Schroder ISF* Emerging Markets Debt Total Return

Quarterly

Fund update: Second quarter 2025

Marketing material for professional clients only.

Objectives

i. **Preservation of capital:** mitigate losses in falling markets by using a disciplined risk control framework *(e.g. portfolio downside protection policy)*

ii. **Maximise returns:** participate in rising markets

Investment approach

Total return approach based on comprehensive country research.

The investment process follows four types of analysis: **fundamental, quantitative, technical and sentiment.**

ESG is integrated into our country and corporate scorecards.

Broad investment universe including currencies, local and external debt (sovereign, corporate and convertibles) in more than 50 countries.

Long-only, no leverage, no complicated derivatives.

Risk controlled by liquidity based diversification limits, portfolio downside protection policy and use of cash.

Role in clients' portfolios

As a low-risk or entry level EMD exposure or combined with standard EMD beta managers.

As a total return strategy, designed to diversify risk and enhance returns.

As a liquid alternative investment.

Source: Schroders. There is no guarantee that these objectives will be achieved. Diversification cannot ensure profits or protect against the loss of principal.

Quarterly review:

- **Emerging markets debt performed strongly during the second quarter** after having exhibited remarkable resilience in the face of the dislocations related to the global trade war and geopolitical tensions in the Middle East. EM local currency debt continued its outperformance this year by registering a gain of +7.62% during the quarter, thus taking the year-to-date return of the GBI EM GD to 12.3%. This performance was boosted by the US dollar weakness as half of the returns came from EM currency appreciation while the other half was contributed almost evenly by income and capital appreciation (with EM rates, as measured by the GBI EM GD, dropping by 29bps in Q2).
- After a soft patch in April, EM hard currency debt also resumed its strong uptrend by ending the quarter with a positive return of +3.3% for the EMBI GD, thus increasing its year-to-date return to 5.6%.
- **Following these strong gains, the asset class is seeing some revival in interest** from global asset allocators. After years of being shunned, inflows into EMD portfolios have begun to recover. This activity has been so far very moderate, suggesting no current signs of euphoria or overbought conditions. We continue to expect short-term corrections that should be used to add risk, as we maintain a positive outlook on the longer-term trend (see outlook section below).
- **The fund ended the quarter with a positive return of +5.19%**. The key contributors to this performance were as follows: (i) US dollar debt had +67bps positive impact; and (ii) local currency debt contributed +452bps, of which +135bps was due to price change given lower local rates, +107bps was generated by income, and +210bps was from currency appreciation. The main positive contributors by country were as follows: Brazil (+112bps), Mexico (+106bps), Central Europe (+105bps), South Africa (+40bps), Malysia (+35bps), Indonesia (+30bps), and Turkey (+15bps). There were no major negative EM contributors to performance apart from a small exposure to Senegal, which had -6bps impact.
- **Our portfolio activity during the quarter focused on adding risk**, especially after the brief April correction that followed the Trump tariff announcements. These exposure increases were concentrated in high-yielding local currency bonds (see page 7).

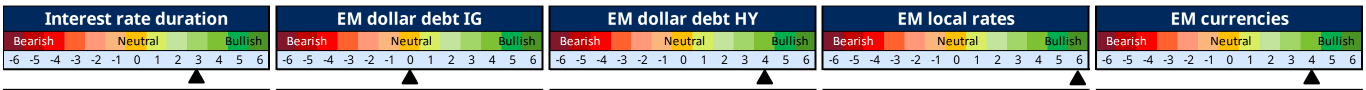
Schroders

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

Investment outlook:

Global economic environment:

