Schroder ISF[1] Emerging Markets Debt Total Return

Fund update: May 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 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 bonds in Brazil, Mexico, Colombia, Hungary, South Africa, Egypt, Turkey and the Philippines are appealing especially following the recent correction triggered by the Iran war.

=> 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.
- Following the recent brief correction, we expect EM currencies to resume 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.

=> We reduced EM currency risk given the ongoing re-pricing higher in US rates expectations. We stand ready to reinstate these currency positions in due course.

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

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

Schroders

Review:

- **Emerging market debt performed reasonably well in May**, despite continued concerns about geopolitical disruption in the Middle East. Both the hard currency and local currency segments delivered positive returns.
- **Hard currency debt, as measured by the EMBI Global Diversified Index, returned +1.0% in May**, bringing its year-to-date performance to +2.6%. Within this segment, investment grade benefited from the stabilisation in US Treasury yields in May, but continues to underperform, with a year-to-date return of +0.73%. This underperformance is consistent with the relatively unattractive spreads of around 90 bps in this subsector. By contrast, EM high yield outperformed again, ending the month with a return of +0.6% and extending its year-to-date performance to +4.4%. More attractive spreads of close to 400 bps, together with the appeal of several high-yielding and commodity-linked sovereigns in the current geopolitical environment, continue to support this subsector.
- **Local currency debt, as tracked by the GBI-EM Global Diversified Index, also continued to recover, gaining +0.9% in May** and bringing year-to-date returns to +1.3%. Despite some currency correction in May following the strong gains in Latin American currencies in previous months, EM local currency debt still benefited from high income generation (+0.45% in May) and moderate price appreciation (+0.4%).
- **Our portfolio activity in May focused on trimming risk**, notably by taking profits on several EM local currency debt exposures. This tactical risk reduction reflects our view that markets may be due for a short-term correction as expectations for US policy rates continue to be repriced higher notably as a result of the ongoing energy supply shock. We stand ready to reinstate these exposures, particularly once there is clearer evidence that the repricing of US rates is well advanced. For now, the fund is positioned as follows: **(i)** an overall cash balance of 19% of NAV, up from 8.4% in April; **(ii)** interest-rate duration broadly unchanged at 4 years; and **(iii)** overall foreign-exchange exposure of 48.5% of NAV, down from 69% in April. A more detailed breakdown of fund exposures is shown on page 8.
- **The fund performed well in May, ending the month with a return of +1.2%** in gross US dollar terms. Exposure to EM dollar debt contributed 40 bps, while local-currency debt positions had an overall positive impact of 80 bps. Of this, 6 bps came from EM currency appreciation, 54 bps from local debt income, and 20 bps from local bond price gains as rates moved slightly lower. Key country contributors to the fund's performance in May included South Africa (+36 bps), Hungary (+31 bps), China (+17 bps), Egypt (+14 bps) and Mexico (+10 bps). The only notable detractor was Brazil (-14 bps), as its currency corrected after strong gains in previous months.

