

## Schroder ISF\* Global Sustainable Growth

Fund Managers: Scott MacLennan, Charles Somers | Fund update: January 2025

## Performance overview

- Global equities rose over January. Eurozone and UK shares outperformed US equities.
- The fund posted a positive return and outperformed the MSCI All Country World index in January.

## Drivers of fund performance

- Stock selection in information technology, financials, and healthcare added value in January. Conversely, selection in consumer discretionary and industrials detracted in the month. Our underweight allocation to communication services also weighed on returns.
- By region, our positions in Continental Europe, North America, and emerging markets added value, while allocations to the UK, Japan, and Pacific ex Japan detracted in the month.
- Business software company **SAP** outperformed in January after reporting strong third-quarter earnings and raising its guidance for full-year revenue and profit, driven by strong demand for its cloud and software products. SAP's cloud business continues to demonstrate resilience despite the broader enterprise software backdrop.
- **BBVA**, **Thermo Fisher Scientific**, and **ARM Holdings** were among the biggest individual contributors in January. Our positions in **RELX**, **FincoBank**, and **Alphabet** also added value in the month.
- Online travel company **Booking** underperformed in January as investors banked profits following a strong period of growth for the share price. The company continues to execute well, deliver market share gains and see strong acceleration in Europe and Asia. Booking also continues to demonstrate strong capital allocation and enjoys a robust competitive position and product offering.
- **Greggs**, **Terumo**, and **Microsoft** were among the biggest individual detractors in January. **ServiceNow**, **Recruit Holdings**, and **Texas Instruments** also detracted in the month.

## Portfolio activity:

- We sold our position in Spirax Group in January.
- We added to our positions in **Arista Networks**, **Morgan Stanley**, and **Raia Drogasil** in January.

## 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
2024	10.9	17.5
2023	23.4	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

Source: Schroders, net of fees, bid-bid, with net income reinvested. A Acc share class as at 31 December 2024. 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

## 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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The fund has environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on

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.

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