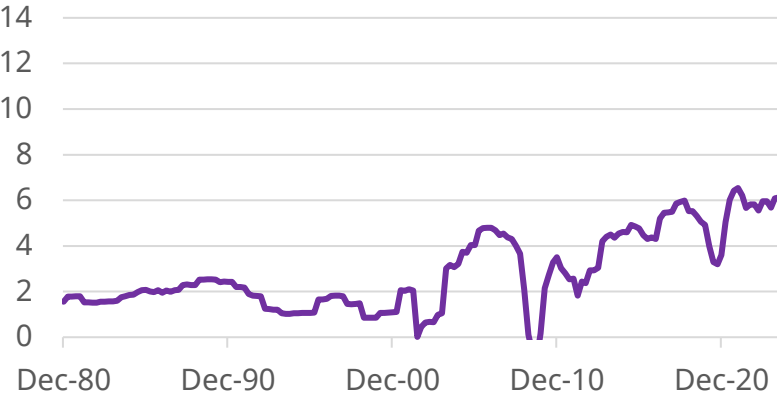
UK



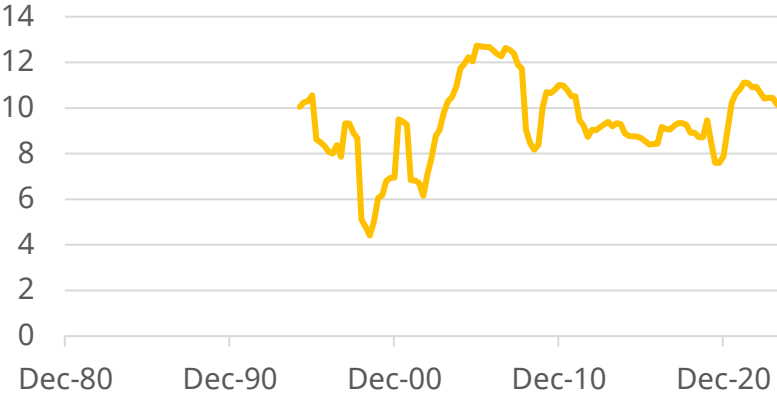
Europe ex UK



Japan



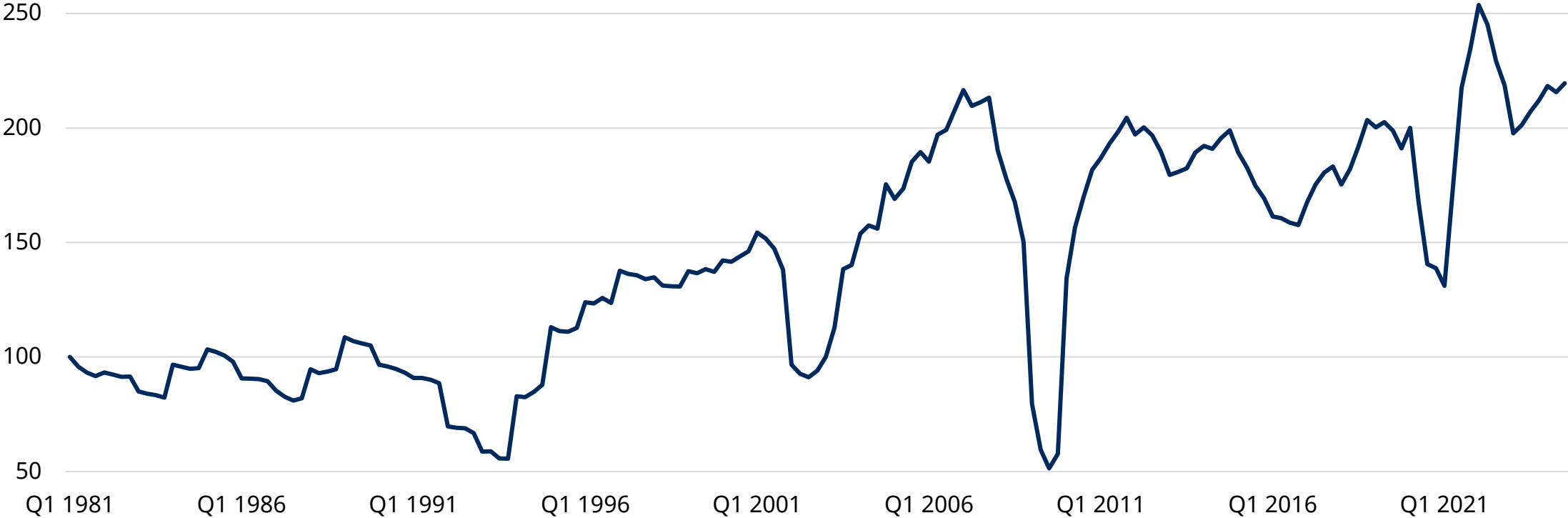
EM



... data to 30 September 2024. Please see relevant disclaimers on slide

Real profits/employee have risen over time

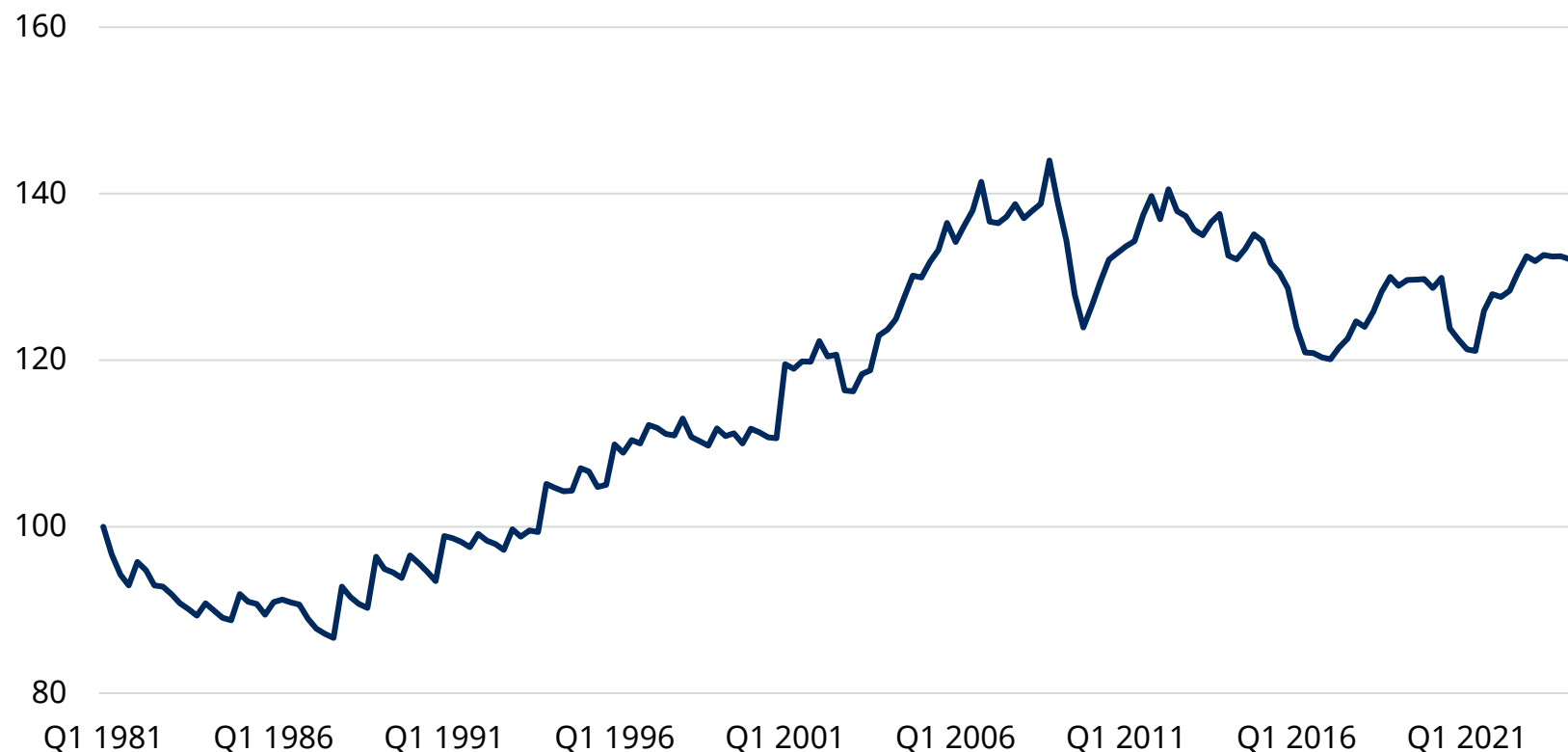
Real profits/employee, indexed to 100: US public companies