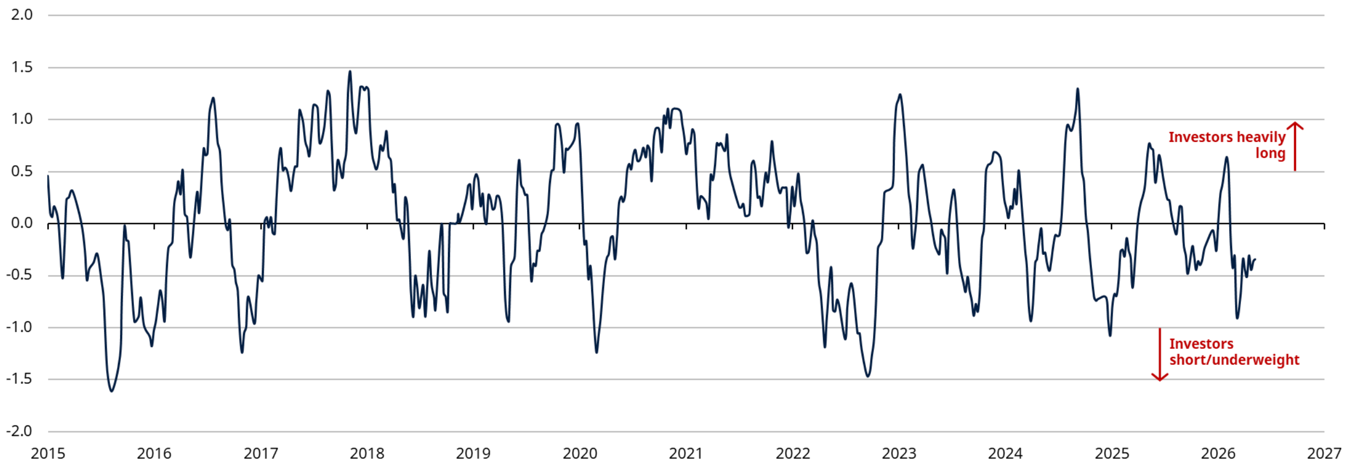
Outlook:

The global environment remains extremely challenging, but risks remain manageable for several EM economies

- Our outlook for emerging market fixed income remains constructive, despite an exceptionally challenging global backdrop. Markets continue to face three major sources of risk, all of which are proving more persistent than many market participants and policymakers had initially expected:
  - **(i) Persistent global trade tariff frictions and geopolitical shocks in the Middle East**. In particular, uncertainty around the status of the Strait of Hormuz and the outlook for oil supplies from the Gulf are likely to keep global investors extremely nervous.
  - **(ii) Rising stagflationary headwinds across the global economy**. Slowing growth momentum, combined with inflation pressures emanating from supply shocks, continues to complicate the policy outlook.
  - **(iii) Mounting fiscal fragilities in several developed countries,** where increasingly fragmented political landscapes are making future fiscal consolidation elusive, which could maintain elevated fiscal risk premia in global bond markets.
- If these three risks re-intensify, particularly at the same time, they could place significant pressure on global asset prices and would call for a highly defensive portfolio stance. In this regard, a decisive break higher in long-dated US Treasury yields beyond their recent range would be an important warning signal. When this occurs, it may be time to raise cash levels and implement portfolio hedges. Encouragingly, US yields tested and rejected the top of this range in May, which has corroborated our positive technical and sentiment signals for this market. Moreover, several factors support our view that the risks highlighted above can remain largely contained:
- First, these global risks are now widely publicised and, as a result, appear to be at least partly reflected in market pricing. In Emerging Markets, this is particularly evident in the significant washout in currency positioning, which has led to a welcome unwind of the excessive EM carry trades and speculative exposures that market participants rapidly accumulated during last year's US dollar weakness. Asia provides a clear example of this adjustment: consensus positioning in the region has recently reached extremely short levels, as shown in Figure 1, leaving it well placed for a sharp rebound should global tensions begin to ease.

