

Schroders



Schroder ISF* Carbon Neutral Credit

A high impact thematic carbon reduction strategy aiming to achieve carbon neutrality by 2025 (based on companies' scope 1 and 2 emissions¹)

April 2025

Schroder ISF Carbon Neutral Credit



A high impact forward-looking carbon reduction credit strategy within an ambitious time horizon



A science-based methodology that identifies, targets and tracks issuers that are leading the way in cutting carbon emissions and issuers who develop carbon savings



A strategy that **encourages and supports limiting global warming much ahead of 2050** with collaboration of Schroders teams and proprietary tools



An **SFDR Article 9** aligned strategy, supported by Schroders Sustainable Investment, Global Credit Research and Portfolio Management teams

Strategy features



21
Current carbon intensity¹



0
Net Aggregate Carbon Neutrality¹



25+
Countries



~60
Sub-sectors

An innovative investment process

1. Carbon neutral screening methodology

Proprietary science-based carbon neutral screening combined with exclusions of controversial sectors and activities

2. In-depth credit research

Forward-looking fundamental credit assessment, ESG integration and engagement

3. Portfolio construction

The fund aims to achieve carbon neutrality by 2025 by investing in issuers with ambitious carbon reduction targets and issuers that generate emissions savings

4. Risk management

Embedded in every facet of investment process

Investment sub-themes

Decarbonising technology & renewable energy

Biodiversity & the circular economy

Responsible finance

Sustainable infrastructure

Greener real estate



Our companies use renewable energy at scale to reduce scope 2 emissions and support climate action through fewer net emissions globally.

*Performance

Contributors

- Underweight allocation to energy, basic industry and EM sovereigns.

Detractors

- Security selection in USD-technology, real estate, subordinated banking and automobiles, and EUR-real estate.



Saida Eggerstedt
Portfolio Manager

*Schroder International Selection Fund is referred to as Schroder ISF. ¹Based on Scope 1 and 2 emissions, CO2e/\$m sales. Scope 1 emissions cover a company's direct emissions from owned or controlled sources. Scope 2 covers indirect emissions created in the production of the energy a company purchases and consumes. Scope 3 covers all other indirect emissions that occur across a company's value chain. *Reference to a currency reflects securities denominated in that currency.

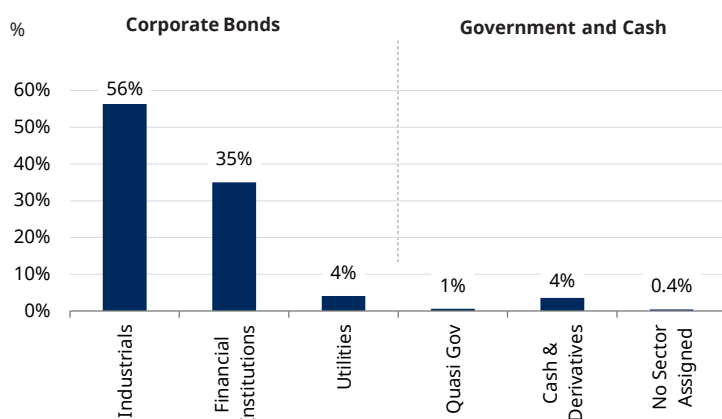
Fund characteristics

Fund Launch Date	23 June 2021
AUM	€95m
Aim	The fund aims to achieve aggregate carbon neutrality by the year 2025 and capital growth by investing in bonds issued by governments, government agencies, supranationals and companies worldwide, that we deem sustainable investments, and which contribute towards the objective of carbon reduction.
Base Currency	EUR
Investment Universe	The fund's investment universe is expected to overlap to a limited extent with the components of the comparator benchmark, the Barclays Multiverse ex Treasury A+ to B-, EUR hedged index. There are no restrictions on the extent to which the fund's portfolio and performance may deviate from the comparator benchmark.
Constraints	<ul style="list-style-type: none"> – Max 50% in emerging markets – Max 50% in high yield bonds – Min 90% portfolio ESG coverage based on internal and external measures – Min 20% of universe excluded based on sustainability criteria – Min 75% in assets deemed sustainable according to our carbon neutral methodology