Past performance is not a guide to future performance and may not be repeated. Based on Datastream Total Market index. Source: LSEG Datastream and Schroders. Data to Q3 2024. Please see relevant disclaimers on slide 47

...driven by cost management: real revenues per employee are well below pre-GFC peak. Has an upturn started?

Real revenues/employee, indexed to 100: US public companies



Revenues/employee have also fallen/flat-lined across all major sectors of the US stock market

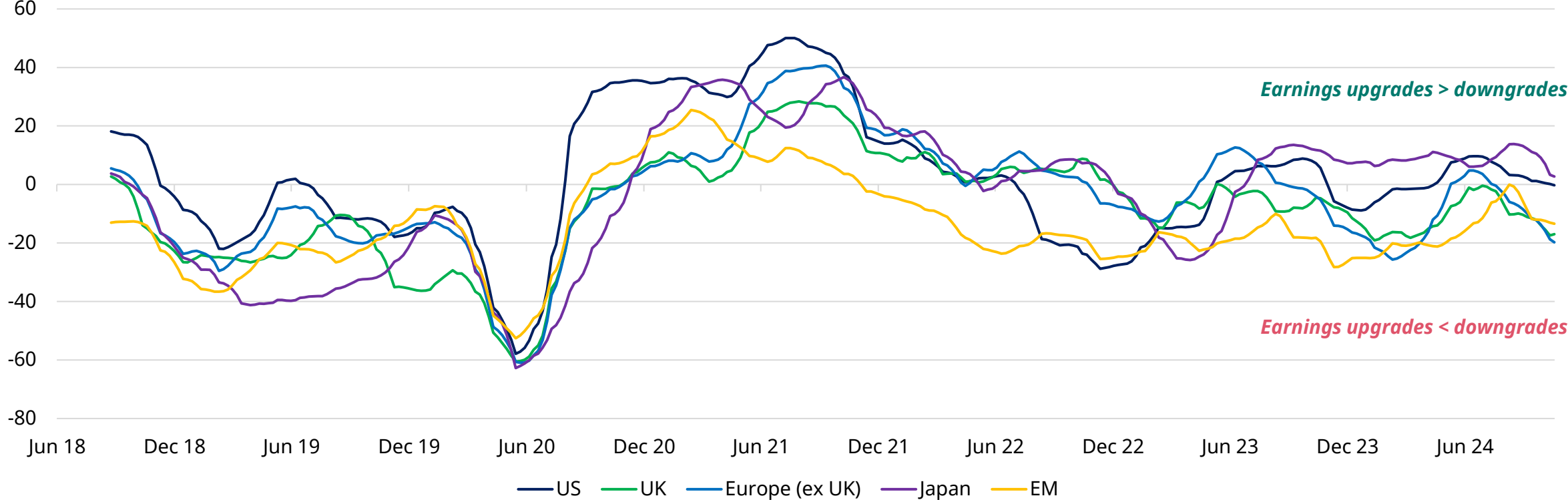
And across UK, European, Japanese and emerging stock markets

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

Based on Datastream Total Market index. Source: LSEG Datastream and Schroders. Data to Q3 2024. Please see relevant disclaimers on slide 47

Earnings downgrades continue in Europe, UK and EM, while upgrades come through in Japan, US broadly flat

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



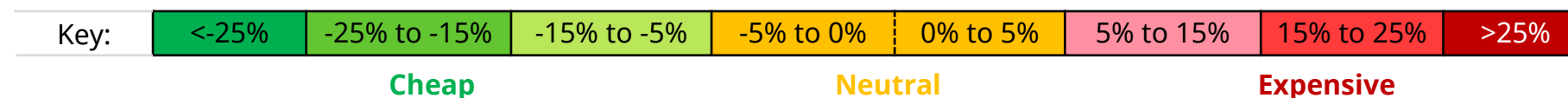
Forecasts included are not guaranteed and should not be relied upon.
 Source: LSEG Datastream and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47
 Notes; 13w earnings revisions = sum of 13 week positive minus negative 12m forward EPS revisions / total revisions.

US outperformance has pushed valuations deeper into the red. Non-US valuations are mostly closer to historical norms

Valuation as at 31 October vs 15-year median (% above or below)

Equity market	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
US	35 (37%)	22 (27%)	27 (28%)	5.0 (65%)	1.3 (49%)
UK	14 (8%)	11 (-6%)	13 (-11%)	1.8 (3%)	3.8 (0%)
Europe ex. UK	19 (11%)	14 (0%)	15 (-8%)	2.1 (18%)	3.1 (1%)
Japan	22 (1%)	14 (3%)	15 (-6%)	1.5 (11%)	2.2 (-6%)
EM	13 (-4%)	12 (4%)	16 (16%)	1.8 (12%)	2.6 (5%)