Figure 1: Market consensus positioning – Asian currencies

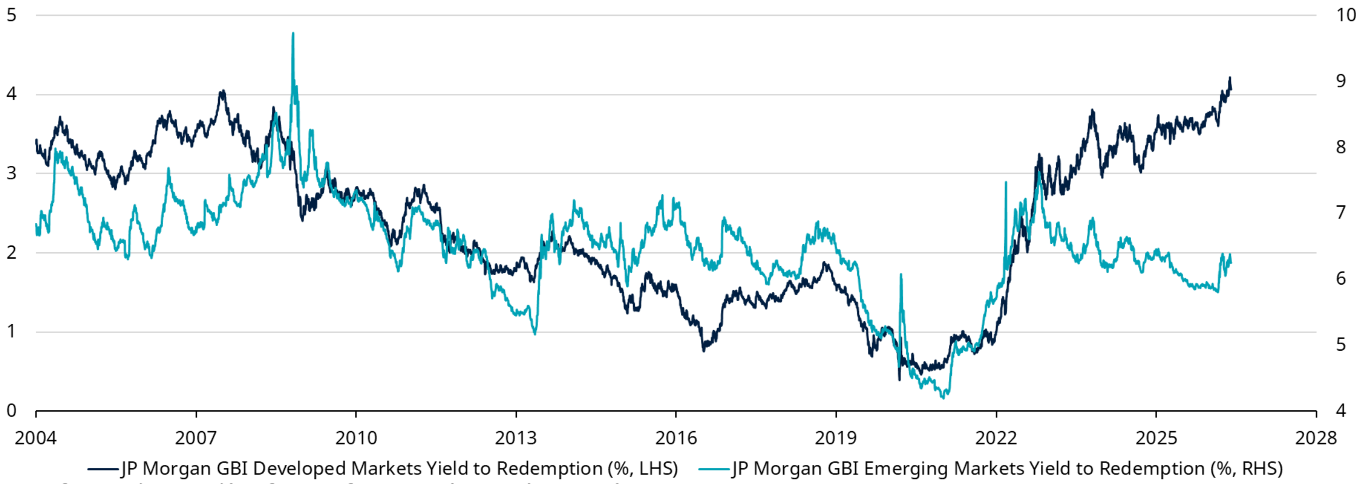
EM Inflation¹ (CPI - % y/y)



Source: Schroders FX Survey – June 2026

- Second, our measures of global monetary aggregates suggest that global financial liquidity remains ample, continuing to grow at levels that have historically been conducive to risk-seeking behaviour.
- Third, and most importantly, recent developments have reinforced our conviction that the resilience of key emerging market economies remains intact. This resilience is supported by stronger macroeconomic fundamentals and more stable policy frameworks than we experienced in previous challenging growth and inflation cycles. Figure 2 illustrates an emerging trend of global investors increasingly recognising the relative strength of EM fiscal and balance of payments metrics compared with developed markets. As can be seen, EM yields have been trending lower, while DM yields remain subject to upward pressure.

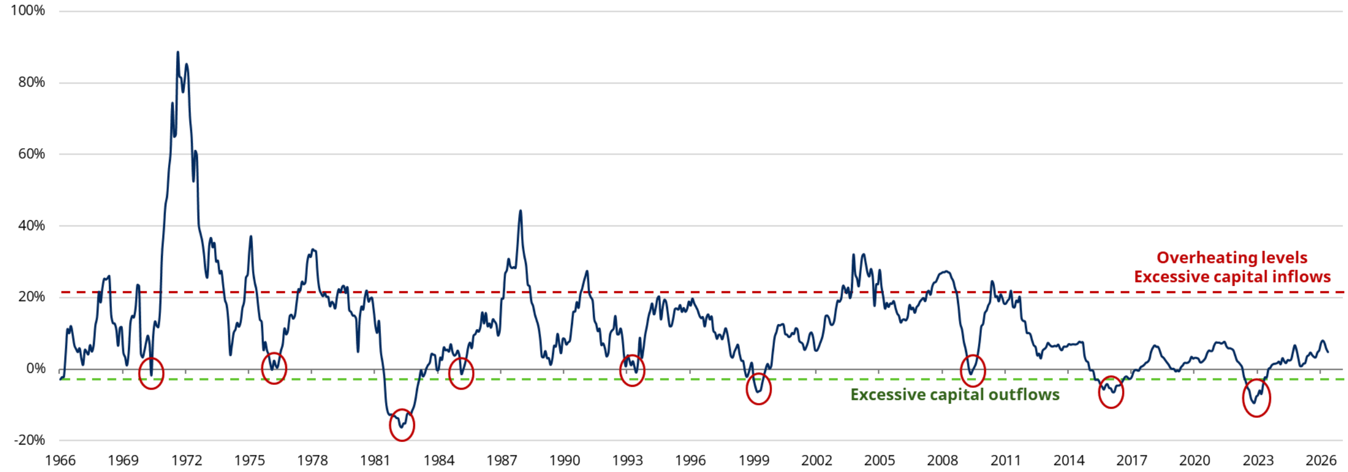
Figure 2: EM and DM bond yields (%)



Past performance is not a guide to future performance and may not be repeated.
Source: LSEG Datastream, Schroders Economics Group. 28 May 2026.

