

Professional Class Distribution AUD | Data as at 30.09.2024

## Fund objectives and investment policy

To deliver an investment return before fees of 5% p.a. above Australian inflation over the medium to long term. Inflation is defined as the RBA's Trimmed Mean, as published by the Australian Bureau of Statistics.

The Schroder Sustainable Growth Fund is a sustainable-focused investment strategy which adopts a traditional multi-asset investment approach that invests in a broad range of asset classes. The Fund's strategic asset allocation (**SAA**) is formulated using Schroders' proprietary medium-term projections for asset class returns and risk expectations. This includes a climate change adjustment, based on estimated costs or benefits of rising temperatures and potential regulatory and behavioural changes. The climate change adjustment incorporates four factors: physical costs (effect of rising temperatures on an economy's growth rate), transition costs (impact of steps taken to mitigate temperature increase such as carbon taxes, and investment in clean energy), stranded assets (losses incurred where carbon-based forms of energy are written off) and the net impact on inflation. The asset class return and risk expectations, inclusive of the climate change adjustment, impact the asset allocation decision making framework for this Fund, both in terms of setting the strategic asset allocation benchmark (SAA benchmark), as well as tactical portfolio positioning relative to the SAA benchmark.

A multi-faceted risk management framework is incorporated in the decision making process to manage volatility and mitigate inherent downside risks within the Fund.

The Fund has two sustainability objectives; 1) achieve a Fund sustainability score (**Sustainability Score**) of at least 2% better than the Fund's SAA benchmark (**Sustainability Objective**) and 2) achieve a Fund carbon intensity score (**Carbon Intensity Score**) of less than 60% of the Fund's SAA benchmark (**Carbon Intensity Objective**).

The Sustainability Score of the Fund is measured by SustainEx™\*, Schroders Group's proprietary tool that provides an estimate of the net "impact" that an issuer may create in terms of social and environmental "costs" or "benefits". It does this by using a range of different indicators with respect to that issuer, and quantifying them positively and negatively to produce an aggregate notional measure of the effect that the relevant underlying issuer may have on society and the environment. The result is expressed as an aggregate score of the sustainability indicators for each issuer, specifically a notional percentage (positive or negative) of sales or GDP of the relevant underlying issuer. The Sustainability Score of the Fund is derived from the SustainEx™ scores of issuers for Direct Investments and those Indirect Investments, such as those held by underlying funds managed by Schroders Group, where data is available. The SustainEx™ score shows month-end data.

The Carbon Intensity Score contributes to a company's overall Sustainability Score and is a measure of a company's carbon emissions, having regard to the size of the company. The Fund's Carbon Intensity Score is sourced from third-party data and covers both scope 1 (direct emissions resulting from energy production) and scope 2 (indirect emissions, resulting from energy use) emissions of companies, normalised by \$million of sales in USD. Additional detail on the Sustainability Score and Carbon Intensity Score are provided under the heading 'Schroder Sustainable Growth Fund' in the 'Labour standards and environmental, social and ethical considerations' section of the 'Additional Information to the PDS' booklet.

The Fund seeks to achieve its Sustainability Objective and Carbon Intensity Objective by:

- 1) applying revenue exclusion screens (referred to as Negative Screens).
- 2) using our proprietary quantitative and qualitative tools which measure sustainability and governance practices to favour companies with positive or improving Sustainability Scores and Carbon Intensity Scores and good or improving governance.
- 3) influencing management teams and relevant stakeholders of investee companies and assets via engagement and voting activities, so that more sustainable practices (as defined by the Manager from time to time) are properly considered in managing those companies and assets.

Individual companies identified by the Fund's Negative Screens may still be held by exception if the Fund's investment team believes the company is, or has committed to, contributing positively to either of the Fund's two sustainability objectives (Sustainability Objective and Carbon Intensity Objective), or broader ESG initiatives. Additional examples of these exceptions are outlined under the heading 'Schroder Sustainable Growth Fund' in the 'Labour standards and environmental, social and ethical considerations' section of the 'Additional Information to the PDS' booklet. Companies held on this basis are reported monthly with the investment rationale provided (via the monthly fund commentary reports available at [www.schroders.com.au](http://www.schroders.com.au)).