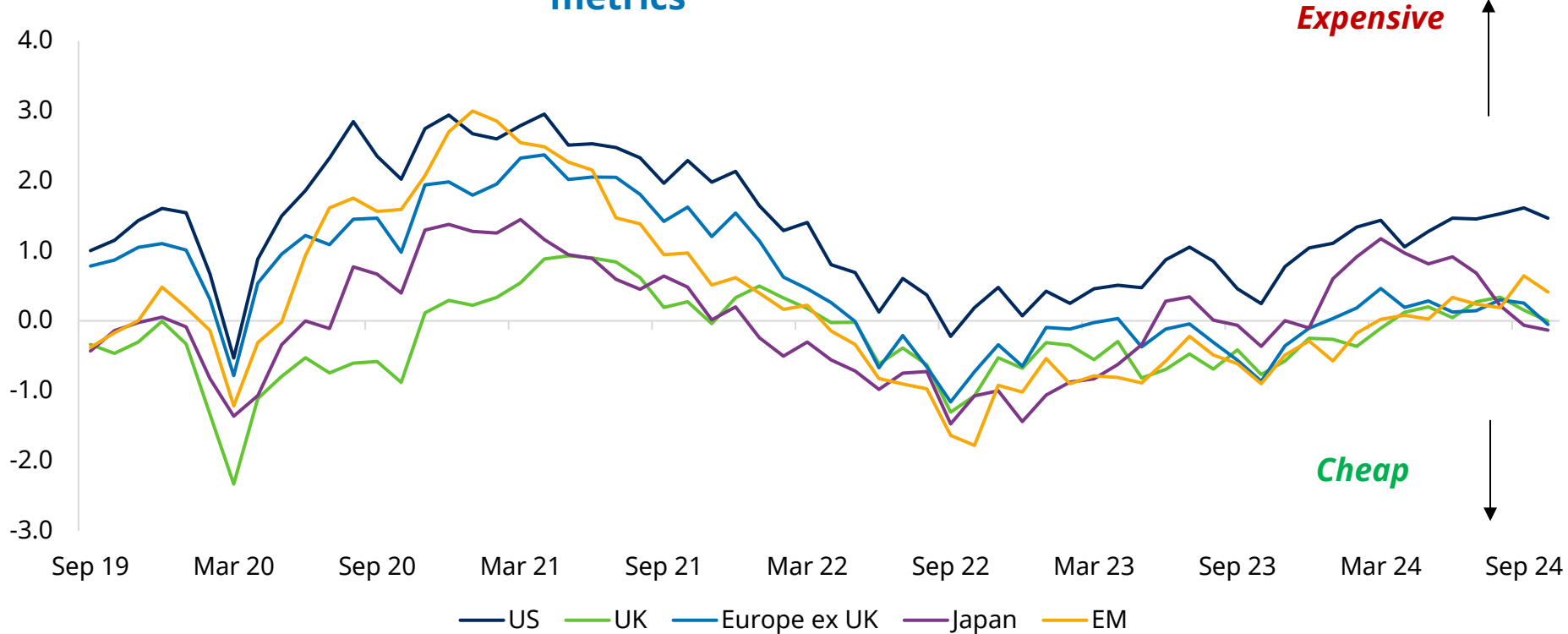
Figures are as at end-October. Post month-end performance will have extended US valuations further, in absolute terms and vs rest of the world.



Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47. Figures are shown on a rounded basis. Assessment of cheap/expensive is relative to 15-year median.

US outperformance has led to a widening valuation gap vs rest of the world

Composite valuation metric = Average Z-score* across five valuation metrics

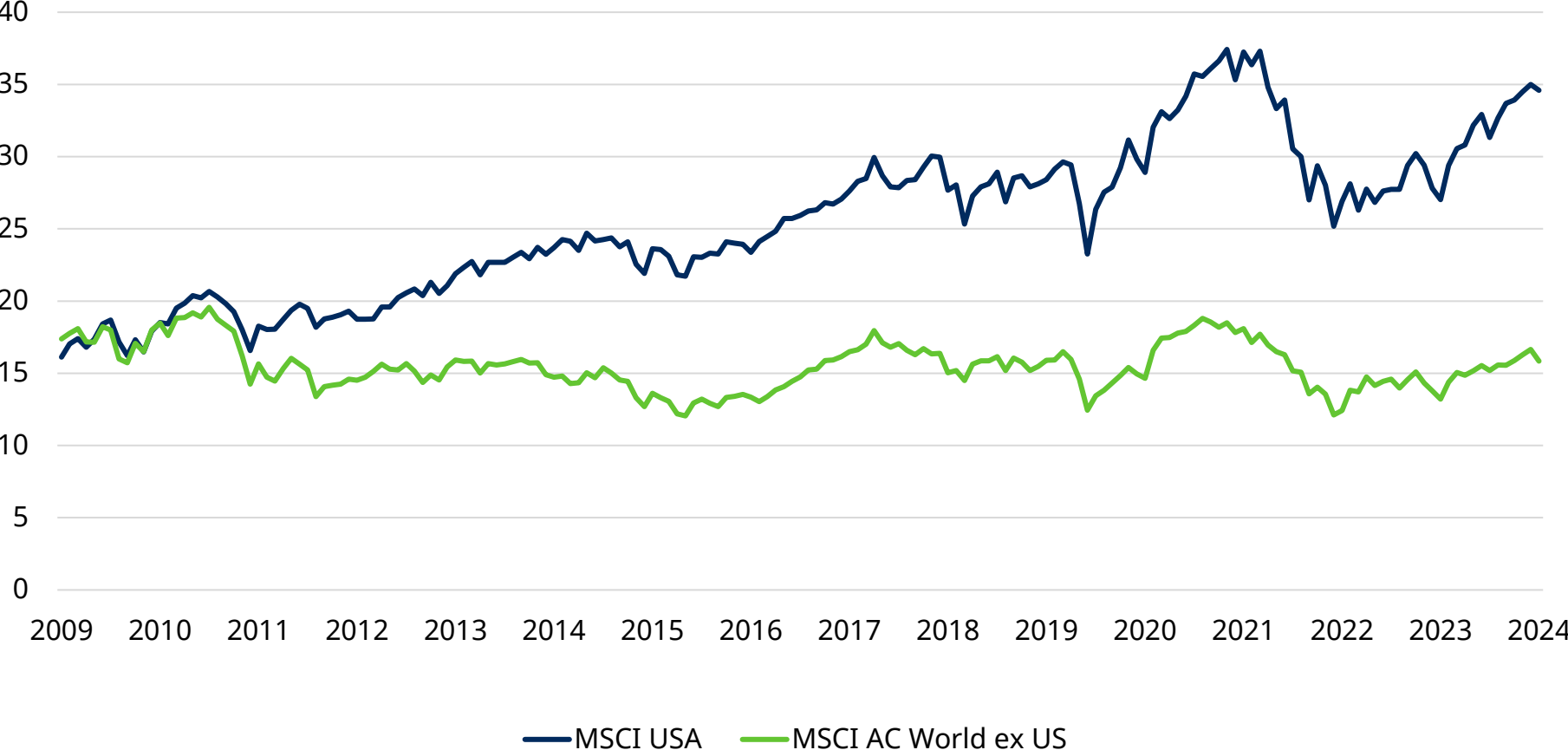


Figures are as at end-October. Post month-end performance will have extended US valuations further, in absolute terms and vs rest of the world.

Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47. *Z-score measures the number of standard deviations above or below the average. Our assessment of expensive/cheap is relative to a 10-year rolling average of each market across five valuation metrics: cyclically-adjusted price-to-earnings, forward price-to-earnings, trailing price-to-earnings, price-to-book and dividend yield. Unlike slide 21 (which uses a 15-year median), this chart uses a 10-year average to increase the number of data points and give a better indication of the variability of valuations over time. US valuations appear less expensive when assessed on this basis, mainly because valuations were higher over the past 10 years than over the past 15.

US CAPE is stretched versus rest of world

Cyclically adjusted price-to-earnings ratio



Figures are as at end-October. Post month-end performance will have extended US valuations further, in absolute terms and vs rest of the world.

Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47

Smaller companies are cheaper vs history than large

And international smaller companies are cheaper than US ones

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	22 (25%)	27 (24%)	5.0 (53%)	1.3 (49%)
US equal weighted	18 (5%)	23 (5%)	3.2 (19%)	1.7 (5%)
US small caps	20 (-3%)	32 (7%)	2.3 (2%)	1.5 (4%)
World ex-US	14 (0%)	16 (-4%)	1.9 (12%)	3.0 (1%)
World ex-US equal weighted	14 (-8%)	16 (-12%)	1.5 (2%)	3.1 (-9%)
World ex-US small caps	13 (-16%)	17 (-19%)	1.4 (-8%)	3.0 (-17%)

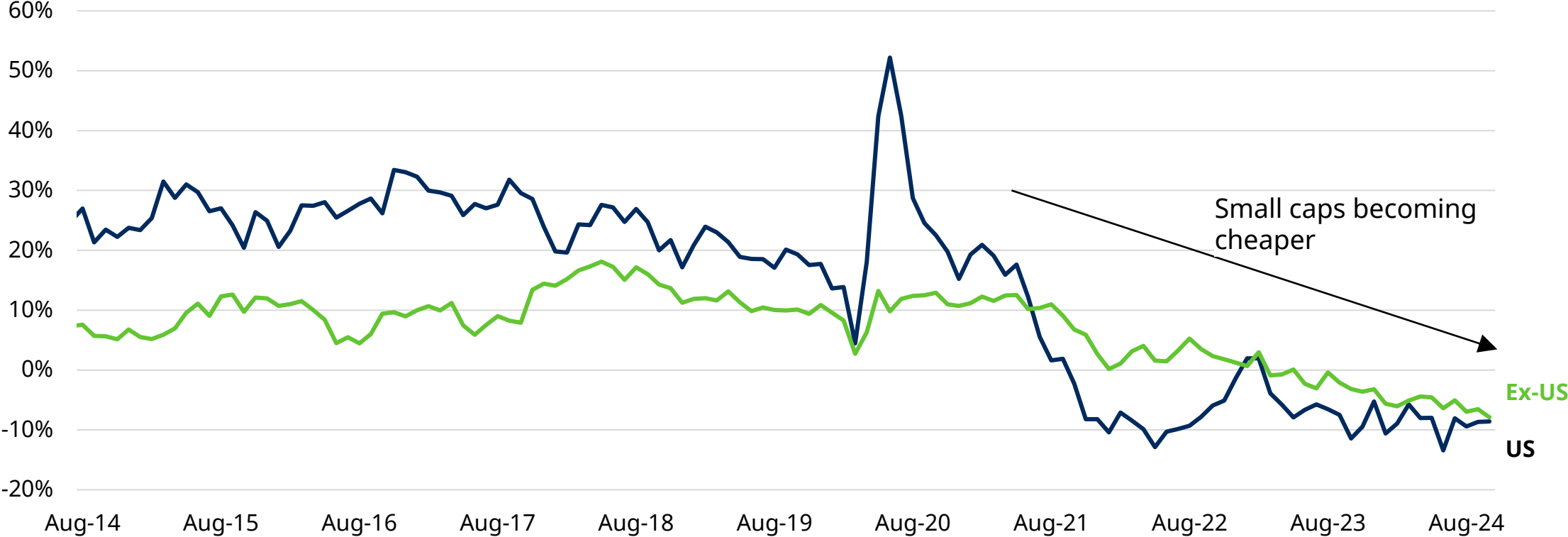
Figures are as at end-October. Post month-end performance will have extended US valuations further, in absolute terms and vs rest of the world.

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 Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47
 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

Non-US small caps are trading at a growing discount to large caps, US small caps have been cheap for some time

Forward price/earnings multiple: small caps divided by large caps



Past performance is not a guide to future performance and may not be repeated. Source: LSEG Datastream, MSCI and Schroders. Data to 31 October 2024. Please see relevant disclaimers on slide 47

Global sector valuations are heavily influenced by elevated US sector valuations

MSCI ACWI: End of month valuation vs 15-year median (% above or below)

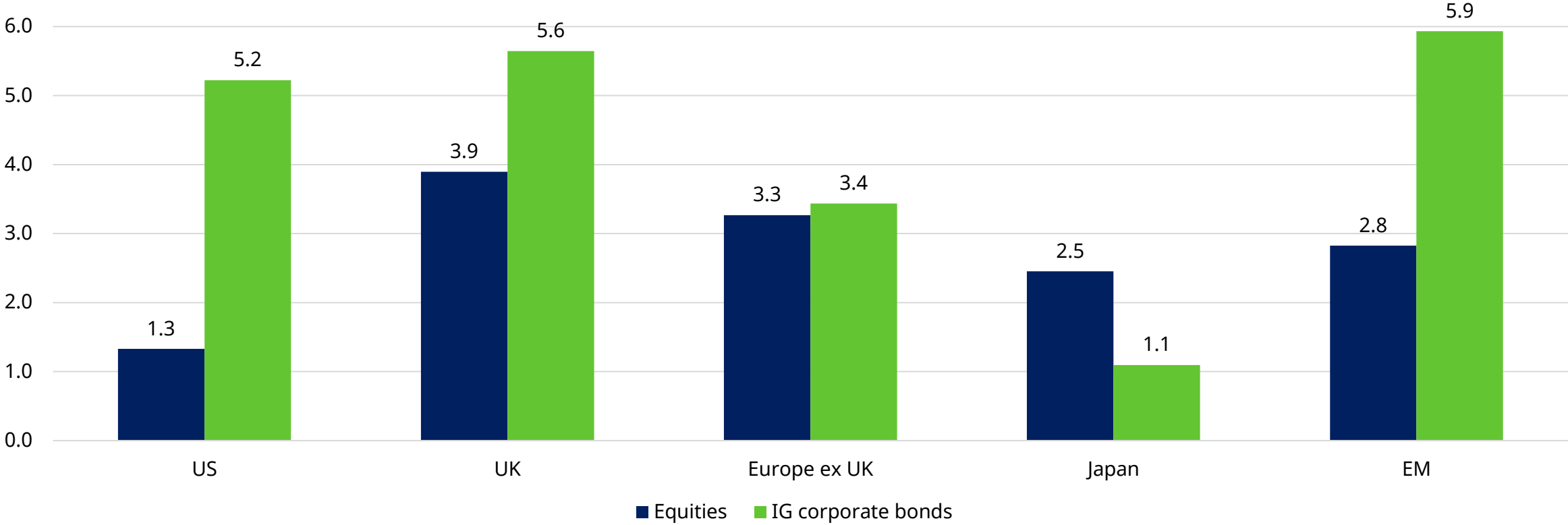
Sector	CAPE	Forward P/E	Trailing P/E	P/B	Dividend yield
Cons stap	-10%	0%	-2%	10%	1%
Energy	36%	0%	-17%	9%	-12%
Health care	2%	9%	7%	19%	14%
Materials	1%	15%	23%	9%	5%
Utilities	18%	5%	-2%	22%	11%
Financials	16%	8%	5%	34%	7%
Cons disc	5%	14%	9%	29%	38%
Industrials	25%	22%	24%	38%	23%
IT	60%	52%	71%	115%	74%
Comm Svcs	55%	24%	24%	68%	219%

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 Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47

Dividend yields and bond yields are now the same in Europe ex UK, while bonds yield much more in US, UK and EM