- Fourth, external accounts across much of the emerging world remain in good shape. Balance of payments positions are generally healthy, while foreign exchange reserve buffers provide an additional layer of protection against external shocks. As a result, the risk of widespread balance of payments crises or sudden funding pressures appears low. Despite ongoing global shocks, EM foreign exchange reserves continue to grow, as shown in Figure 3. Apart from Turkey and Indonesia, no other major EM economy has been forced to intervene heavily to stabilise exchange rates during the recent geo-political shocks.

Figure 3: EM foreign exchange reserves – annual growth (%)



Source: Schroders; Bloomberg; LSEG Data & Analytics – 29 May 2026.

- Fifth, many emerging economies have an embedded geopolitical hedge thanks to their status as commodity exporters. In an environment characterised by geopolitical tensions, supply chain fragmentation and increased competition for strategic resources, commodity producing countries can benefit from higher export revenues and stronger external balances. Latin America stands out in this regard, which explains our strong recent focus on the region in the positioning of our EMD portfolios.
- Brazil provides a compelling example. Despite recent bouts of global market volatility and domestic political uncertainty, Brazilian local government debt has delivered exceptionally strong returns this year, returning approximately 12% in US dollar terms as measured by the GBI-EM Global Diversified Brazil Index. This outperformance has been driven primarily by the appreciation of the Brazilian real, itself supported by several powerful fundamental factors: still reasonable real effective exchange-rate valuations, the highest real interest rates in the investable universe, a trade balance that continues to generate sizeable surpluses and limited dependence on short-term foreign capital flows.
- The last point is particularly important. Foreign ownership of Brazil's domestic bond market remains near multi-year lows, at roughly 11% of outstanding debt, reducing vulnerability to abrupt capital outflows during periods of market stress. In our view, this combination of strong external accounts, attractive valuations and substantial real yield buffers provides significant protection against adverse shocks. As a result, despite the upcoming presidential election in October, which will inevitably generate periods of heightened volatility, we remain constructive on Brazilian local currency bonds.

Inflation risks are building globally, yet interest rate buffers remain significant

Figure 4: Current stage of the inflation cycle by country

Global inflation cycle	Global	Pressures
Developed Markets	US	Pressures
	EU	Pressures
	Japan	Pressures
Asia	China	Reflation
	Thailand	Reflation
	Korea	Pressures
	Philippines	Pressures
	India	Pressures
	Indonesia	Reflation
	Taiwan	Peaking
	Malaysia	Reflation
	Hong Kong	Disinflation
	Singapore	Pressures
EEMEA	Russia	Peaking
	Turkey	Pressures
	Poland	Pressures
	Israel	Peaking
	South Africa	Pressures
	Hungary	Peaking
	Czech Rep	Pressures
LatAm	Brazil	Pressures
	Mexico	Pressures
	Chile	Pressures
	Colombia	Peaking

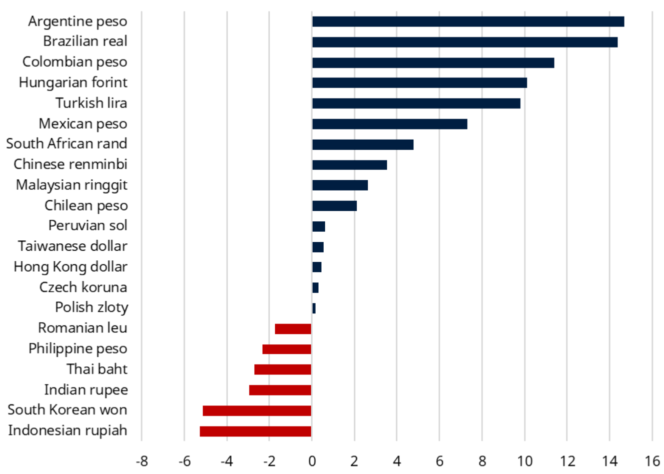
Reflation	Expectations **below** inflation target and rising
Pressures	Expectations **above** inflation target and rising
Peaking	Expectations **above** inflation target and falling
Disinflation	Expectations **below** inflation target and falling

