

## Schroder ISF\* Global Sustainable Growth

Fund Managers: Scott MacLennan, Charles Somers | Fund update: November 2024

## Performance overview

- Global equities were broadly higher in November with the US leading the way following Donald Trump's US election victory. Emerging market shares were generally weaker amid worries over potential tariffs.
- The fund posted a positive return and underperformed the MSCI All Country World index over the month.

## Drivers of fund performance

- Stock selection in materials and our zero-weight allocations to utilities and real estate added value in November. Conversely, selection in information technology, consumer discretionary, and financials detracted from gains in the month.
- By region, our positions in emerging markets and Pacific ex Japan added value, while allocations to Japan, Continental Europe, the UK, and North America detracted in November.
- Online travel company **Booking** outperformed in November as the company continues to execute well, deliver market share gains and see better than expected results from Europe and Asia. The company continues to demonstrate strong capital allocation and enjoys a robust competitive position and product offering.
- **Emerson Electric, Salesforce, and DBS Group Holdings** were among the biggest individual contributors in November. Our positions in **Recruit Holdings, Visa, and UnitedHealth Group** also added value in the month.
- **Taiwan Semiconductor Manufacturing Company (TSMC)** underperformed in November on investor fears that the re-election of Donald Trump as US President could lead to new tariffs on manufactured goods and further trade tensions, particularly in relation to technology companies. However, the company continues to perform well, reporting a 54% rise in profit for the third quarter and raising its revenue forecast for the year.
- **Kingfisher, Keyence, and Hitachi** were among the biggest individual detractors in November. **Roche Holdings, Vesta Wind Systems, and AstraZeneca** also detracted in the month.

## Portfolio activity:

- We initiated new positions in **Legrand, Morgan Stanley, and ServiceNow** in November.
- We sold our positions in **Intuit and Vestas Wind Systems** in the month.

## 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 Net	MSCI AC World TR Net
2023	22.4	22.2
2022	-17.3	-18.4
2021	19.3	18.5
2020	27.5	16.3
2019	31.0	26.6
2018	-3.3	-9.4
2017	28.8	24.0
2016	-0.7	7.9
2015	1.5	-2.4

2014	-0.5	4.2
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Source: Schroders, net of fees, bid-bid, with net income reinvested. A Acc share class as at 31 December 2023. The fund does not have a target benchmark. The fund's performance

should be compared against the MSCI AC World (Net TR) index. The comparator benchmark is only included for performance comparison purposes and does not have any bearing on how the investment manager invests the fund's assets. The fund's investment universe is expected to overlap materially with the components of the comparator benchmark.

## Risk considerations

- **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.
- **Emerging Markets and Frontier Risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.
- **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.
- **Derivatives Risk – Efficient Portfolio Risk:** 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.
- **Currency Risk:** The fund may lose value as a result of movements in foreign exchange rates.
- **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.
- **IBOR Risk:** 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.
- **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.
- **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.
- **Currency Risk/Hedged Share Class:** The 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.

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