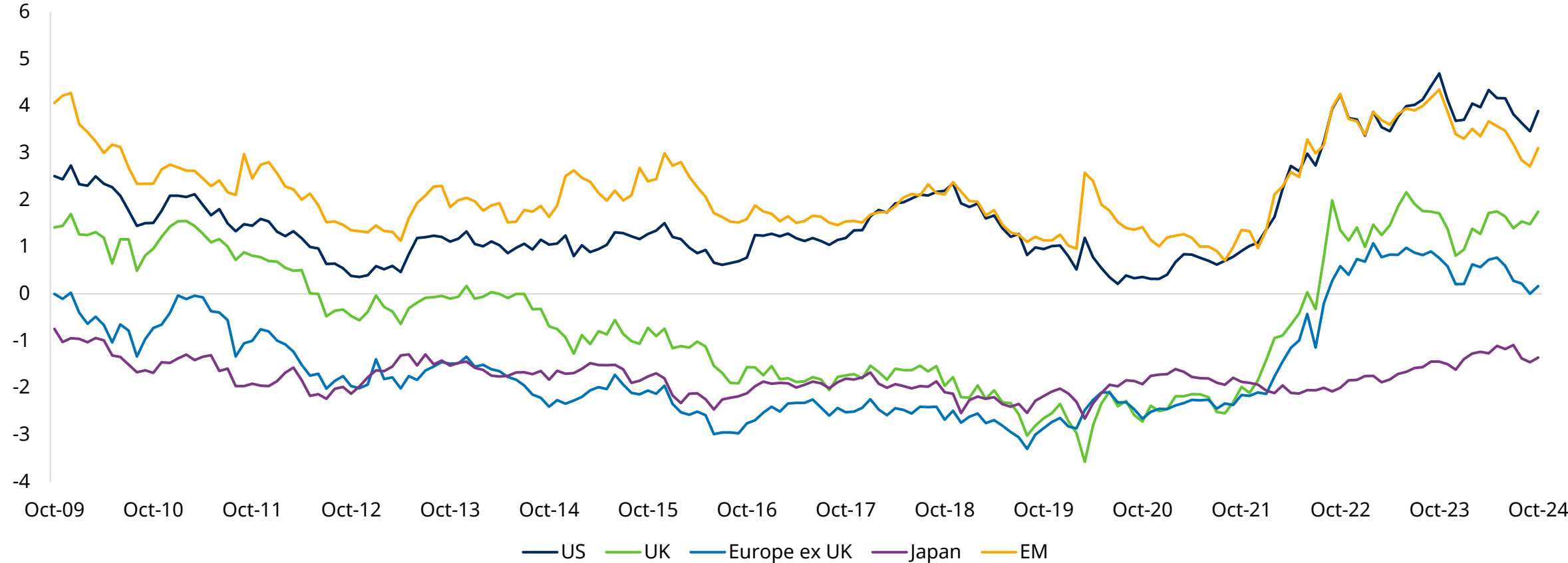
Forward 12-month equity dividend vs corporate bond yield, %



Forecasts included are not guaranteed and should not be relied upon. Source: IBES, LSEG Datastream, MSCI, ICE and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47. Corporate bond yield = unhedged local currency yield e.g. US = USD corporate bond yield, except for EM which is in USD.

Until October, corporate bonds' yields advantage over dividend yields had been falling back, apart from in the UK

IG corporate bond yield - forward dividend yield, %



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

Source: IBES, LSEG Datastream, MSCI, ICE and Schroders Strategic Research Unit. Data to 31 October 2024. Please see relevant disclaimers on slide 47. Corporate bond yield = unhedged local currency yield, except for EM which is in USD.

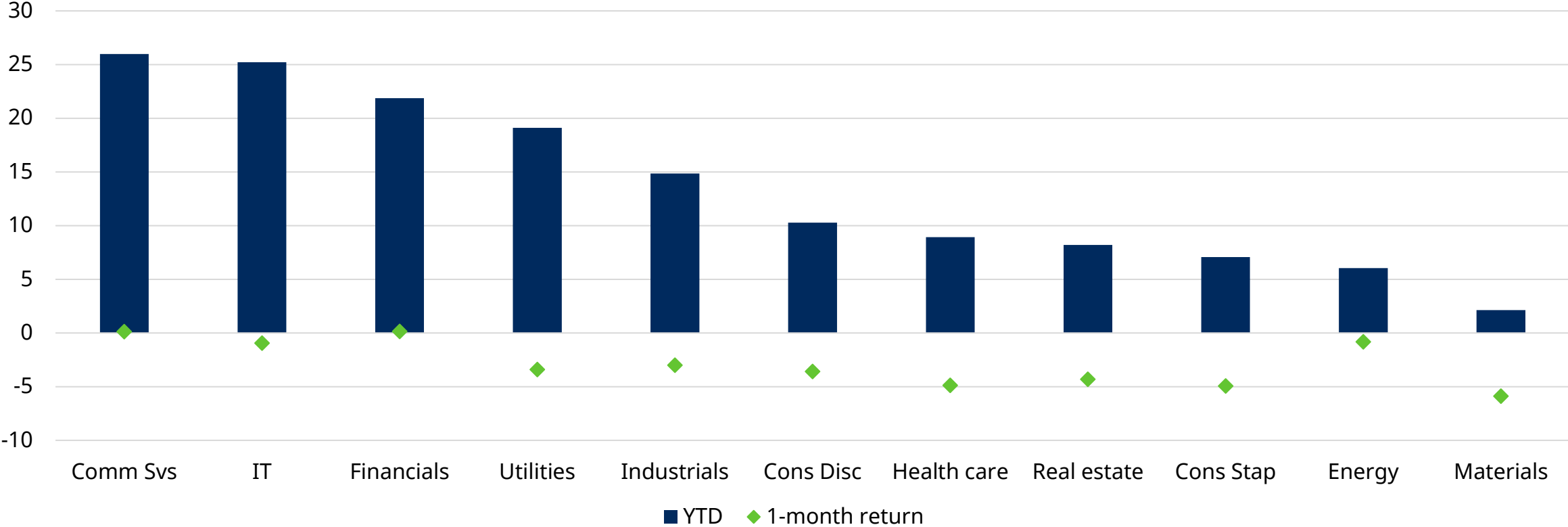


Global equities

Sectors & Styles

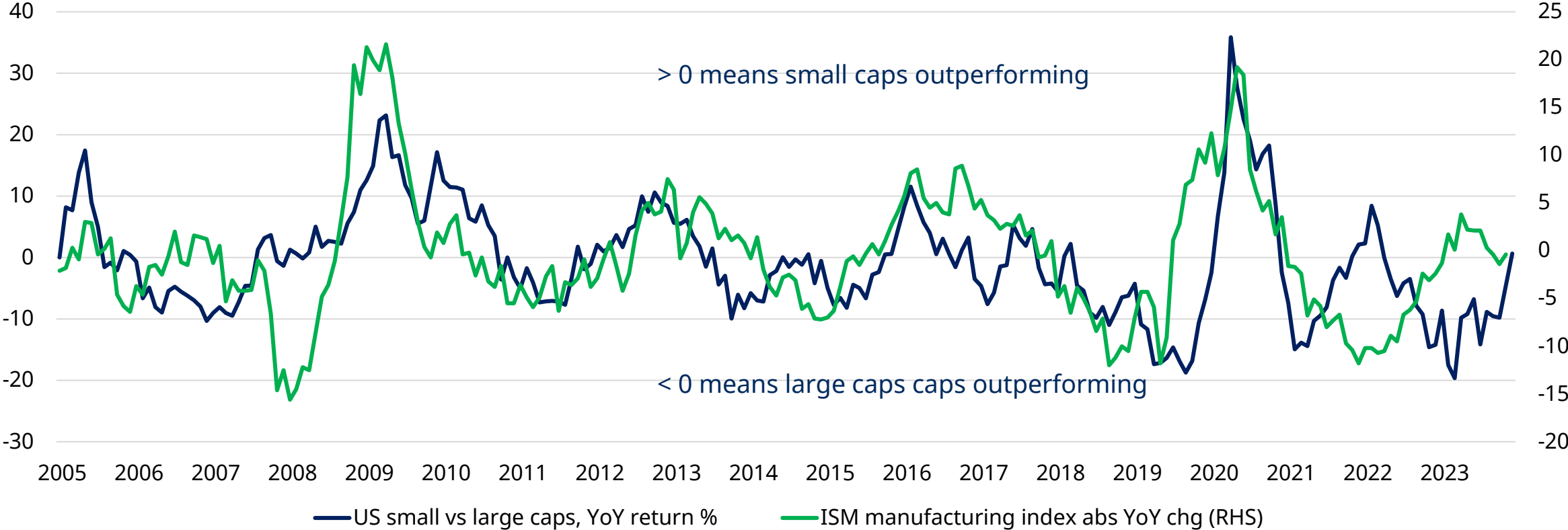
It's not all about tech: strong YTD performance from the utilities and financial sectors