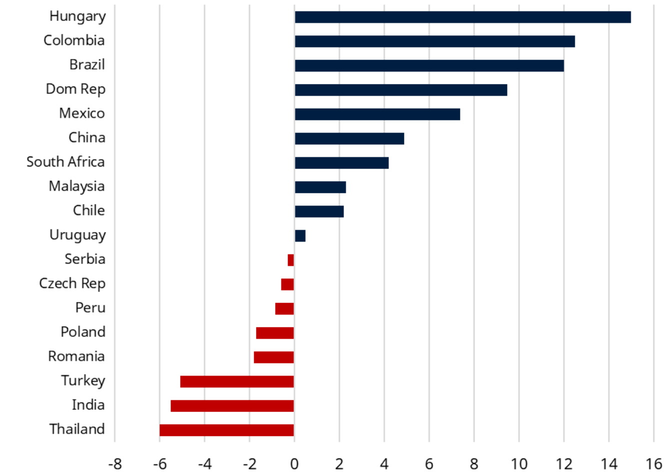
Source: Schroders – May 2026. For illustrative purposes only and not a recommendation to buy/sell.

- As shown in Figure 4, the rise in oil prices has generated renewed inflationary pressure across several developed and emerging economies, interrupting what had previously been a broad-based disinflation trend. While these inflation signals are starting to flash red across the board, four important differences stand out compared with the inflation shock that followed Russia's invasion of Ukraine in 2022, which subsequently had a severe impact on global and EM bond markets.

- First, the starting point for the current uptick in inflation across most emerging economies is significantly lower compared to the energy shock of 2022. Second, the current oil supply shock is occurring against a backdrop of muted global demand, unlike in 2022, when the global economy was still experiencing a post-COVID demand surge and widespread disruptions to manufacturing supply chains. Third, current inflationary pressures are emerging in the context of already historically tight monetary policy and elevated real interest rates, giving policymakers greater room for manoeuvre. Fourth, emerging markets are no longer moving in lockstep, either in terms of market performance or policy reactions to market shocks or to renewed price pressures.
- In this regard, countries such as South Africa have been rewarded by investors for acting decisively with a rate hike in May designed to preserve policy credibility and maintain adequate real rate buffers. Markets have been less forgiving for countries such as Indonesia, where policy signals have been erratic and fiscal credibility has deteriorated. The Indonesian rupiah has continued to weaken, forcing the central bank to implement a rate hike in May that has so far failed to reassure the market. By contrast, several other major emerging economies, including Brazil and Mexico, have recently demonstrated their ability to cut interest rates in response to softer growth dynamics. This has been well received by markets, as evidenced by the continued appreciation trend of their currencies.
- This divergence across countries reinforces the importance of active management and country selection in navigating the current stagflationary headwinds. Figure 5 is an illustration of the performance dispersion experienced so far this year in the EM local fixed income universe:

Figure 5: Year-to-date return of EM local bonds and currencies (%)





Source: Bloomberg; JP Morgan - 3 June 2026

- We expect current differences in valuations to amplify this dispersion in EMD performance over the rest of the year.

Valuations across the EMD universe are increasingly dispersed

- Within hard currency sovereign debt, investment-grade bonds appear expensive. Credit spreads have compressed significantly in this subsector to 90bps, which offer limited compensation for potential downside risk, particularly in a world where developed market bond yields can be subject to renewed volatility.
- In contrast, pockets of value remain available within the high-yield segment of the hard currency universe, which still offers spreads in excess of 400 bps based on the EMBI GD Index. While careful credit selection remains essential, investors can still find attractive risk adjusted opportunities among issuers enjoying improving fundamentals, but whose valuations have not fully reflected this progress. Several sovereign oil credits in Africa, such as Nigeria and Angola, continue to exhibit improving credit metrics and a favourable policy trajectory.
- Our strongest conviction remains in local currency debt. Local rates continue to offer some of the most attractive opportunities across global fixed income markets. 10-year government bond yields in Brazil (14.5%), Colombia (12.3%), Mexico (9.1%) and South Africa (8.6%) are among the local bond markets whose yields more than compensate investors for current inflation and geopolitical risks.

