Schroder ISF[1] Emerging Markets Debt Total Return

Fund update August 2026

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.

Sector views:

Dollar debt

- Despite EM sovereign and corporate spreads being at historically tight levels, most issuers continue to exhibit reasonably strong credit metrics, which allow EM Hard Currency Debt to maintain price stability and remain a good income generator.
- EM dollar debt high yield still offers attractive pockets of value, notably in selected sovereign frontier markets with improving ability to pay.
- EM dollar debt investment grade spreads are unappealing, and total returns are now more dependant on the direction of US treasury yields

=> Core moderate exposures to high yield names with improving risk metrics. Active use of US Treasuries and EM CDX to manage duration and credit exposures.

Local debt

- The Middle East crisis will be inflationary for EM even if it de-escalates from here, but we think it should be manageable, especially as: (i) EM inflation levels are starting at a lower base than in the previous Russia/Ukraine energy shock of 2022; and (ii) the levels of real rates are historically higher providing significant buffers against an uptick in inflation.
- Local debt in Brazil, Mexico, Colombia, Hungary, South Africa, Egypt, Nigeria and Turkey are appealing especially following the recent corrections triggered by a combination of the Iran war and the upward pressures on US treasury yields

=> Continued focus on countries with high real yields and credible monetary policy frameworks.

Currencies

- The cyclical US dollar downturn initiated last year is firmly in place.
- EM currencies should maintain the appreciation trend started last year. Currencies with reasonable REER valuations, stable balance of payments and high-interest rate support should generate attractive returns in the next 12 months.

=> Maintain an overall high level of EM currency exposure. Periods of tactical hedging may be warranted to manage short-term volatility.

Source: Schroders – September 2026. For illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Schroders

[1]Schroder International Selection Fund is referred to as Schroder ISF throughout.

Review:

- **Despite continued upward pressures on US Treasury yields and the renewed escalation of conflict in the Middle East, EM debt performed strongly in August**. Resilient growth contained inflationary pressures, ample financial liquidity and generally credible policy frameworks continue to support the asset class. Inflows into EM bond funds have also continued, reflecting growing recognition among global asset allocators of EM's resilience. Attractive valuations in selected segments, notably thanks to historically high real yields in EM local bonds, further enhanced the appeal of EM debt.
- **Hard currency debt, as measured by the EMBI Global Diversified Index, returned +0.9% in August**, bringing its year-to-date performance to +2.75%. The investment grade sub-index rebounded from its July losses, gaining +0.7% during the month, although it remained marginally negative year to date at -0.2%. High-yield debt again outperformed, returning +1.1% and bringing its year-to-date performance to +5.6%. High carry and resilient fundamentals, particularly among several commodity-producing issuers, continue to support the segment.
- **Local currency debt, as measured by the GBI-EM Global Diversified Index, also delivered a positive return of +0.9% in August**, bringing its year-to-date performance to +2.73%. Currencies continued to perform well, gaining +0.65% during the month, despite modest corrections in the Colombian peso and Brazilian real following their strong gains in previous months. Slightly higher local bond yields resulted in a negative price contribution of -0.2%, while income contributed +0.46%.
- **Our portfolio activity in August continued to focus on reducing interest-rate duration** in response to renewed upward pressures on US Treasury yields and the risk that these pressures could spill over into EM assets. This reduction was achieved primarily through US Treasury hedges, which lowered portfolio duration from 5.2 to 4.62 years by month-end. The fund also increased its EM currency exposure, maintaining a focus on high-yielding Latin American markets. The case for these currencies has been further strengthened by growing market concerns over the credibility of US fiscal and monetary policy, which have begun to weigh on the US dollar. Overall currency exposure was increased during the month from 61.2% to 74.3% of NAV.
- **The fund returned +1.07% in August, bringing its year-to-date performance to +5.03% in gross US dollar terms.** US dollar denominated debt contributed +18 bps, while EM local currency positions added +89 bps. Of the latter, currency appreciation contributed +43 bps, local debt income generated +49 bps, and slightly higher local interest rates detracted -3 bps. The largest positive country contributors were Korea (+25 bps), South Africa (+18 bps), Egypt (+12 bps), Nigeria (+12 bps), Malaysia (+10 bps) and Turkey (+5 bps). Colombia (-10 bps) was the main detractor, as its local market corrected following the substantial gains recorded in previous months.