YTD global \$ sector return, %



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 31 October 2024 in US dollars. Please see relevant disclaimers on slide 47

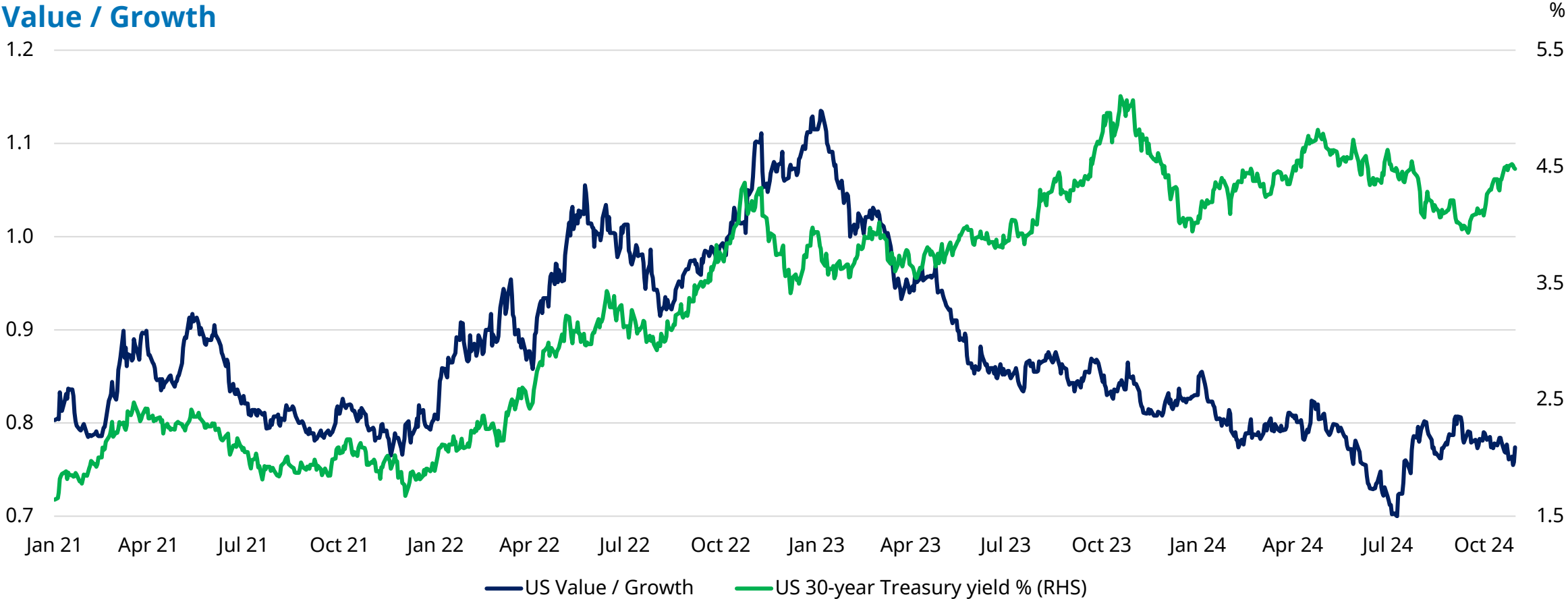
US small cap 12-month returns have recently overtaken large caps



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 Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data to 8 November 2024. Please see relevant disclaimers on slide 47

Value's summer resurgence has stalled

Value / Growth



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Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data as at 31 October 2024. Please see relevant disclaimers on slide 47

Expectations for global growth company earnings have soared vs value

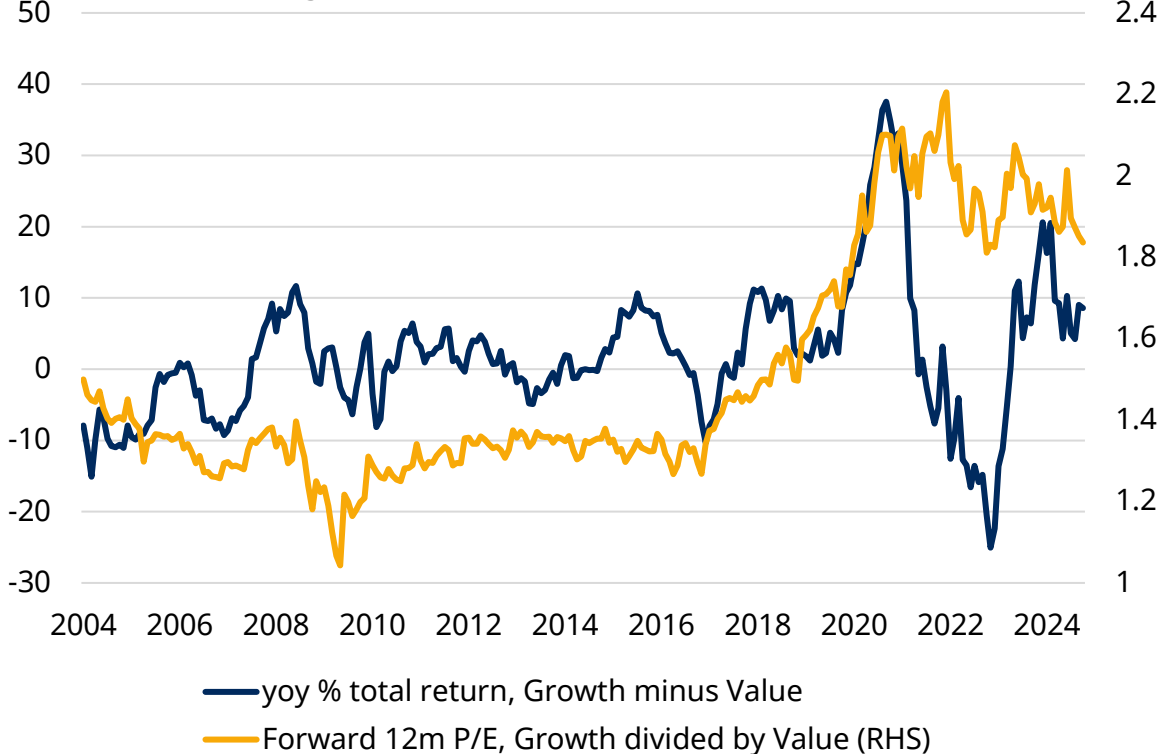
Earnings expectations for growth companies have risen strongly