- **Global growth activity continues to soften**, with the US having experienced last quarter the most noticeable downward revisions to growth expectations. However, the global economy continues to exhibit a remarkable resilience in the face of the recent geopolitical and trade war related dislocations. EM growth differentials are improving versus developed markets.
- **The global disinflation trend seen over the past two years remains firmly intact**. Most EM countries are reporting favourable inflation data. This trend looks sustainable, supported by the deflationary pressures emanating from China, strong exchange rates, and our projected decline in oil prices to the mid-50s, as geopolitical risk premiums fade and supply remains abundant. EM central banks have considerable room to cut rates from their current historically elevated levels.
- **Our measures of global financial liquidity are reaccelerating** after a brief dip last quarter. There is ample liquidity in the global financial system as evidenced by a resurgence in global monetary aggregates, improving credit impulse indicators and reaccelerating FX reserves growth. This provides a positive backdrop for risk assets, especially for EM debt which is starting to experience a recovery in inflows after years of substantial withdrawals of capital by foreign investors.
- **The cyclical US dollar downturn is still in its early stages** despite short-term sentiment indicators suggesting that the greenback is somewhat oversold. Persistently expensive US dollar real effective exchange rate valuations, high and deteriorating twin deficit and the US net international investment position exceeding -80% of GDP should continue to put pressures on the dollar, which is in the process of breaking its long-term 15-year uptrend.
- **The outlook for commodity prices remains mixed.** Oil prices are likely to be soft given ample supply. The outlook for copper price remains constructive and the conditions for the continuation of the gold bull market are firmly in place.
- **Geopolitical risks have eased**, with prosects of ceasefires in the Middle East and the lower intensity of the Ukraine war. Despite this de-escalation, higher defence spending is likely to strain already fragile fiscal dynamics in developed countries.
- **We hold a tactical constructive view on US interest rate duration**, supported by significantly improved valuations in long-dated US Treasuries, which also remain prone to short-covering rallies. Nonetheless, we are mindful of key downside risks, particularly given the fiscal imbalances and the potential inflation resurgence driven by trade tariffs. A breakout above the upper bound of the recent yield range (specifically the 5.1% level for the US 30-year) would be an early warning signal.
- **EM Local debt and currencies remain our top sectoral picks**. Dollar weakness, high real yields, the prospects of monetary easing in the contest of well-behaved EM inflation and an incipient recovery in fund flows should continue to boost returns. We estimate that a diversified EM local debt portfolio should generate an expected 12-month return above 11%, notably thanks to high-yielding government bonds in countries such as Brazil, Mexico, South Africa, Hungary, and Turkey.
- **EM dollar debt should also continue to generate attractive income.** We expect a 12-month return of 8% from this sector, with high-yielding sovereigns like Ecuador, Ivory Coast, Egypt, and Romania offering the most appealing opportunities.
- **All these sectorial views are summarised in the scorecard below:**



Scores are attributed based on a combination of macro-economic fundamental, valuation, technical and sentiment factors. These scores serve as a guide for our overall EMD portfolios' positioning.

Asia:

- **The improvement in China's credit impulse** shows evidence of previously announced fiscal support starting to filter through to the economy. This policy response must be sustained more decisively given the headwinds faced by the external sector for the rest of the year and still depressed consumer expectations.
- **We remain constructive on Asian currencies**. The Indonesian rupiah, Malaysian ringgit and Chinese renminbi should be particularly supported by cheap valuations and the potential for capital repatriation flows. In contrast, we have turned more bearish on the Thai Bhat given poor domestic fundamentals.
- **We remain positive on Indian and Philippine local bonds**, noting that while the former is further along in its rate-cutting cycle, forward growth indicators suggest further easing is possible. For the latter, low inflation, improving bond supply dynamics, rate cuts, and index inclusion are expected to provide support.
- **Our constructive stance on Sri Lankan sovereign dollar bonds is maintained**. Favourable growth dynamics continue to support macro-linked bonds. Reserves and tax revenues have also improved materially, and IMF support remains in place.

Eastern Europe, Middle East and Africa:

- **The outlook for Central European bonds and currencies remains positive**. Hungary is expected to outperform despite rising political risks ahead of the 2025 elections, which could pressure fiscal targets and delay policy easing. Tight monetary policy, an improving external balance, and attractive real rates support the Forint and local bonds. In contrast, Romanian local assets warrant profit-taking following the recent post-election rally, as fiscal dynamics remain highly challenging.
- **We continue to see value in South African local and hard currency debt** despite the recent rally. However, weakening growth expectations, reform fatigue, and uncertainty around coalition stability present headwinds. Still, low inflatio n

(2.8% yoy) provides the central bank with room to ease policy, supporting long-dated local bonds currently yielding 11%.

- **We expect Turkish local government bonds to deliver over 20% return** in USD terms over a 12-month horizon, supported by high nominal rates (49%) and controlled currency depreciation. Recent political turbulence has not disrupted the disinflation trend or undermined the credibility of the current economic team.
- **We maintain our long-held bullish view on dollar debt of Nigeria, Egypt and Ivory Coast,** which still offer appealing sovereign spreads of 478bps, 519bps and 400 respectively, improving credit metrics and stable external accounts. We are also exploring the attractive recovery opportunities that Senegal (trading at 965bps spread) could offer.

