

Schroder ISF* Global Energy

Fund Managers: Mark Lacey, Felix Odey & Alex Monk | Fund update: October 2025

Performance overview

- The SISF Global Energy fund increased by 0.7% in October.
- The fund underperformed the MSCI Global Energy SMID Index, which increased by 0.7%, and outperformed the MSCI Global Energy Index which decreased by -0.5% during the month.
- Brent oil prices fell by 2.9% during the month and have decreased by 12.8% for the year to date.
- OECD commercial inventories posted another build during the month. Inventory levels are now just above average for this time of the year.
- Tanker data suggest that more pronounced builds in oil and refined inventories are likely over the next few months.
- OPEC has increased production by 1.7mb/day since January. September output increased by 0.4mb/day and 80% of the net increase came from Saudi Arabia alone. The members are indicating that further production increases (of around 0.2mb/day) are possible over the coming months, but it is clear that spare capacity is becoming limited.
- With regards to the global supply/demand balance for oil, the North American producers are cautious and continue to indicate that capital expenditure for 2026 will be relatively unchanged. If the supply/demand balance becomes very loose they will cut capital expenditure quite quickly.
- Following on from September, US gas prices increased over 24% market during October. Gas demand used in power generation has exceeded expectations for the year to date and this coupled with strong LNG exports has had a positive influence on prices.
- Exports of LNG out of the East Coast terminals are up 10% for the year to date and further export growth is expected over the next 12 months.
- The best performing conventional energy subsectors in October were the Lithium Producers (SOLLIT Index) and the US oilfield services sector (OSX Index). In contrast, the worst performing sectors were US E&P sector (S15OILP Index) and the US integrated sectors (S15IOIL Index).
- For the year-to-date 2025, to the end of October, the SISF Global Energy fund has returned +15.0%. This compares favourably to both the MSCI Global Energy SMID Index which has returned +13.1% and the MSCI Global Energy Index which has returned +10.7%.

Drivers of fund performance

- The fund performed in line with its benchmark during the month.
- Positive attribution relative to benchmark came from the US oilfield services sector in particular, with good relative attribution coming from Patterson Drilling, Halliburton and Schlumberger.
- Positive attribution also came from the funds holding in SQM in the Lithium sector.
- Offsetting this positive attribution, the fund not holding Cameco (Uranium miner) resulted in some negative attribution for the portfolio.
- Negative attribution also came from the funds holding in Fugro, which underperformed the benchmark despite announcing a major cost cutting program to protect profitability in a weak offshore wind market.

Portfolio activity:

- Following a multi-year period of positive attribution, the fund sold its last remaining position in Technip during the month. We believe that the strong order flow from global LNG markets is now fully reflected in the company's valuation.
- The fund added exposure to Equinor during the month. The shares have derated significantly and the position was added taking into consideration the attractive valuation and very high dividend yield.

Outlook:

- We remain positive on the outlook for the conventional energy equities.
- The sector remains extremely well capitalised, with many balance sheets with a net cash position.
- The sector continues to generate strong levels of free cash, which is being distributed back to shareholders.
- Many companies held in the portfolio are paying cash dividends of between 5% to 12% for 2025*

Source: Company data/Schroders - as at 31st October 2025*

Calendar year performance (%)

Year	Fund (I-Acc)	MSCI Global Energy SMID	MSCI World Energy
2025 YTD	+15.0	+13.1	+10.7
2024	-2.7	+9.1	+3.6
2023	+18.5	+8.7	+3.5
2022	+35.1	+44.4	+47.6
2021	+49.9	+48.4	+41.8
2020	-31.1	-30.9	-30.5

Source: Schroders, as at 31st October 2025. Fund performance is net of fees, NAV to NAV with net income reinvested, I Acc shares. Please see factsheet for other share classes. MSCI Global Energy SMID Index (GE SMID) and MSCI Global Energy are used as comparator indices for the fund.

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.
- 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.
- 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.
- Derivatives risk – Efficient Portfolio Management and Investment Purposes: 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. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.
- Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.
- 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.
- Higher volatility risk: The price of this fund may be volatile as it may take higher risks in search of higher rewards.
- 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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