Fund performance as at 29 May 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	**4.18**	6.23	7.39
Volatility	**6.22**	11.13	8.70
Sharpe ratio	**0.38**	0.43	0.66
Sortino ratio	**0.61**	0.61	0.70
Correlation	**1**	0.78	0.68
Positive quarters	**61.54**	63.46	70.19
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**								**2.38**

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

Fund positioning as at 29 May 2026 (%)

Country exposure	Dollar debt %	Local debt %	FX[1] %	Total %	CTD
Latin America					
Argentina	1.62			1.62	0.09
Brazil	0.44	9.91	-2.44	10.35	0.46
Chile		1.80		1.80	0.08
Colombia	0.11	3.98	-3.73	4.09	0.18
Dominican Republic		0.80		0.80	0.05
Ecuador	1.84			1.84	0.12
Jamaica	0.37			0.37	0.01
Mexico	0.18	6.03	-1.00	6.21	0.36
Peru		1.88		1.88	0.15
Total Latin America	**4.55**	**24.40**	**0.00**	**28.95**	**1.49**
Asia					
China	0.86	0.05	2.30	3.22	0.02
India	0.49	1.37	-1.01	1.85	0.06
Malaysia		1.33	4.32	5.66	0.06
Philippines		2.34	-2.28	2.34	0.15
Singapore	0.17			0.17	0.00
Total Asia	**1.52**	**5.09**	**6.63**	**13.24**	**0.29**
Europe					
Czech Republic		1.00		1.00	0.08
Hungary		3.68	-1.01	3.68	0.25
Kazakhstan			0.44	0.44	0.00
Poland	0.41	2.10	1.37	3.89	0.18
Romania		2.26		2.26	0.12
Turkey		2.53	-1.18	2.53	0.04
Ukraine	0.25	0.12		0.37	0.01
Total Europe	**0.66**	**11.70**	**1.81**	**14.17**	**0.67**
Africa & Middle East					
Angola	3.90			3.90	0.19
Egypt	0.94	3.18		4.13	0.11
Ivory Coast	1.71			1.71	0.11
Mali	0.19			0.19	0.00
Nigeria	1.62	2.33	0.48	4.43	0.10
South Africa	0.46	6.45	-1.02	6.91	0.52
Zambia	0.22			0.22	0.00
Total Africa & Middle East	**9.05**	**11.96**	**0.48**	**21.50**	**1.04**
Overall risk exposure					
Developed Markets	2.94		-0.39	2.94	0.44
Credit Hedges					
Cash				19.20	0.04
Total	**18.73**	**53.15**	**8.92**	**100.00**	**3.98**

	%
Local currency debt	62.08
USD debt[1]	18.73
Cash	19.20
EM currency exposure	48.43
Fund AUM	US$ 1,275 m
EMD TR strategy AUM	US$ 2,117 m

	%
Yield to maturity	**8.08**
Fund duration	3.98 years
Corporate exposure	4.21
Average credit rating	BBB+
Current yield	6.65
No. of holdings	96

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 – 29 May 2026

Impact	Fund	Reference sustainability benchmark
Overall impact 	Fund coverage: 99% **Fund** **-1.4%**	Reference benchmark coverage: 99% **Reference sustainability benchmark** **-3.6%**
Environmental impact 	**Fund** **-1.3%**	**Reference sustainability benchmark** **-2.5%**
Social impact 	**Fund** **-0.1%**	**Reference sustainability benchmark** **-0.9%**
Governance impact 	**Fund** **0.0%**	**Reference sustainability benchmark** **-0.2%**

Source: Schroders – 29 May 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.

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