

Schroder ISF* Global Equity Alpha

Fund Managers: Frank Thormann, Alex Tedder | Fund update: July 2024

Performance overview

- Global equities were broadly higher in July, with developed markets outperforming emerging economies.
- The fund posted a negative return and underperformed the MSCI World index over the month.

Drivers of fund performance

- Stock selection was negative, particularly in healthcare, industrials, and information technology. Conversely, selection in consumer discretionary added value in the month.
- By region, allocations to North America, Continental Europe, and emerging markets detracted from gains, while allocations to the UK and Japan added value in the month.
- Our holdings in **Charles Schwab**, **Netflix**, and **Alphabet** were among the biggest individual detractors in July. Allocations to **Merck**, **Eli Lilly** and **Jeronimo Martins** also detracted in the month.
- Our zero-weight allocations to Apple and Tesla also detracted in the month.
- **East West Bancorp**, **Parker-Hannifin**, and **Spotify Technology** were among the biggest individual contributors in July. Allocations to **Liberty Media**, **Formula One**, **Haleon**, and **Erste Group Bank** also added value in the month.
- Our zero-weight allocation to Amazon added value in July.

Outlook/positioning

- Global markets will likely remain turbulent amidst a busy political calendar, tight financial conditions, and a slowing economic cycle.
- While short term volatility may increase, we believe that investors will be well served by focusing on the longer-term, identifying the areas with structural, under-appreciated growth, and remaining prepared to allocate to those companies with a sustained competitive advantage.
- We continue to monitor the market landscape closely and maintain a well-diversified portfolio reflecting a fluid outlook and an active approach.

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 (%)

	Fund	Benchmark***
2023	20.5	23.8
2022	-17.9	-18.1
2021	20.8	21.8
2020	21.3	15.9
2019	24.0	27.7
2018	-10.3	-8.7
2017	24.5	22.4
2016	1.1	7.5
2015	-1.1	-0.9
2014	1.0	4.9

Source: Schroders, net of fees, NAV to NAV with net income reinvested. A Acc share class, as at 31 December 2023. ***MSCI World - Net Return. The fund's performance should be assessed against its target benchmark, being to exceed the MSCI World (Net TR) index. The fund's investment universe is expected to overlap materially with the components of the target benchmark.

Risk considerations

- **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.
- **Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.
- **Currency risk:** The fund may lose value as a result of movements in foreign exchange rates. Concentration risk: The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down.
- **Derivatives risk – Efficient Portfolio Management:** Derivatives may be used 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.
- **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.
- **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.
- **IBOR:** The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

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