Outlook:

- Upward pressures on US Treasury yields intensified over the summer, although the repricing has remained orderly so far. We continue to assess the risk that these pressures could develop into a more disorderly adjustment, potentially triggering severe dislocations across global financial markets.
- The encouraging news is that EM bonds and currencies have continued to demonstrate remarkable resilience despite the headwinds emanating from the US government bond market (Figure 1). In previous editions of this report, we outlined the factors underpinning this resilience and explained why EMD, particularly the local currency debt sector, should continue to outperform strongly. As EM investors, we continue to assess the risk that upward pressures on US yields could spill over into EM assets. We view this as the main exogenous risk on the horizon that has not challenged so far our sanguine view on the outlook for several emerging markets thanks to their favourable policy frameworks, stable macroeconomic conditions and with still appealing valuations on offer in some segments of the asset class.

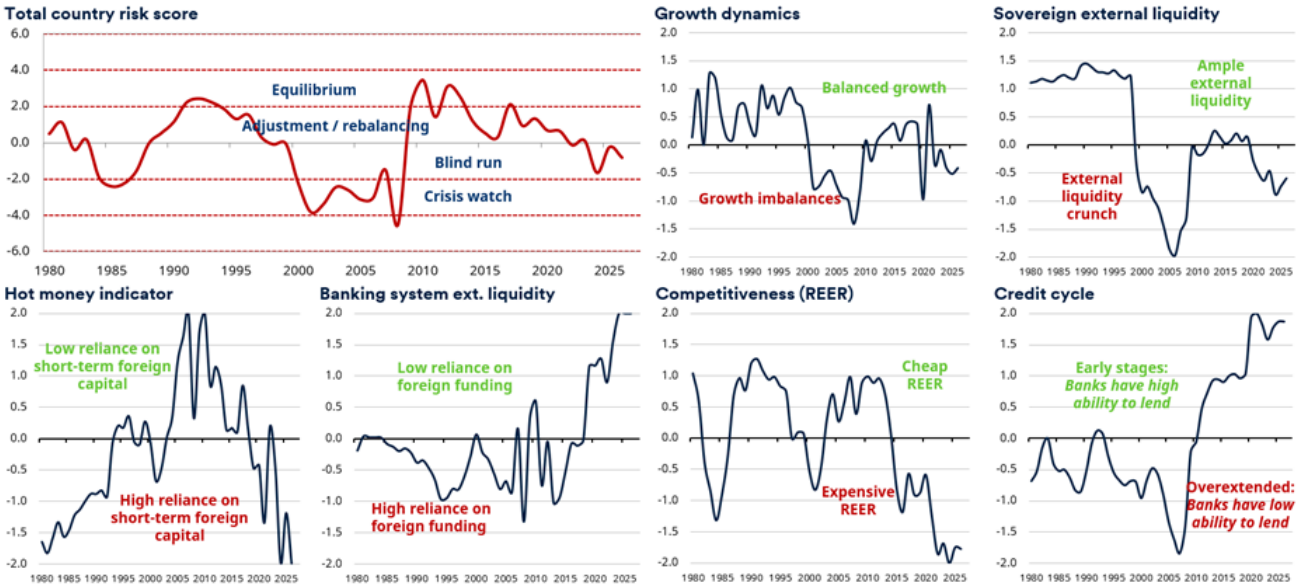
Figure 1: Developed markets and EM yields



Source: LSEG Datastream; Schroders Economics Group – 7 September 2026.