Latin America:

- **This quarter, the region has received the most significant bullish upgrades** from our fundamental analysis, driven by contained political uncertainties, stable external accounts, well-anchored inflation, and tailwinds from a weaker US dollar.
- **Unhedged long-dated local currency bonds in Brazil and Mexico currently offer the most attractive expected returns**. With 10-year yields at 13.6% and 9.3% respectively, even a modest decline in interest rates combined with a conservative currency appreciation forecast could generate returns exceeding 18% over a 12-month horizon. These returns could be even higher if a meaningful monetary easing cycle unfolds and US dollar weakness accelerates.
- **Despite low interest rates differentials with the US, Chilean and Peruvian local bonds should perform well** thanks to strong sovereign balance sheets and improving fiscal and inflation trends. We are also tactically constructive on Colombian local bonds as high rates (10-year yield at 12.2%), improving growth, rising reserves, active debt management and growing confidence in the pro market policies of the next administration currently offsetting concerns over fiscal deterioration.
- **We expect dollar debt in Brazil, Chile, Mexico, Peru, and Paraguay to generate attractive income while we still see some upside potential in Argentina, El Salvador and Ecuador**. The outlook for the latter is boosted by President Noboa's April runoff victory, which improved reform prospects and increased the likelihood of further international funding.

EM corporates:

- **EM corporates have now plateaued in credit quality and ratings momentum** after over a year of net positive rating actions (upgrades vs. downgrades). This stabilisation in fundamentals is also due to a mixed outlook for global growth and commodity prices (oil and industrial metals), alongside a slight upward revision in default rate expectations.
- **Despite headwinds for commodity-heavy Latin America, we see value in select sectors**: Peru offers solid fundamentals and attractive subordinated bank capital paper; energy infrastructure credits like FPSOs benefit from stable or increasing production while being resilient to oil price fluctuations; Mexico's utilities offer relatively attractive yields and benefit from attractive electricity market dynamics; and Mexican financials still offer appealing yields on subordinated capital paper.
- **Within EEMEA, we have turned cautious on prospects for Ukrainian corporates** given mounting maturities in the next two years, limited IFI support for private corporates, diminished company cash positions, and continued capital controls.
- **We remain selective in Asia** amid a low-growth environment and challenges in major sectors such as real estate and parts of the banking sector. We see opportunities in well-established, high-quality China's TMT and Hong Kong financials.

Quantitative analysis:

- **The Schroder country risk model continues to show that there is no key EM country that exhibits unsustainable vulnerabilities** notably given the low foreign funding needs and current favourable stages in the "*Credit Cycle*". Moreover, the Sovereign Credit Model shows improving credit metrics, especially following the reacceleration in FX reserves growth.
- **The valuation model identifies both EM IG and HY spreads as overvalued** but with pockets of value in some sovereign Frontiers. In contrast, **with real rates still historically high, EM local bond valuations score appealing across the board. EM FX valuations are now less attractive** with the noticeable exceptions of KRW, IDR, CNY, BRL, ZAR, CLP and COP.

Chart and Sentiment analysis:

- **The technical outlook for US rates is mixed**, with 10 and 30-year yields remaining range-bound. A break above the top of the range (5.1% for the 30-year) would shift the outlook unequivocally bearish. The market is also still prone to a short squeeze, given the substantial buildup of short positions and underweights at the long end of the US Treasury curve.
- **Chart patterns and flow momentum are broadly positive for EM debt**, with sovereign spreads and local yields resuming their bullish trend after a brief April pause. Trend and momentum indicators have also turned positive for EM currencies, especially as the dollar index (DXY) appears to be breaking its 15-year uptrend.

Summary scorecard by sector and country:

The categorisation of the attractiveness of the assets in the tables below is defined by the Schroder EMD team country scorecards. These scorecards are based on an assessment of macro-economic fundamental, valuation, technical and sentiment factors and serve as a guide for our EMD portfolios' positioning.