In addition to the above exceptions, the Fund can make allocations to Article 8 and 9 funds that are managed by Schroders Group and these allocations may be in the form of Indirect Investments. As such the Fund may, from time-to-time, inadvertently have a small indirect exposure to companies that would normally be excluded by its Negative Screens. This would typically be <1% of the Fund's NAV. Article 8 and 9 funds and Indirect investments are defined in the 'Additional Information to the PDS' booklet.

These are explained further under the heading 'Schroder Sustainable Growth Fund' in the 'Labour standards and environmental, social and ethical considerations' section of the 'Additional Information to the PDS' booklet.

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## Fund objectives and investment policy

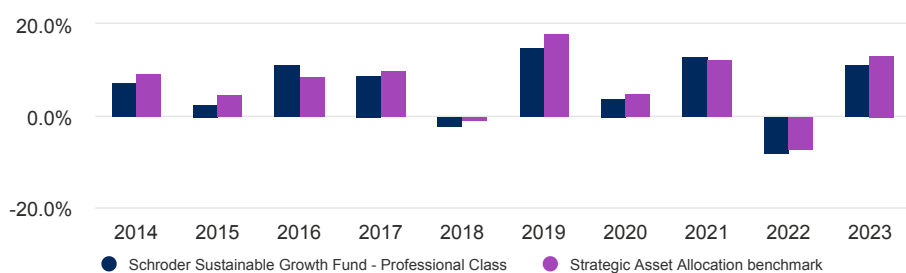
\* SustainEx™ provides an estimate of the potential social or environmental externalities that a company or other issuer may create. It does this by using certain metrics with respect to that issuer and quantifying the positive and negative externalities of each of those metrics in economic terms to produce an aggregate measure. It utilises and is reliant on third party data (including third party estimates) as well as Schroders' own modelling assumptions, and the outcome differs from other sustainability tools and measures. Where SustainEx™ relies on data and estimates produced by third parties, Schroders seeks to ensure that such data and estimates are accurate, but Schroders cannot and does not warrant the accuracy, completeness and adequacy of such third party data and estimates. Like any model, SustainEx™ will evolve and develop over time as Schroders continues to assess, refine and add to the metrics and their relative contributions. Generating SustainEx™ scores involves an element of judgment and subjectivity across the different metrics chosen by Schroders, and accordingly Schroders does not accept any liability arising from any inaccuracy or omission in, or the use of or reliance on, SustainEx™ scores. As the model evolves, changes made to how metrics are applied may result in changes to the SustainEx™ score of any issuer and ultimately the overall portfolio/portfolio score. At the same time, of course, the issuer's SustainEx™ performance might improve or deteriorate.

Schroders' proprietary tools, including SustainEx™, may not cover all of the portfolio's holdings from time to time, in which case Schroders may use a range of alternative methods to assess the relevant holding. In addition, certain types of assets (such as cash and certain equivalent securities) are treated as neutral and are therefore not considered by our proprietary tools. Other types of assets such as equity indices and index derivatives may not be considered by our proprietary tools and if so would be excluded from a portfolio's sustainability score.

## Fund performance

Performance (%)	1 month	3 months	6 months	CYTD	1 year	3 years p.a.	5 years p.a.	10 years p.a.
Fund (pre-fee)	1.4	5.3	5.2	11.3	19.2	5.8	6.9	7.4
Fund (post-fee)	1.4	5.1	4.9	10.8	18.5	5.2	6.3	6.8
Benchmark	1.5	4.8	5.1	11.4	18.5	6.3	7.2	7.8
Relative Performance (Post-fee)	-0.1	0.3	-0.2	-0.6	-0.0	-1.2	-0.9	-1.0
Distribution Return <sup>^</sup>	0.0	0.0	2.4	2.5	5.3	4.2	4.1	5.9
Growth Return <sup>^^</sup>	1.4	5.1	2.5	8.3	13.2	1.0	2.2	0.9

## Calendar Year performance



<sup>^</sup>Represents distributions as a proportion of total net return

<sup>^^</sup>Price to price return excluding distribution reinvestments

**Past performance is not a reliable indicator of future performance.**

**Returns over 12 months are annualised. Exchange rate movements may cause the value of investments to fall as well as rise.**

Please refer to [www.Schroders.com.au](http://www.Schroders.com.au) for post-tax returns.