- We are clearly now approaching a critical stage in the cycle for US and developed market government bonds. Traditional valuation metrics suggest that Treasuries have become significantly undervalued, with ex-ante real yields at historically elevated levels. Our technical indicators also point to oversold and extremely under-owned US long-dated Treasury bonds. At the same time, recent US and global growth trends remain resilient, but show no clear signs of the overheating that would normally trigger another major bond market scare. Against this backdrop, US and developed market government bonds should arguably begin to stabilise, especially given the possibility of a short squeeze (a brief counter-trend rally in US bonds) potentially triggered by ongoing efforts by the US Treasury to contain the rise in yields.
- However, beyond these short-term technical dynamics, the key longer-term worrying issue is the market's decisive shift towards scrutinising US policy credibility with the rapidly increasing risk that current developments could evolve into a fully-fledged fiscal crisis. In the absence of credible measures to consolidate the fiscal position, recent efforts by the US Treasury Secretary to stabilise yields are unlikely to succeed beyond the next few weeks at most. Indeed, without a convincing fiscal policy framework, these efforts may instead draw greater attention to the extremely unfavourable supply–demand dynamics at the long end of the US bond market, further undermining confidence in both the Treasury and the Federal Reserve.
- In this report, drawing on our long-standing Schroders Country Vulnerability Model, we reassess the current situation in the US and compare it with that of key emerging markets. This comparison provides a useful framework for identifying and monitoring the early warning signs of a potential crisis. It should be emphasised that the threshold for a balance of payments and/or fiscal crisis in the US is undoubtedly significantly higher than in any other country, given the reserve currency status of the US dollar. The dollar itself also provides a powerful adjustment mechanism: it can weaken or be weakened, with relatively limited immediate consequences for the US, to help rebalance the country's external accounts, while debt could ultimately be monetised through renewed large-scale money creation. In our view, this is likely to be the eventual outcome of the current fiscal and monetary dynamics in the US.

Figure 2: US Country Vulnerability Model



Source: Schroders; Bloomberg; LSEG Data & Analytics – 31 August 2026.

- In the late 1990s, drawing on our experience of the emerging market crises of that period, our team began developing a Country Vulnerability Model designed to identify and score early warning indicators of balance of payments and/or debt crises. Over the past 26 years, this framework has provided valuable insights and helped us navigate several EM sovereign crises and market dislocations, including the Global Financial Crisis and the Eurozone debt scares.
- Our Country Vulnerability Model focuses primarily on the liquidity dynamics facing sovereign and private sector issuers. History shows that high debt-to-GDP ratios alone are not necessarily reliable predictors of a crisis. Based solely on this metric, the US and several developed economies would already have experienced deep fiscal crises by now. We have experience of many countries that have sustained very high debt levels for prolonged periods and, in certain cases, have even grown out of these difficulties through a combination of stronger and more balanced growth combined with restored trade competitiveness. Conversely, some countries with relatively low debt-to-GDP ratios have surprisingly sometimes been drawn into debt and balance of payments crises as a result of short-term sovereign liquidity squeezes, often compounded by a heavy reliance on short-term foreign funding (Hot Money).
- As shown in figure 2, when assessing sovereign vulnerability, we therefore focus on six early warning factors that we believe are more reliable indicators of crisis. Each factor is scored from -2, indicating very high vulnerability, to +2, indicating low vulnerability, producing a total risk score ranging from -12 to +12.
- Figure 2 shows that the US has currently an overall vulnerability score of -1, placing it firmly in the "blind run" phase of the macro-economic cycle, although not yet at the -2 to -4 score range that our historical analysis has associated with a very high risk of crisis. The factors contributing to this overall vulnerability score are shown in Figure 2 and can be summarised as follows:

1. Growth dynamics: Our model currently places the US in the "imbalanced" stage of the growth cycle, while most emerging market economies are in either the adjustment or equilibrium phases. The "imbalanced" phase that the US is currently in describes a situation in which growth remains strong but is increasingly dependent on the rapid accumulation of large twin deficits. At a certain point, the build-up of these imbalances begins to undermine growth itself. We are approaching that stage in the US, and we estimate that any slowdown in nominal growth by more than 1.5 percentage point (everything else being equal) would start to be particularly concerning for the sustainability of the US twin deficits.
2. Sovereign external liquidity: Our model assesses a country's ability to meet its external obligations without resorting to debt monetisation. These obligations include foreign-owned maturing debt and the short-term financing also required to cover the current account deficit. On this measure, the US also scores poorly, reflecting its substantial external financing requirements that have accumulated over the years into a gigantic net international investment position now representing nearly -80% of GDP.
3. Reliance on foreign "hot money" funding: A high level of foreign ownership of domestic financial assets can increase a country's vulnerability to shifts in non-resident investor sentiment and capital outflows. The US scores at the weakest end of the scale on this measure given that it has been in recent years the biggest net recipient of global portfolio flows.
4. Banking-system liquidity: The US banking system is highly liquid and has very limited reliance on foreign wholesale funding. This has been a major source of support in recent years, helping the US sustain its current imbalances.
5. Competitiveness: The US dollar remains significantly overvalued despite the 8-10% real effective exchange rate depreciation of the last 18 months. A significantly weaker dollar could ultimately act as an important adjustment mechanism, improving the price competitiveness of US and supporting the rebalancing of the economy.
6. Stage of the credit cycle: US Private sector balance sheets remain exceptionally strong. This is another important mitigating factor, providing the US with greater capacity to sustain its current imbalances.