DOLLAR DEBT - SOVEREIGN

Extremely unattractive	Unattractive	Neutral		Attractive	Extremely attractive
Asia	**Latin America**	**Latin America**	**Frontier**	**Latin America**	
China	Venezuela	Argentina	Angola	Brazil	
Europe	**Asia**	Panama	Bolivia	Chile	
Ukraine	Indonesia	Peru	Dom Rep	Colombia	
Frontier	Malaysia	Uruguay	Egypt	Ecuador	
Kenya	**Europe**	**Asia**	El Salvador	Mexico	
Tunisia	Bulgaria	Korea	Ethiopia	**Europe**	
	Greece	Pakistan	Gabon	Romania	
	Kazakhstan	Philippines	Ghana	**Frontier**	
	Russia	Vietnam	Guatemala	Azerbaijan	
	Africa & Middle East	**Europe**	Honduras	Bahamas	
	Qatar	Croatia	Jordan	Cameroon	
	Frontier	Czech Rep	Mongolia	Iraq	
	Bahrain	Hungary	Morocco	Ivory Coast	
	Belarus	Poland	Mozambique	Lebanon	
	Costa Rica	Serbia	Nigeria	Oman	
	Jamaica	Slovakia	Paraguay	Senegal	
	Namibia	Turkey	Sri Lanka		
	Zambia	**Africa & Middle East**	Suriname		
		Saudi Arabia	TrinTobago		
		South Africa			

DOLLAR DEBT - CORPORATES

Extremely unattractive	Unattractive	Neutral		Attractive	Extremely attractive
	Latin America	**Latin America**	**Europe**	**Latin America**	
	Brazil	Argentina	Russia	Peru	
	Colombia	Chile	Turkey		
	Asia	Mexico	**Africa & Middle East**		
	Indonesia	**Asia**	South Africa		
	Europe	China	GCC		
	Ukraine	India			

LOCAL RATES

Extremely unattractive	Unattractive	Neutral		Attractive	Extremely attractive
	Asia	**Latin America**	**Asia**	**Latin America**	**Latin America**
	China	Argentina	Hong Kong	Peru	Brazil
	Europe	Colombia	Korea	**Asia**	Chile
	Russia	**Europe**	Malaysia	India	Mexico
	Serbia	Croatia	Pakistan	Indonesia	**Asia**
	Ukraine	Czech Republic	Singapore	Taiwan	Philippines
	Africa & Middle East	**Africa & Middle East**	Thailand	**Europe**	
	Morocco	Nigeria	Vietnam	Hungary	
	UAE			Poland	
				Romania	
				Turkey	
				Africa & Middle East	
				Egypt	
				Ghana	
				South Africa	

CURRENCIES

Extremely unattractive	Unattractive	Neutral		Attractive	Extremely attractive
Europe	**Asia**	**Latin America**	**Europe**	**Latin America**	**Latin America**
Russia	Thailand	Argentina	Croatia	Chile	Brazil
	Europe	Colombia	Kazakhstan	Mexico	**Asia**
	Ukraine	Peru	Poland	Uruguay	Malaysia
		Asia	Romania	**Asia**	**Europe**
		China	Serbia	Indonesia	Hungary
		Hong Kong	Turkey	**Europe**	
		India	**Africa & Middle East**	Czech Republic	
		Korea	Ghana	**Africa & Middle East**	
		Pakistan	Kuwait	Egypt	
		Philippines	Morocco	South Africa	
		Singapore	Nigeria		
		Taiwan	Qatar		
		Vietnam	Saudi Arabia		
			UAE		

Fund performance as at 30 June 2025 (%):

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 investments to fall as well as rise.

USD A accumulation shares net

Since Jan 2000[1]	Fund	GBI-EM GD[2]	EMBI GD
Annual rate of return	**4.02**	6.15	7.23
Volatility	**6.19**	11.24	8.8
Sharpe ratio	**0.37**	0.43	0.64
Sortino ratio	**0.61**	0.61	0.69
Correlation	**1**	0.78	0.68
Positive quarters	**61.39**	63.37	70.30
Maximum drawdown	**-21.02**	-29.32	-25.85
Best month	**6.34**	9.84	7.59
Worst month	**-5.54**	-14.07	-16.03
Max 12m rolling return	**27.66**	38.87	41.56
Min 12m rolling return	**-17.72**	-21.54	-24.28

Source: Schroders. [1]Inception 31 January 2000. [2] JPM EMBI Global Diversified used as a proxy before 31/12/02 at which point GBI-EM Global Diversified launched.

