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# Schroder ISF* Global Equity Alpha

**Fund Managers: Frank Thormann | Fund update: October 2025**

## Performance overview

- Global equity markets posted gains in October, buoyed by another Federal Reserve rate cut and sustained AI-driven momentum.
- US equities advanced during the month, with the S&P 500 rising to a new all-time high, marking its sixth consecutive monthly advance. Emerging market (EM) equities rose and outperformed developed market peers, boosted by strong performance from index heavyweights Korea and Taiwan.
- Technology stocks outperformed significantly, fuelled by blockbuster cloud deals and risk appetite. Utilities also rallied while healthcare also saw some relief as several pharmaceutical companies reached drug pricing agreements with the US administration.
- In aggregate, growth stocks outpaced value stocks by the widest margin in five months.
- The fund posted a positive return but underperformed the benchmark index over the period.

## Drivers of fund performance

- Holdings in consumer discretionary, communication services and information technology detracted over the period. Conversely, positions in financials, consumer staples, and materials added value.
- By region, allocations to North America detracted whilst stock selection within emerging markets and Japan performed well.
- Allocations to the likes of **Meta**, **Autozone and Netflix** were amongst the top detractors.
- The fund's zero weight allocation to mega cap tech names such as **Apple** and **Amazon** weighed on returns.
- Conversely, **Alphabet**, **TSMC**, and **Lasertec** contributed to gains.

## Portfolio Activity

- We purchased UK based biopharmaceutical company **AstraZeneca** over the period. The current historic valuation discount in pharma is likely to narrow substantially, and we expect prices to be set higher in the US in order to offset potentially lower volumes in RoW.
- There were no full sells over the period.

## Outlook/positioning

- Our outlook, while broadly unchanged, remains under constant review given the potential for US trade policies to undermine global growth and negatively impact business confidence and consumer sentiment.
- We believe that a selective approach is becoming increasingly important in this environment, particularly as investors turn their attention more toward underlying company fundamentals.
- Quality stocks have seen their sharpest de-rating in years. While we are not yet at a point where we can say that quality growth companies are at an unusual discount to value stocks on average, many of our quality compounders are now offering very strong upside to fair market value, suggesting the conditions are ripe for improved performance from these holdings.
- There is likely to be continued volatility in the near-term, which may create shorter-term dislocations and opportunities as an active manager.

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*** |
|---|---|---|
| 2024 | 19.8 | 18.7 |
| 2023 | 21.7 | 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 |

Source: Schroders, net of fees, NAV to NAV with net income reinvested. A Acc share class, as at 31 December 2024. ***MSCI World - Net Return.

*Schroder International Selection Fund is referred to as Schroder ISF throughout

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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