Schroders

Marketing material
for professional clients only

Schroder ISF* Global Climate Change Equity

Fund Managers: Simon Webber, Isabella Hervey-Bathurst | Fund update: July 2025

Performance overview

– Global equity markets advanced in July, amid greater clarity on trade tariffs, as the US announced deals with several major trading partners in advance of the 1 August deadline.
– The House of Representatives approved President Trump's flagship tax and spending plans (the 'Big Beautiful Bill) which brought more clarity to the policy backdrop.
– While several supportive clean energy provisions were removed, the final legislation proved less detrimental than many had anticipated. Combined with signs of improving earnings momentum and a softening of tariff concerns, this helped the sector perform relatively well in July.
– Stylistically, growth stocks saw resurgent performance in the US while value stocks significantly outperformed outside of the US. Information technology stocks continued their rebound from the falls suffered earlier in the year.
– The fund posted a positive return and outperformed the MSCI All Country World index over the month.

Drivers of fund performance

– Stock selection in industrials and communication services added value during the month. Our zero-weight allocation to healthcare was also supportive. Conversely, our slight underweight to the information technology sector weighed on returns.
– By region, allocations to North America and Continental Europe contributed whereas holdings in the UK and Japan detracted.
– Industrial technology company, **TE Connectivity** performed well through July, the company announced positive quarterly earnings which resulted in market analysts upgrading the stock. TE Connectivity also benefitted from improving market sentiment for AI applications and energy solutions.
– Wind equipment company, **Vestas Wind Systems**, outperformed in July as the stock re-rated thanks to Positive policy news in the US.
– Lack of exposure to the Mega cap technology names weighed on relative returns during the period, particularly not holding shares in, Nvidia.
– Despite being one of the top contributors in June, our position in **Arm Holdings**, underperformed during July. The company issued second quarter forecasts slightly below analysts' expectations which saw the share price decline. However, we are encouraged by the announcement of plans to develop its own chips and components.

Portfolio activity:

– We initiated a new position in water technology company, **Xylem**. The company provide innovative technologies and services to improve water quality, manage water resources, and enhance water infrastructure. A credible turnaround plan is underway under the new management team, who are focused on operating efficiencies and the core business products.
– Another new holding in the portfolio, is environmental services business, **Republic Services**, the company specialise in waste management and recycling. Republic Services has recently launched a new renewable natural gas facility aiding progress towards its long-term environmental strategy.
– We sold our holdings in integrated solid waste services company, Waste Connections.

Outlook/positioning

Shifts in US policy fuel global uncertainty: The Trump administration's announcement of sweeping new US tariffs triggered a sharp sell-off, shaking investor confidence and adding to an already uncertain backdrop. While the announced pause has offered momentary relief for investors, the unpredictability of the new policy environment paints an uncertain picture for global markets and the Climate Change theme.

Many energy transition technologies rely on complex global supply chains, so one consequence of higher global tariffs will likely be a costlier energy transition, particularly in the US. This will not necessarily translate into increased costs everywhere; it remains to be seen

*Schroder International Selection Fund is referred to as Schroder ISF throughout whether other regions will erect barriers against China trade flows as part of negotiations with the US. The prices of some goods may even fall as supply flows shift.

There will also be relative winners from increased US tariffs, such as international producers who now have greater access to US end markets due to manufacturing operations being built or already operational in the US. Consequently, there will be greater demand with reduced competition from Chinese-based peers for these companies which will be supportive for revenue growth. Near term, the increased uncertainty will lead to slower decision-making on energy transition projects, particularly in the US.

There is an inflation and consumption shock developing in the US economy, and while the pressure is temporarily relieved by the tariff pause, the underlying risk of recession is elevated. The underweight to US equities, particularly domestic sectors like financials and consumer stocks, should be a positive for relative performance in the short-term.

US climate policy There are still some risks to overcome, including adjustments to US tax policy proposals as we continue to move through the budget reconciliation process and the potential consequences of tariffs following the 90-Day pause, but overall we continue to think that the catalysts for the theme can continue to play out over the rest of this year even through periods of potential volatility.

Faling rate environment: While the implications of US tariff policy will have an inflationary impact on many aspects of the Climate Change theme, ongoing rate cuts will provide some offset to the rising costs elsewhere. Global interest rates continue to fall with central banks announcing further cuts to base rates, giving a much-needed boost for capital-intensive green projects, making investments in renewables, energy storage, and other climate technologies more attractive.

Preference for European climate names: The outlook for European investment and economic activity remains favourable in comparison with other regions. We are maintaining our overweight to Europe and the constructive outlook is driven by a pivot towards pro-growth policy and fiscal support as well as a greater recovery potential from an economy with greater sensitivity to rates.

Long-term foundations for climate investment: Outside of the US, the energy transition is not standing still. Despite short-term challenges, global climate policy frameworks such as the EU Green Deal, along with widespread corporate commitments on climate, continue to support efforts to decarbonise global economies. Renewable energy remains very competitive with other energy sources, and EV prices are declining as the industry scales. Encouraging data points on EV demand in Europe as well as resilient utility spending on the energy transition further bolster this outlook. Valuations across many climate-related assets continue to be attractive after a period of prolonged weakness for the theme.