Some performance differences between the fund and the benchmark may arise as the benchmark returns are not adjusted for non-dealing days of the fund.

## Ratings and accreditation



**SUSTAINABLE PLUS**

CERTIFIED BY RIAA

Please refer to the Source and ratings information section for details on the icons shown above.

## Fund facts

Fund manager	David Zhou Sebastian Mullins
Managed fund since	01.03.2021 ; 18.02.2019
Domicile	Australia
Fund launch date	23.08.1996
Fund base currency	AUD
Fund size (Million)	AUD 307.20
Benchmark	Strategic Asset Allocation benchmark
Unit NAV	AUD 1.3009
Distribution frequency	Semi-Annually

## Fees & expenses

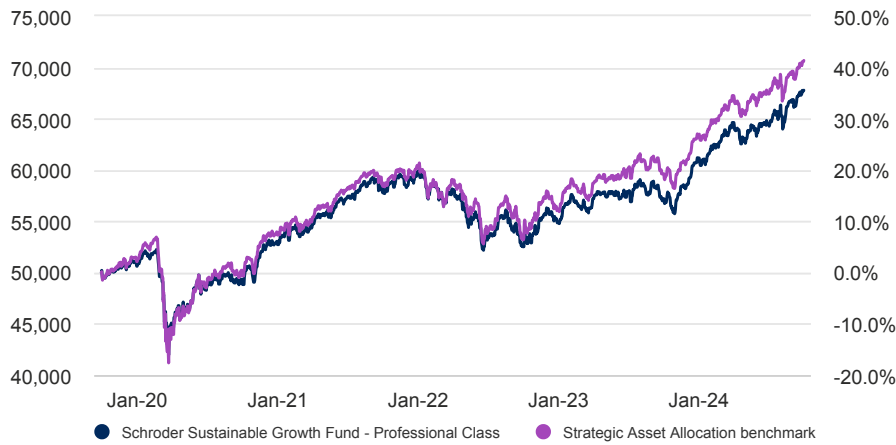
Management fees and costs	0.610%
Buy / Sell Spread	0.15% / 0.15%

## Purchase details

Minimum initial subscription	AUD 500,000
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## Return of AUD 50,000



## Codes

ISIN	AU60SCH00109
Bloomberg	SCHBALI AU
APIR	SCH0010AU

## Risk statistics & financial ratios

	Fund	Benchmark
Annual volatility (%) (3y)	8.3	9.2
Sharpe ratio (3y)	0.3	0.4

Source: Morningstar. The above ratios are based on bid to bid price based performance data.

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

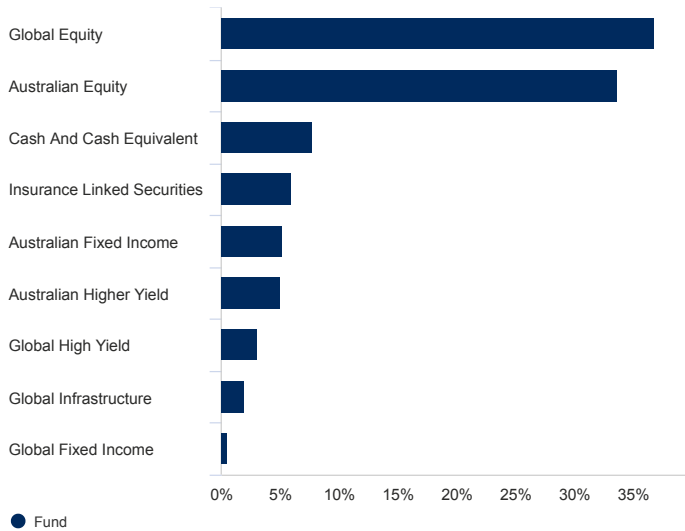
**The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.**

The chart is for illustrative purposes only and does not reflect an actual return on any investment.