- Overall, the key takeaways from our scoring and analysis of these vulnerability indicators are as follows:

1. The risks of a fiscal and/or balance of payments crisis in the US are rising rapidly, although the country has not yet entered the danger zone. This reflects still resilient nominal growth, ample financial system liquidity and a credit cycle that does not appear overextended, with private-sector balance sheets remaining in exceptionally strong condition despite the surge in hyperscalers' issuance. However, any deterioration in these metrics would shift the balance sharply towards a potential fiscal crisis, given that the US already scores very poorly on growth imbalances, sovereign external liquidity, reliance on foreign "hot money" and still poor real effective exchange rate competitiveness (Figure 2). It is therefore important to monitor closely the momentum of growth and financial liquidity, as any signs that these metrics are peaking could provide an early indication that a major market scare (i.e. a disorderly move in yields) is approaching.
2. In contrast, emerging markets are in considerably better shape, reflecting the substantial adjustments achieved in recent years and the experience gained by EM policymakers through successive crises. Even Brazil, one of the more vulnerable EM countries from a debt and fiscal perspective, currently faces a relatively low risk of crisis according to our Country Vulnerability Model. This reflects its reasonably strong balance of payments and, by extension, its limited reliance on foreign funding. Foreign investors now only own around 10% of the Brazilian local bond market, while the country remains capable of attracting investors with real bond yields of approximately 10% and a currency that has shown remarkable stability (and even strong appreciation) in the face of recent global dislocations.
3. The US dollar, supported by the "exorbitant privilege" that the United States still enjoys, has enabled the country to meet its financing needs for many years by absorbing the recycling of global surpluses. The dollar can now also act as a useful pressure valve, supporting the adjustment process by improving US price competitiveness and helping to reduce external imbalances. This is why we maintained, since last year, the view that a major cyclical downturn in the dollar is firmly under way and still has further to run.
4. In an era of fiscal dominance, the Federal Reserve's ability to enforce monetary and fiscal credibility will be severely constrained, if not ultimately futile. Past emerging market crises taught us that, once fiscal sustainability comes into question, markets increasingly focus on the actions of fiscal authorities rather than on central bank policy rates. Under such circumstances, interest rate hikes can become ineffective or even counterproductive, particularly when the monetary policy transmission mechanism is impaired. With private sector balance sheets still in strong shape in the US, higher rates could even add to system liquidity by increasing income flows on the large stock of bank deposits and short-term government debt held by the public. Therefore, the only viable policy response must come from fiscal authorities. Without credible fiscal action, it may only be a matter of time before the Federal Reserve is forced to resume large scale debt monetisation. A loss of momentum in economic growth and a peak in financial system liquidity would likely be the key triggers for such a shift. We continue to monitor these metrics closely, as any deterioration could push the US country vulnerability score shown in Figure 2 into the crisis phase of the cycle.
5. While the country vulnerability analysis in this report has focused on the US, similar trends are also evident in other developed market economies with persistent twin deficits, such as France. Drawing again on our experience of emerging markets, the potential fiscal scare would likely initially emerge in a smaller sovereign issuer within the DM bloc (the "canary in the coal mine") before spreading to the largest and most systemically important vulnerable issuer. In the current situation, one of the smaller DM sovereign issuers could potentially play this "canary" role before market pressures and the fiscal scare spreads to the US.