Growth / Value, rebased to 100



Relative valuations remain high by historical standards

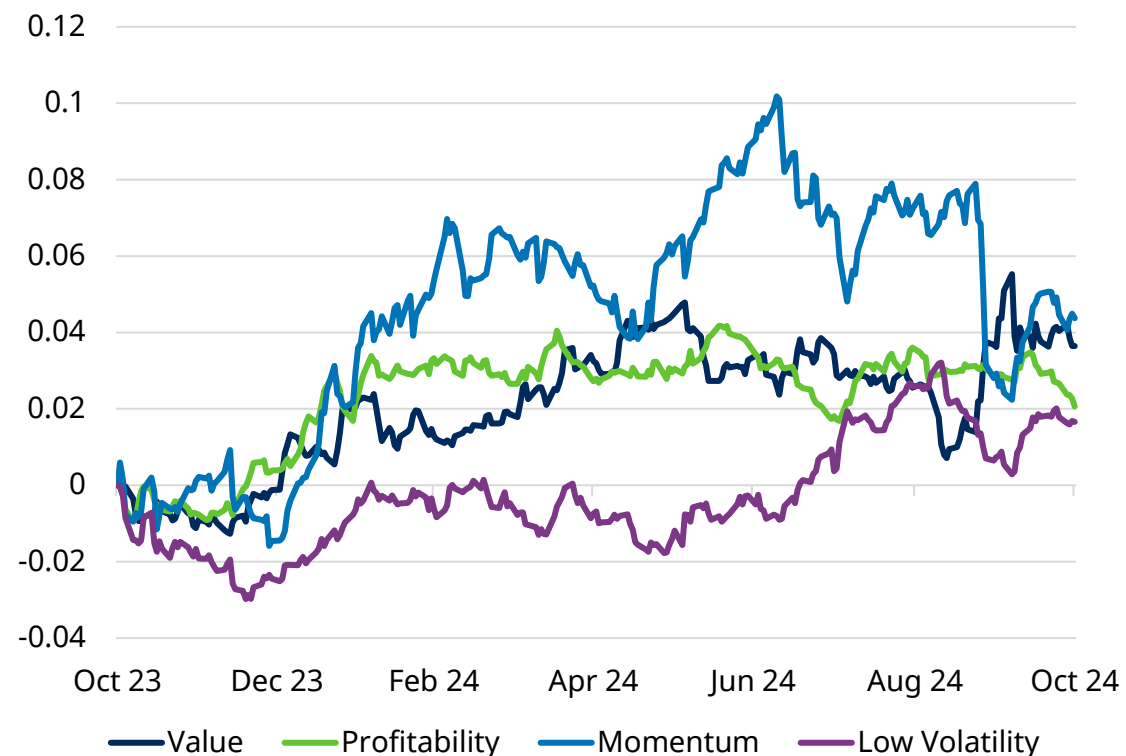
Growth vs Value (global)



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The momentum style is on top this year

1-year cumulative long short return



	Value	Profitability	Momentum	Low Volatility
YTD	3.8%	1.7%	5.9%	4.2%
1 year	3.5%	2.0%	3.8%	1.7%
5 yr pa	3.3%	1.4%	1.7%	2.5%
10 yr pa	1.7%	2.0%	2.0%	2.5%

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.

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Source: Schroders Systematic Investments. Data as at 31 October 2024. Notes: based on portfolios formed using the MSCI ACWI Universe. Please see relevant disclaimers on slide 47



Global equities

Index composition

Regional market composition

UK is more defensive than ACWI, while Europe, Japan and EM are more cyclical

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	1.2	Cyclical	31%	1%	13%	15%	24%	25%	6%	-24%	-12%	-10%	-1%
Cons disc	1.1	Cyclical	10%	6%	14%	18%	14%	11%	0%	-5%	3%	7%	3%
Financials	1.1	Cyclical	13%	21%	21%	15%	24%	17%	-3%	4%	4%	-2%	7%
Industrials	1.1	Cyclical	9%	14%	18%	24%	7%	11%	-2%	3%	8%	13%	-4%
Energy	1.1	Cyclical	4%	12%	4%	1%	5%	4%	-1%	8%	0%	-3%	1%
Materials	1.1	Cyclical	2%	8%	5%	4%	7%	4%	-2%	4%	1%	0%	3%
Real estate	1.1	Cyclical	2%	1%	1%	0%	0%	2%	1%	-1%	-1%	-1%	-2%
Comm Servs	0.9	Defensive	9%	3%	5%	7%	9%	8%	1%	-5%	-3%	-1%	1%
Cons stap	0.6	Defensive	6%	18%	7%	6%	5%	6%	-1%	12%	1%	-1%	-1%
Utilities	0.7	Defensive	2%	5%	6%	1%	3%	3%	0%	2%	3%	-2%	0%
Health care	0.7	Defensive	11%	13%	8%	9%	4%	11%	1%	2%	-3%	-2%	-7%
% cyclical			69%	61%	74%	77%	79%	71%	-1%	-11%	2%	5%	7%

Source: LSEG Datastream and Schroders Strategic Research Unit. Data as at 31 October 2024. Please see relevant disclaimers on slide 47. 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.

Style market composition

Min. vol., quality and value have defensive sector biases vs ACWI

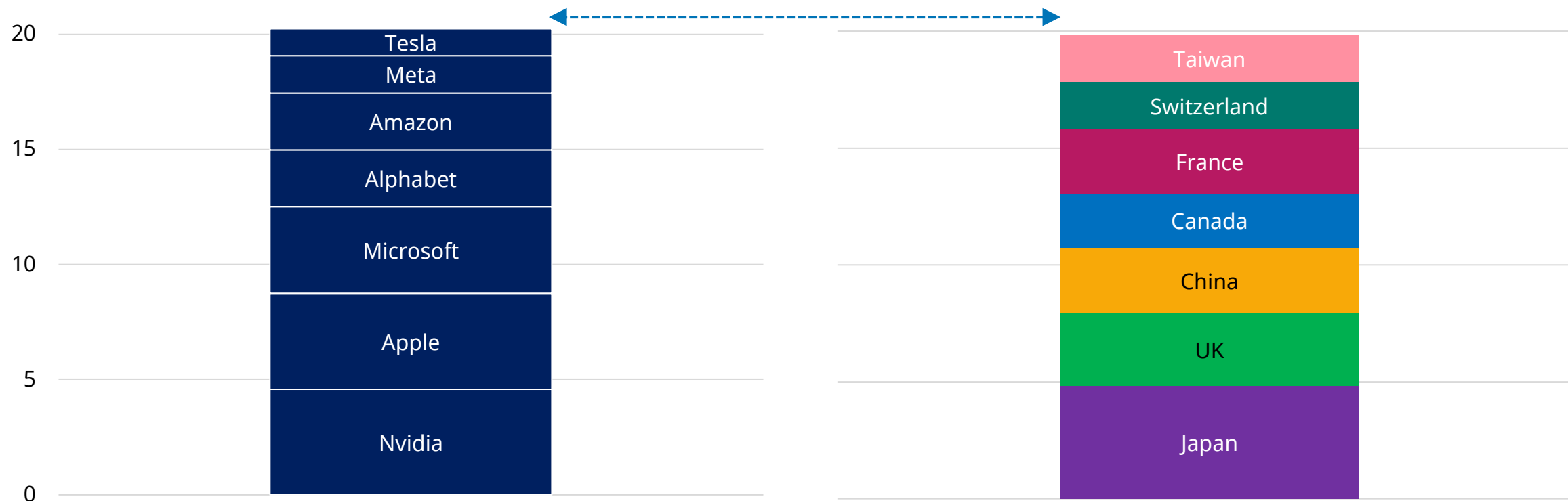
Sector	Beta vs ACWI	Cyclical/ defensive	Sector Group Index Weight						Sector Group Index Weight vs Benchmark*					
			Value	Growth	Quality	Momentum	Min Vol*	US small caps*	Value	Growth	Quality	Momentum	Min Vol*	US small caps*
IT	1.2	Cyclical	10%	39%	35%	26%	20%	14%	-15%	14%	10%	1%	-5%	-17%
Cons disc	1.1	Cyclical	7%	14%	6%	3%	6%	11%	-3%	3%	-5%	-7%	-5%	1%
Financials	1.1	Cyclical	26%	8%	7%	16%	17%	16%	9%	-9%	-9%	0%	1%	2%
Industrials	1.1	Cyclical	12%	10%	11%	10%	8%	18%	1%	-1%	1%	0%	-3%	9%
Energy	1.1	Cyclical	7%	1%	1%	2%	2%	4%	3%	-3%	-4%	-2%	-2%	1%
Materials	1.1	Cyclical	5%	3%	2%	3%	2%	6%	1%	-1%	-2%	-1%	-2%	4%
Real estate	1.1	Cyclical	4%	0%	0%	2%	0%	7%	2%	-1%	-1%	1%	-2%	5%
Comm Servs	0.9	Defensive	4%	11%	12%	9%	13%	4%	-4%	3%	4%	1%	5%	-5%
Cons stap	0.6	Defensive	8%	4%	10%	10%	11%	4%	2%	-2%	4%	4%	4%	-2%
Utilities	0.7	Defensive	5%	0%	0%	5%	6%	5%	2%	-2%	-3%	2%	3%	3%
Health care	0.7	Defensive	12%	10%	15%	13%	15%	11%	1%	-1%	5%	2%	4%	-1%
% cyclical			71%	74%	62%	63%	55%	76%	-2%	2%	-10%	-9%	-17%	5%