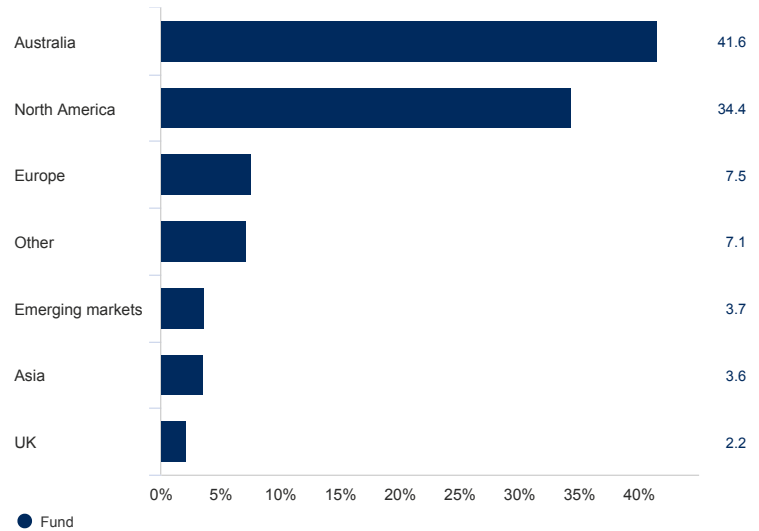
Returns are calculated bid to bid (which means performance does not include the effect of any initial charges), net income reinvested, net of fees.

## Asset allocation

### Sector (%)

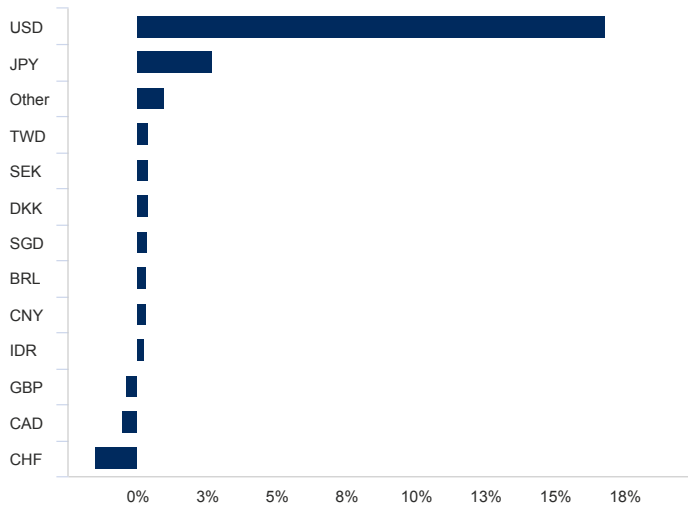


### Region (%)



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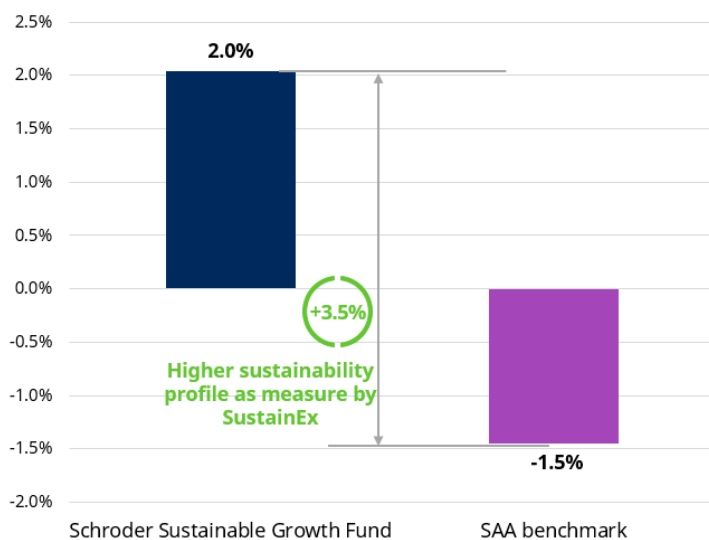
## Currency (%)