Portfolio characteristics

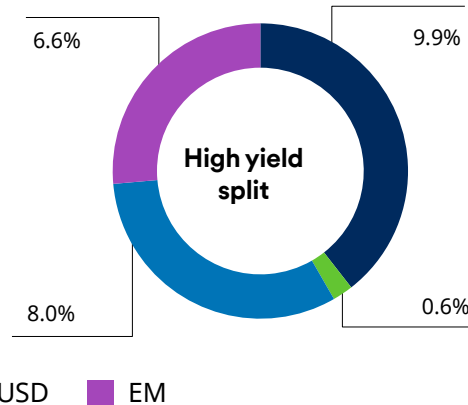
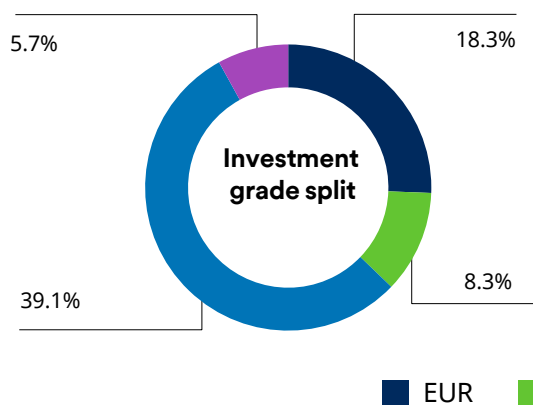
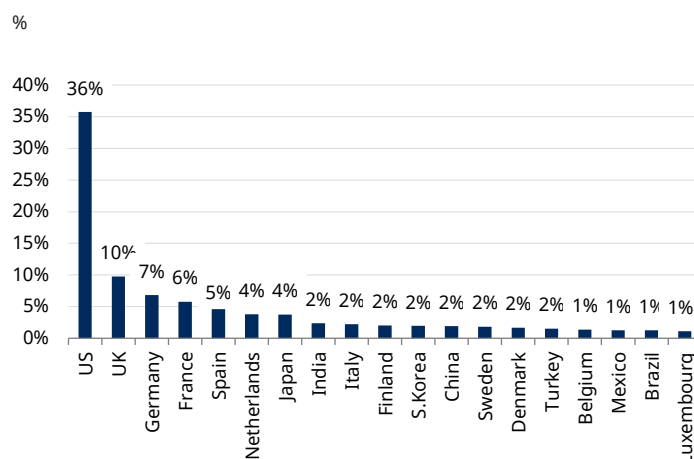
Effective duration, years	5.1
Average effective yield, %	3.8
Average credit rating ¹	BBB
High yield, % MV	25.0
Number of issuers ¹	268
SustainEx™ overall impact, % ²	+6.3
Green bonds, % MV	19.0
Social/sustainability bonds, % MV	3.6
Average MSCI ESG rating	AA
Current carbon intensity ³	21
Net aggregate carbon neutrality (Scope 1 and 2)	0
MSCI implied temperature rise ⁵	1.9°C

Sector breakdown



Geographical breakdown⁴

Diversified across 25+ countries



Source: Schroders, as at 30 April 2025. For illustrative purposes only and should not be viewed as a recommendation to buy or sell. The fund is fully hedged to EUR. ¹Based on cash bonds only. ²The SustainEx™ Overall Impact is measured as the Social Value/Sales as a percentage. SustainEx™ Coverage is 98% for the Portfolio and 93% for the Benchmark. ³Carbon intensity is tonnes of CO2 per \$mn sales. ⁴Countries with risk exposures <1% have been excluded. ⁵Source: MSCI. Implied Temperature Rise (ITR) provides a portfolio level number in degrees of Celsius demonstrating how aligned the companies in the portfolio are to global temperature goals. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy.

Fund performance

Cumulative performance	1 month	3 months	6 months	1 year	3 years (p.a.)	5 years (p.a.)	S.I. annualised			
Schroder ISF Carbon Neutral Credit C Acc EUR	-0.33	0.16	1.19	5.69	1.82	-	-1.16			
Schroder ISF Carbon Neutral Credit E Acc EUR	-0.31	0.21	1.30	5.92	2.07	-	-0.92			
Bloomberg Multiverse ex Treasury A+ to B- EUR hdg	0.15	0.91	1.29	5.97	1.71	-	-1.84			
Calendar year performance	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Schroder ISF Carbon Neutral Credit C Acc EUR	-	-	-	-	-	-	-	-14.33	6.73	4.26
Schroder ISF Carbon Neutral Credit E Acc EUR	-	-	-	-	-	-	-	-14.08	6.98	4.50
Bloomberg Multiverse ex Treasury A+ to B- EUR hdg	-	-	-	-	-	-	-	-16.29	7.11	2.45

Source: Schroders, 30 April 2025. All performance net of fees (where applicable), NAV to NAV (bid to bid), EUR. Periods over 1 year have been annualised. The reference index is included for performance comparison purposes and do not have any bearing on how the manager invests the fund's assets.

Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise and investors may not get the amount originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.

Some performance differences between the fund and the benchmark may arise because the fund performance is calculated at a different valuation point from the benchmark. Please see the respective fund factsheets for the performance of other share classes.

Risk considerations

ABS and MBS risk: The fund may invest in mortgage or asset-backed securities. The underlying borrowers of these securities may not be able to pay back the full amount that they owe, which may result in losses to the fund.

Contingent convertible bonds: The fund may invest in contingent convertible bonds which are bonds that convert to shares if the bond issuer's financial health deteriorates. A reduction in the financial strength of the issuer may result in losses to the fund.