Source: LSEG Datastream and Schroders Strategic Research Unit. Data as at 31 October 2024. Please see relevant disclaimers on slide 47. 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.

Seven US companies have about the same weight in MSCI ACWI as the next seven biggest countries combined

Weight in MSCI ACWI, %

Seven stocks ~ seven next biggest markets



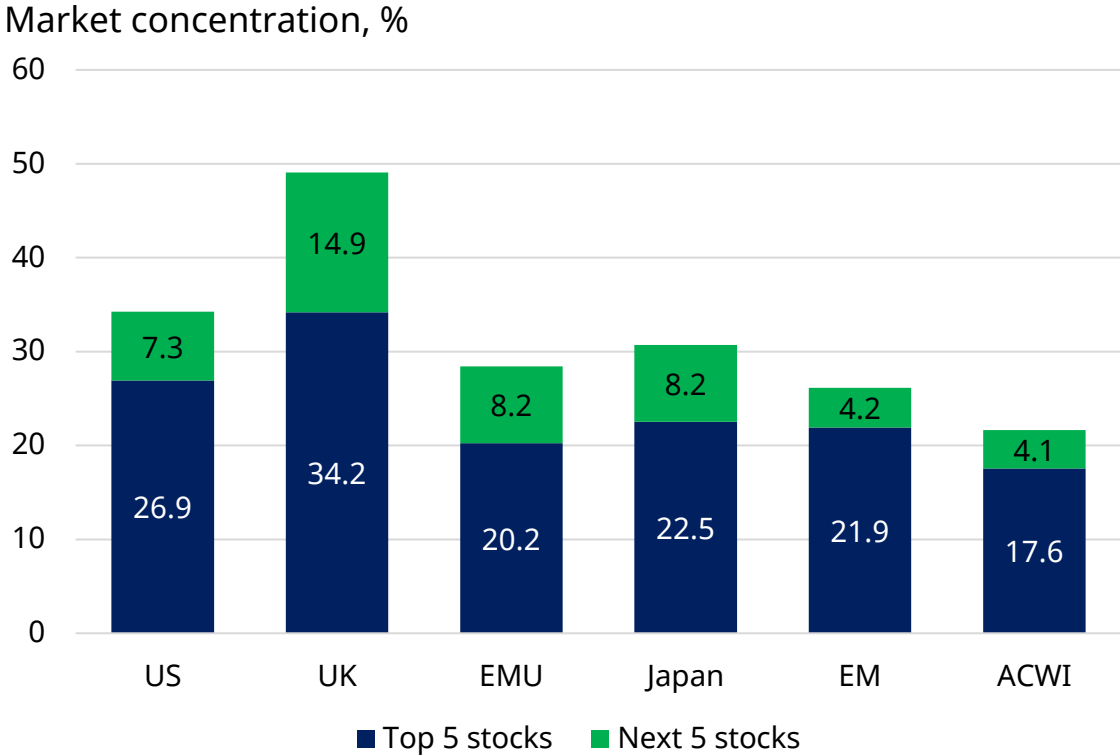
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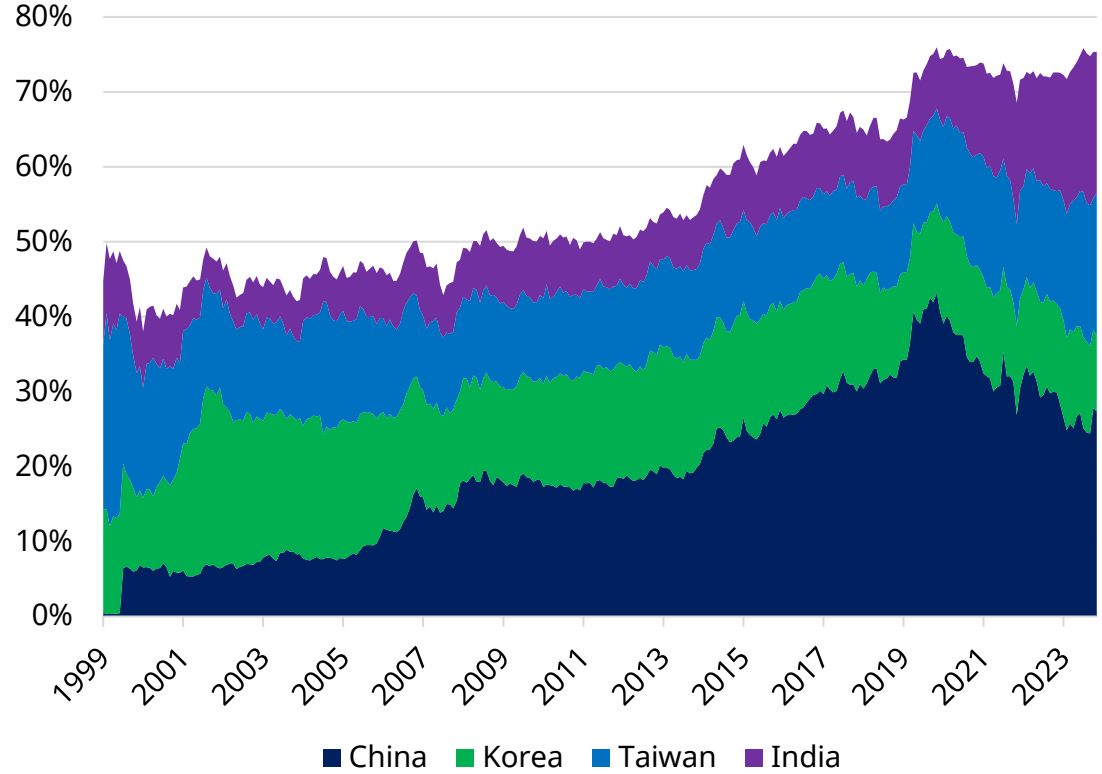
Market concentration is global phenomenon

Top constituents by market share

UK equities heavily weighted towards top 10 stocks



China's weight has fallen but India and Taiwan have risen, keeping overall EM exposure to Asia very high



Source: LSEG Datastream, MSCI and Schroders Strategic Research Unit. Data as at 31 October 2024. Please see relevant disclaimers on slide 47



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

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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