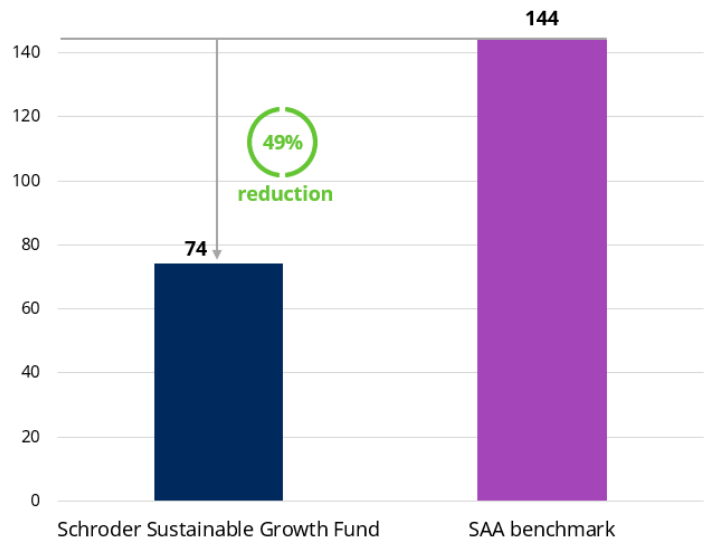
## Top 10 holdings (%)

Holding name	%
BHP GROUP LTD	4.0
COMMONWEALTH BANK OF AUSTRALIA	2.4
CSL LTD	1.8
WESTPAC BANKING CORPORATION CORP	1.8
NATIONAL AUSTRALIA BANK LTD	1.5
APPLE INC	1.4
MICROSOFT CORP	1.3
TELSTRA GROUP LTD	1.3
NVIDIA CORP	1.1
WESFARMERS LTD	1.0

## Sustainability profile - measured by SustainEx



## Sustainability profile - weighted carbon intensity



The carbon intensity figures represent the company's most recent reported or estimated Scope 1 + Scope 2 greenhouse gas emission, normalised by sales in USD, which allows for comparison between companies of different sizes.

Please note that from the September 2024 reporting period onwards, we have implemented a change to the calculation methodology of both the carbon intensity and SustainEx scores. The updated approach excludes securities that do not have emissions intensity and SustainEx scores from the aggregate portfolio scores, and normalises the remaining portfolio weights to sum up to 100%. Additionally, derivatives and exposures with negative market value are excluded from the calculation. This updated methodology to the scoring will result in a higher absolute emissions intensity value for both the portfolio and the benchmark in comparison to the previous methodology, however the relative emissions intensity reduction of the portfolio against the benchmark remains broadly consistent. Additionally, the updated methodology also results in a marginal improvement in both the absolute and benchmark relative SustainEx score for the portfolio.

### Data coverage

SustainEx – Portfolio: 88%, Benchmark: 91%

Weighted carbon intensity – Portfolio: 83%, Benchmark: 75%

Source: Schroders, MSCI. Sector allocation is at the fund level. Region, Currency and Top Holdings are on a look-through basis.

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## Contact information

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## Source and ratings information

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Source of all performance data, unless otherwise stated: Morningstar, bid to bid, net income reinvested, net of fees.

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### RIAA

The Schroder Sustainable Growth Fund has been certified and classified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and [RIAA's Financial Services Guide](#) for details. The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certifications are current for 24 months and subject to change at any time.

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Investment in the Schroder Sustainable Growth Fund - Professional Class ("the Fund") may be made on an application form in the Product Disclosure Statement, available from the Responsible Entity, Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFSL 226473) ("Schroders").

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