Fund performance as at 31 August 2026 (%)

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	**4.19**	6.22	7.32
Volatility	**6.19**	11.08	8.67
Sharpe ratio	**0.38**	0.43	0.65
Sortino ratio	**0.61**	0.60	0.69
Correlation	**1**	0.78	0.68
Positive quarters	**61.90**	63.81	70.48
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 a 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	-0.14	1.61	1.98	0.10	1.20	0.75	13.44
2026	**3.18**	**1.17**	**-4.71**	**1.84**	**1.07**	**0.96**	**-0.54**	**0.91**					**3.74**

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

Fund positioning as at 31 August 2026 (%)

Country exposure	Dollar debt %	Local debt %	FX[1] %	Total %	CTD
Latin America					
Argentina	0.55			0.55	0.03
Brazil	0.43	11.66	-3.92	12.09	0.60
Chile		1.70		1.70	0.08
Colombia	0.11	6.67	-4.08	6.77	0.26
Dominican Republic		0.80		0.80	0.05
Ecuador	1.76			1.76	0.11
Jamaica	0.36			0.36	0.01
Mexico	0.38	6.18	-0.21	6.56	0.47
Peru		1.95		1.95	0.15
Total Latin America	**3.59**	**28.96**	**0.00**	**32.54**	**1.75**
Asia					
China	1.36	0.19		1.55	0.02
Hong Kong	0.41			0.41	0.01
India	0.51	5.76		6.27	0.36
Indonesia		2.24		2.24	0.15
Korea		4.13	1.73	5.85	0.33
Malaysia		1.31	4.67	5.98	0.06
Philippines		2.37	-1.42	2.37	0.15
Singapore	0.17			0.17	0.00
Thailand		1.39	2.48	3.87	0.15
Total Asia	**2.46**	**17.37**	**8.87**	**28.70**	**1.21**
Europe					
Czech Republic		1.91	0.99	2.90	0.20
Hungary		4.01		4.01	0.27
Poland	0.45	1.86	1.96	4.27	0.16
Romania		1.76		1.76	0.09
Turkey		3.18		3.18	0.04
Ukraine	0.23	0.12		0.35	0.01
Total Europe	**0.68**	**12.84**	**2.95**	**16.47**	**0.78**
Africa & Middle East					
Angola	2.56			2.56	0.09
Egypt	1.00	4.44		5.44	0.12
Ivory Coast	1.67			1.67	0.10
Mali	0.22			0.22	0.00
Nigeria	0.83	3.95		4.78	0.05
South Africa	0.45	5.92	-1.34	6.36	0.48
Zambia	0.21			0.21	0.00
Total Africa & Middle East	**6.93**	**14.31**	**0.00**	**21.24**	**0.85**
Overall risk exposure					
Developed Markets			-0.39		
Credit Hedges	-14.49				
Cash				1.04	0.01
Total	**13.66**	**73.48**	**11.82**	**100.00**	**4.62**

	%
Local currency debt	85.30
USD debt[1]	13.66
Cash	1.04
EM currency exposure	74.35
Fund AUM	US$ 1,286 m
EMD TR strategy AUM	US$ 2,155 m

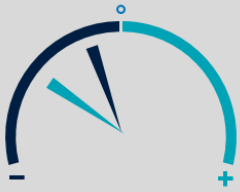
	%
Yield to maturity	**9.07**
Fund duration	4.62 years
Corporate exposure	5.87
Average credit rating	BBB
Current yield	7.53
No. of holdings	106

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.

ESG – Proprietary sustainability metrics (SFDR Article 8)

Schroder ISF EMD Total Return ESG – 31 August 2026

	Fund coverage: 99%	Reference benchmark coverage: 99%
Overall impact 	**Fund** **-2.5%**	**Reference sustainability benchmark** **-3.7%**
Environmental impact 	**Fund** **-2.3%**	**Reference sustainability benchmark** **-2.9%**
Social impact 	**Fund** **-0.1%**	**Reference sustainability benchmark** **-0.6%**
Governance impact 	**Fund** **-0.1%**	**Reference sustainability benchmark** **-0.2%**

Source: Schroders – 31 August 2026. 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). The fund has environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR"). For information on sustainability-related aspects of this fund please go to www.schroders.com.

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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