

# Schroder ISF\* Global Dividend Maximiser

Fund Managers: Value Team & Structured Fund Management Team | Fund update: July 2025

## Performance overview

- The fund seeks to provide an income of 7%<sup>1</sup> p.a. via a covered call option overlay and an actively managed equity portfolio, which is primarily invested in high yielding stocks from around the world.
- Global equities gained in July in USD terms.
- From a performance perspective, the fund posted a positive return, outperforming the Morningstar Global Equity Income Category but underperforming the MSCI World Value Index and MSCI World Index.

## Drivers of fund performance

- In the equity portfolio, the fund's underweight to the US, and US technology in particular, was the main driver of relative returns – the fund is underweight the sector, which was up more than 4% during the month. Not owning Nvidia and Microsoft detracted particularly on a relative basis. An overweight position and stock selection within Consumer Discretionary also weighed on relative returns.
- For the second consecutive month, **WPP** was the largest individual detractor within the portfolio. WPP shares declined in July 2025 following disappointing first-half results and a downward revision to full-year guidance, driven by weaker performance in North America. The loss of major clients, disruption from AI technologies, and uncertainty surrounding CEO Mark Read's planned departure added to investor concerns, prompting a sharp sell-off.
- German sportswear brand **Puma** was another detractor. Shares fell in July 2025 after the company issued a profit warning and revised its full-year outlook, citing weaker-than-expected sales and the impact of new US tariffs. The brand struggled with muted consumer demand, especially for re-released retro sneakers, and faced elevated inventory levels and margin pressure from increased discounting and currency headwinds. CEO Arthur Hoeld described 2025 as a "reset year" for the company, acknowledging the need for strategic changes to restore brand relevance and improve wholesale distribution. We initiated a

position in April this year and are confident of the company's long-term future.

- On the positive side, luxury goods company **Kering** was the single largest contributor. Kering outperformed in July 2025 thanks to strong free cash flow, resilient performance from Bottega Veneta and its beauty division, and investor optimism around leadership and brand renewal. Despite revenue declines, strategic execution and cost discipline boosted market confidence.
- **Samsung Electronics** shares rose in July 2025 following the announcement of a \$16.5 billion deal to supply AI chips to Tesla, which boosted investor confidence in its contract manufacturing business and long-term growth prospects. The company also reported strong demand for high-performance memory products and AI-driven semiconductors in its Q2 results, supporting expectations for continued momentum in the second half of the year.
- While enhancing the income, the options were slightly negative for performance in mark-to-market terms in July (reflecting both expired trades and those still to expire, USD terms).
- The effect was also slightly negative when looking only at those options that expired in June - five expiring tranches, detracting -0.27% in net cash terms. **Shinhan Financial** and **KB Financial** were among those to finish above their strikes, but cautious notional decisions (i.e. reducing the proportion overwritten) helped to improve the degree of upside captured.

## Portfolio activity and positioning

- There were no new additions or complete sales of portfolio companies in July.
- Regarding the overwriting, we continue to be cautious given the propensity for significant short-term share price swings, but it is worth reiterating that we sell single-stock covered call options. We are continuing to see attractive pricing for the single-stock options that we sell. Through our competitive auction process, we are looking to pinpoint pockets of relative value, and

<sup>1</sup> The gross yield is an estimate and is not guaranteed.

continue to actively manage the overlay. This includes carrying out in-depth stock-by-stock analysis prior to each auction trade, and being active during the auction to remove names, at point of trade, should we feel any specific options are not being competitively priced.

- Our caution means that many of the stocks are either partially overwritten, or not overwritten at all. In aggregate, around 50% of the fund's NAV is currently overwritten. As such, the fund can

capture upside up to the level of the individual strike prices on the ~50% overwritten, and the full extent of any upside on the ~50% without options. Through this active approach, we are looking to deliver the enhanced level of income, while positioning the fund to participate strongly in any periods of rebound.

Past performance does not predict future returns. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

### Calendar year performance (%)

Year	Fund	Comp.1	Comp. 2	Comp. 3
2024	2.4	18.7	11.5	8.4
2023	15.9	23.8	11.5	13.5
2022	-6.3	-18.1	-6.5	-11.8
2021	17.8	21.8	21.9	17.1
2020	-7.6	15.9	-1.2	4.6
2019	15.2	27.7	21.7	21.7
2018	-11.0	-8.7	-10.8	-11.4
2017	17.7	22.4	17.1	18.8
2016	10.3	7.5	12.3	5.6
2015	-5.9	-0.9	-4.8	-2.8

Source: Schroders, as at 31 December 2024. Fund performance is net of fees, NAV to NAV with net income reinvested, C Acc shares USD. Please see factsheet for other share classes. Comparator 1 is MSCI World, comparator 2 is MSCI World Value, and comparator 3 is Morningstar Global Equity Income sector. The fund's performance should be assessed against the income target of 7% per year and compared against the MSCI World (Net TR) index, MSCI World Value (Net TR) index and Morningstar Global Equity Income Category. The investment manager invests on a discretionary basis and there are no restrictions on the extent to which the fund's portfolio and performance may deviate from the MSCI World (Net TR) index and the MSCI World Value (Net TR) index.

## Risk considerations

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**Capital risk / distribution policy:** As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.

**China risk:** If the fund invests in the China Interbank Bond Market via the Bond Connect or in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect or in shares listed on the STAR Board or the ChiNext, this may involve clearing and settlement, regulatory, operational and counterparty risks. If the fund invests in onshore renminbi-denominated securities, currency control decisions made by the Chinese government could affect the value of the fund's investments and could cause the fund to defer or suspend redemptions of its shares.

**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.

**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.

**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.

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

**Maximiser funds:** Derivatives, which are financial instruments deriving their value from an underlying asset, are used to generate income (which is paid to investors) and to reduce the volatility of returns but they may also reduce fund performance or erode capital value.

**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.

Please refer to the prospectus of the UCITS and to the KID/KIID before making any final investment decisions.

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