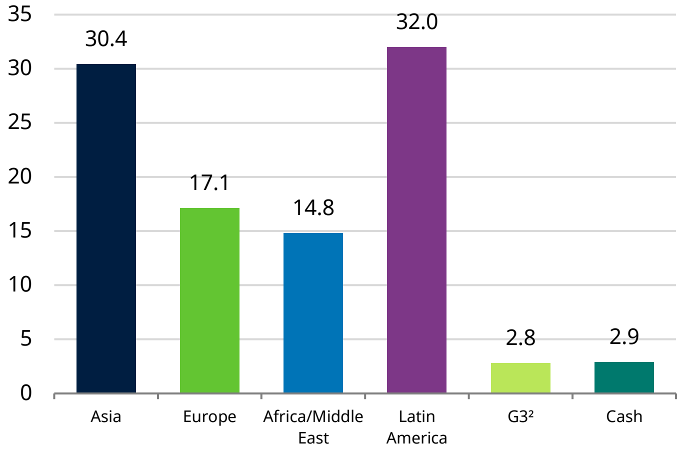
Please note the fund is an total return fund therefore, the EMD indices are for illustrative purposes only.

%	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2000[1]		3.30	2.40	-1.90	-1.52	4.66	3.55	2.35	-1.89	-0.39	1.36	3.97	16.75
2001	3.18	-0.77	-1.59	-2.59	1.24	1.67	0.12	4.30	-3.78	0.31	-0.24	0.31	1.90
2002	0.78	2.25	-0.15	4.34	3.14	2.90	-0.07	2.54	0.94	0.86	2.37	3.80	26.31
2003	1.86	0.24	-0.30	2.50	1.66	0.99	-0.64	-0.12	1.34	-0.98	-0.64	2.75	8.93
2004	-1.14	0.63	1.03	-1.19	-0.23	-0.52	0.64	-0.23	2.19	2.14	3.91	2.60	10.13
2005	-1.76	1.58	-1.50	-0.11	-0.42	0.26	0.79	-0.52	-0.37	0.63	0.21	-0.10	-1.34
2006	2.51	0.92	1.32	1.90	-1.18	-0.84	0.85	0.84	0.34	1.23	2.47	1.42	12.36
2007	-0.93	0.85	0.65	1.07	-0.09	-0.28	0.60	-1.14	2.18	2.36	0.80	-0.04	6.11
2008	1.36	1.73	1.07	-0.84	-0.85	-0.26	0.39	-2.91	-2.78	-3.45	1.41	3.15	-2.20
2009	-1.89	-2.15	1.03	3.80	6.34	0.97	2.95	0.85	3.60	1.35	1.07	-1.43	17.39
2010	0.27	-0.11	0.27	0.30	-0.99	0.65	0.15	1.56	0.11	0.52	-2.64	0.92	0.96
2011	-0.87	0.08	0.46	2.55	-1.89	-0.11	0.42	-0.30	-1.17	-0.19	-0.23	0.12	-1.21
2012	0.15	-0.27	-1.08	0.04	-1.71	0.59	0.39	0.12	0.78	0.70	1.08	2.59	3.38
2013	1.37	-1.39	-0.59	1.05	-0.48	-0.82	-0.19	-0.34	0.23	0.83	-1.08	0.38	-1.08
2014	-0.68	1.21	0.56	0.56	1.18	-0.55	-0.59	1.59	-2.94	0.41	0.07	-1.97	-1.24
2015	1.14	-1.77	-1.03	0.97	-1.34	-0.78	-0.74	-1.02	-0.68	-0.12	-0.84	-0.57	-6.61
2016	0.41	0.85	5.75	2.47	-3.16	2.72	0.76	-0.04	0.62	-0.43	-2.72	0.58	7.76
2017	1.36	1.29	0.59	0.57	0.67	0.54	0.90	0.76	-0.46	-1.58	0.70	1.06	6.55
2018	3.14	-0.98	0.54	-2.50	-2.34	-1.23	0.64	-2.98	0.23	0.32	0.62	0.45	-4.17
2019	2.51	-0.70	-0.71	-0.49	0.14	3.26	0.34	-2.56	0.18	1.63	-1.73	2.86	4.66
2020	-1.41	-1.59	-5.54	1.30	4.62	0.66	3.02	-0.56	-2.17	0.69	3.83	3.17	2.44
2021	-1.89	-1.47	-2.28	1.31	1.58	-0.61	-0.49	-0.12	-2.22	-0.92	-2.19	1.16	-7.94
2022	-0.93	-2.34	-2.66	-3.48	-0.15	-4.84	0.00	1.83	-2.42	-0.04	4.09	0.92	-9.88
2023	3.32	-2.08	1.91	0.27	0.00	3.88	1.44	-2.59	-2.47	0.31	3.21	3.85	11.30
2024	-1.73	0.16	0.64	-0.87	0.88	-1.54	0.59	2.06	2.37	-2.97	0.06	-1.04	-1.52
2025	**2.02**	**0.75**	**-0.20**	**1.64**	**1.26**	**1.74**							**7.41**

Source: Schroders. [1]Inception 31 January 2000. Typical ongoing charges for A shares are 1.84%.