Counterparty risk: The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.

Credit risk: If a borrower of debt provided by the fund or a bond issuer experiences a decline in financial health, their ability to make payments of interest and principal may be affected, which may cause a decline in the value of the fund.

Currency risk: If the fund's investments are denominated in currencies different to the fund's base currency, the fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates. If the investor holds a share class in a different currency to the base currency of the fund, investors may be exposed to losses as a result of movements in currency rates.

Currency risk / hedged share class: The currency hedging of the share class may not be fully effective and residual currency exposure may remain. The cost associated with hedging may impact performance and potential gains may be more limited than for unhedged share classes.

Derivatives risk: Derivatives, which are financial instruments deriving their value from an underlying asset, may be used for investment purposes and/ or to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.

Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.

High yield bond risk: High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk meaning greater uncertainty of returns.

Interest rate risk: The fund may lose value as a direct result of interest rate changes.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares, meaning investors may not be able to have immediate access to their holdings.

Risk considerations continued...

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Sustainability risk: The fund has the objective of sustainable investment. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

Glossary

Investment sub-themes	Environmental and social themes (E&S) combine with non-ESG related themes to provide a forward-looking lens through which our analysts judge the sustainability of issuers' commercial activities and the potential effects on corporate cashflows, and therefore, valuations.
SustainEx™ Overall Impact	<p>The SustainEx™ Overall Impact score is based on Schrodgers' proprietary tool, SustainEx™. SustainEx™ provides an estimate of the potential societal or environmental impact that may be created by the companies and other issuers in which the portfolio is invested. The result is expressed as a notional percentage (positive or negative) of sales of the relevant underlying companies and other issuers. For example, a SustainEx™ score of \$2 would mean a company contributes \$2 of relative notional positive impact (i.e benefits to society) per \$100 of sales.</p> <p>We calculate SustainEx™ scores for companies and other issuers in the portfolio to arrive at the total portfolio score.</p> <p>The "Overall Impact" shown is a measure of the portfolio's estimated impact compared to that of its benchmark, in each case calculated as a relative notional percentage as described above.</p>
Green, social and sustainability bonds	Green, social or sustainability bonds (use-of-proceed bonds) are issued to finance new or existing projects with positive environmental and social impact, or a combination of both green and social projects. Sustainability-linked bonds are structurally linked to the achievement of climate or broader SDG goals.
MSCI ESG fund rating	MSCI ESG fund ratings are designed to measure the Environmental, Social and Governance (ESG) characteristics of a fund's underlying holdings, making it possible to rank or screen mutual funds and ETFs on a AAA to CCC ratings scale. MSCI defines leaders as AAA or AA rated; average as A, BBB or BB rated; laggards as B or CCC rated.
Weighted average carbon intensity	A weighted-average of company emissions per \$million of sales. Methodology is aligned to "weighted average carbon intensity" as defined by TCFD and "GHG intensity" under the EU's Sustainable Finance Disclosures Regulation.
Projected carbon intensity	The anticipated weighted average carbon intensity of the fund by the year 2025. The Fund's sustainable investment objective is to aim to achieve aggregate carbon neutrality by the year 2025.
Implied Temperature Rise (ITR)	Implied Temperature Rise from MSCI ESG Research is an intuitive, forward-looking metric, expressed in degrees Celsius, designed to show the temperature alignment of companies, portfolios and funds with global temperature goals.

Important Information

Important Information

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Subscriptions for shares of the Company can only be made on the basis of its latest Key Information Document and prospectus, together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies of which can be obtained, free of charge, from Schroder Investment Management (Europe) S.A.

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The total net asset value is published on the website of the Belgian Asset Managers Association (BEAMA) on www.beama.be. In addition, the tariff schedules are available from distributors in Belgium. The fee on the stock exchange transactions of 1.32 % (with a maximum of € 4,000 per transaction) is payable on the purchase or conversion of capitalisation shares if they are carried out by the intervention of a professional intermediary in Belgium. Dividends paid to natural persons who are Belgian tax residents are subject to a Belgian withholding tax at a rate of 30% if they are paid by the intervention of a financial intermediary established in Belgium (this information applies to all distribution shares). If the dividends are received by such natural persons without the intervention of a financial intermediary established in Belgium, they must indicate the amount of the dividends received in their tax return and will be taxed on that amount at a rate of 30%. In the event of the redemption or sale of shares of a sub-fund investing, directly or indirectly, either (i) more than 25% of its assets in receivables with regard to shares acquired by the investor before January 1, 2018, or (ii) more than 10% of its assets in receivables with regard to the shares acquired by the investor from 1 January 2018 (provided, in each of these two cases, that certain additional conditions are met), the interest component of this redemption or sale price is subject to a 30% tax in Belgium.

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