Fund positioning as at 30 June 2025 (%):

	US$ Debt	Local Debt	FX[1]	Total
Latin America				
Argentina	1.6			1.6
Brazil	0.7	8.5		9.2
Chile		2.0		2.0
Colombia	1.1		1.0	2.1
Dom Rep.		1.0		1.0
Ecuador	2.3			2.3
Mexico	2.0	9.9		11.9
Peru		1.9		1.9
Asia				
China	0.5			0.5
India	0.1	10.0	-2.5	10.1
Indonesia		6.0	1.5	7.5
Korea			1.7	1.7
Malaysia		5.7	0.5	6.2
Philippines		2.4	-1.0	2.4
Singapore	0.2			0.2
Sri Lanka	1.8			1.8
Central Eastern Europe				
Czech Republic		1.0	2.9	3.9
Hungary	0.2	5.0		5.2
Latvia	0.3			0.3
Poland		2.9		2.9
Romania	1.5			1.5
Turkey	0.2	2.9		3.1
Ukraine		0.2		0.2
Africa and Middle East				
Angola	0.2			0.2
Egypt	1.2	1.3		2.5
Ivory Coast	2.3			2.3
Mali	0.3			0.3
Nigeria	1.3			1.3
Senegal	0.7			0.7
South Africa		5.4	1.6	7.0
Tanzania	0.1			0.1
Zambia	0.4			0.4
Total EM	**19.0**	**66.1**	**9.2**	**94.3**
G3				
EUR			2.8	2.8
Cash				**2.9**
Grand Total	**19.0**	**66.1**	**12.0**	**100**



Fund Summary (%)

Yield to maturity	8.6
EM FX exposure	77.4
Duration (years)	5.2
Average credit rating	BBB
Corporate bond exposure	3.95
Current yield	6.83
No. of holdings	99
Fund AUM	US$972m
EMD TR strategy AUM	US$1,718m

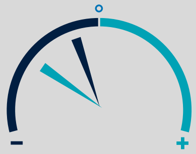
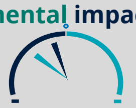
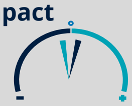
Source: Schroders.

[1] FX positions in red are hedges of local debt positions. FX positions in black are outright long FX forward positions. Total includes only active long outright FX forwards and NDFs and excludes hedges of local debt.

[2] Can include short and long dated government securities issued in G3 countries. Difference in some numbers due to rounding.

ESG – Proprietary sustainability metrics (SFDR Article 8):

Schroder ISF EMD Total Return ESG – 30 June 2025

	Fund coverage: 99%	Reference benchmark coverage: 99%
Overall impact 	**Fund** -2.2%	**Reference sustainability benchmark** -3.8%
Environmental impact 	**Fund** -1.9%	**Reference sustainability benchmark** -2.8%
Social impact 	**Fund** -0.3%	**Reference sustainability benchmark** -0.7%
Governance impact 	**Fund** -0.1%	**Reference sustainability benchmark** -0.3%

Source: Schroders – 30 June 2025. The Schroders Impact score is based on Schroders' proprietary tool, SustainEx. Overall impact is an indication of the fund's impact compared to its benchmark. All holdings exclude cash and currency holdings. Impact on People indicate the fund's underlying benefits and harms compared to its benchmark. Metrics shown are a sample of the total underlying metrics. See definitions slide for more details. Benchmark data 50% JP Morgan EMBI Global Diversified (USD Unhedged) and 50% JP Morgan GBI EM Global Diversified (USD Unhedged).

Risk considerations

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.

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.

Issuer risk: The fund is permitted to invest more than 35% of its scheme property in transferable securities and money market instruments issued or guaranteed by an EEA State / governments of the following country: United States of America.

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.

No capital guarantee risk: Positive returns are not guaranteed and no form of capital protection applies.

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 environmental and/or social characteristics. 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.

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