Conclusion: The rapid pace of policy change requires a calm and considered approach to investment decisions. Sentiment and valuations have fallen and uncertainty is high. Yet, fundamentals for many of the sectors that we invest in are intact, and climate change remains a theme which offers long-term structural growth. Periods of turmoil can create some of the best long-term opportunities for disciplined investors, and we are prepared to act where we see opportunities arise. We are monitoring the evolving situation closely, incorporating new information into our investment cases and continuing to pursue our fundamentally-driven investment 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	Benchmark***
2024	4.3	17.5
2023	12.3	22.2
2022	-24.4	-18.4
2021	11.2	19.3
2020	51.7	15.9
2019	25.5	27.7
2018	-10.8	-8.7
2017	30.5	22.4
2016	2.7	7.5
2015	2.0	-0.9

Source : Schroders, net of fees, NAV to NAV with net income reinvested. C Acc share class, as at 31 December 2024. ***MSCI All Country World - Net Return. The Fund does not have a target benchmark. The Fund's performance should be compared against the MSCI All Country 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.
- **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.
- **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 forgo certain investment opportunities, or dispose of certain holdings, which 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 value of any particular investor.
- **Emerging Markets and Frontier Risk**: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.
- **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.
- **Market Risk**: The value of investments can go up and down and an investor may not get back the amount initially invested.
- **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.

Important information

Marketing material for professional clients and qualified investors only.

This document does not constitute an offer to anyone, or a solicitation by anyone, to subscribe for shares of Schroder International Selection Fund (the “Company”). Nothing in this document should be construed as advice and is therefore not a recommendation to buy or sell shares. An investment in the Company entails risks, which are fully described in the prospectus.

Subscriptions for shares of the Company can only be made on the basis of its latest Key Information Document and prospectus, together with the latest audited annual report (and subsequent unaudited semi-annual report, if published), copies of which can be obtained, free of charge, from Schroder Investment Management (Europe) S.A.

The Company is a Luxembourg-based Société d'Investissement à Capital Variable (SICAV) with unlimited duration which is coordinated with regard to the European regulations and meets the criteria for Undertakings for Collective Investment in Transferable Securities (UCITS).

This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities to the retail investors in the United Arab Emirates (“UAE”) and accordingly should not be construed as such. No regulatory authority in the UAE has any responsibility for reviewing or verifying this prospectus or any other documents in connection with the promotion of this fund. Accordingly, no regulatory authority in the UAE has approved the prospectus or any other associated documents, nor taken any steps to verify the information set out herein, and therefore no regulatory authority in the UAE has any responsibility for the same. The interests in the fund/s (“Interests”) mentioned in the document may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Interests. Anyone not understanding the contents of this document should consult an authorised financial adviser.

For Austria, these documents may be obtained in German, free of charge, from the following link: www.eifs.lu/schroders and from our Information Agent Schroder Investment Management (Europe) S.A., German Branch, Taunustor 1, D-60310 Frankfurt am Main, Germany.

For Belgium, these documents may be obtained in French and Dutch, free of charge from the following link: www.eifs.lu/schroders.

The total net asset value is published on the website of the Belgian Asset Managers Association (BEAMA) on www.beama.be. In addition, the tariff schedules are available from distributors in Belgium. The fee on the stock exchange transactions of 1.32 % (with a maximum of € 4,000 per transaction) is payable on the purchase or conversion of capitalisation shares if they are carried out by the intervention of a professional intermediary in Belgium. Dividends paid by the Company to natural persons who are Belgian tax residents are subject to a Belgian withholding tax at a rate of 30% if they are paid by the intervention of a financial intermediary established in Belgium (this information applies to all distribution shares). If the dividends are received by such natural persons without the intervention of a financial intermediary established in Belgium, they must indicate the amount of the dividends received in their tax return and will be taxed on that amount at a rate of 30%. In the event of the redemption or sale of shares of a sub-fund investing, directly or indirectly, either (i) more than 25% of its assets in receivables with regard to shares acquired by the investor before January 1, 2018, or (ii) more than 10% of its assets in receivables with regard to the shares acquired by the investor from 1 January 2018 (provided, in each of these two cases, that certain additional conditions are met), the interest component of this redemption or sale price is subject to a 30% tax in Belgium.

For Bulgaria, the Key Information Documents may be obtained in Bulgarian and the other documents in English, free of charge from the following link: www.eifs.lu/schroders.

For the Czech Republic, the Key Information Documents may be obtained in Czech and the other documents in English, free of charge from the following link: www.eifs.lu/schroders.

For Denmark, the Key Information Documents may be obtained in Danish and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders and Schroder Investment Management (Europe) S. A. dansk filial, Bredgade 45C, 2nd floor, DK-1260 Copenhagen K. A decision on a possible investment should be made on the basis of personal advice.

For Finland, the Key Information Documents may be obtained in Finnish, Swedish and English and the other documents in English, free of charge at the following link: www.eifs.lu/schroders.

For France, these documents may be obtained in French, free of charge, from the following link: www.eifs.lu/schroders, Schroder Investment Management (Europe) S.A., Paris Branch, 1, rue Euler, 75008 Paris and the Centralising agent Société Générale, 29 boulevard Haussmann, F-75009 Paris.

For Germany, these documents may be obtained in German, free of charge, at the following link: www.eifs.lu/schroders and Schroder Investment Management (Europe) S.A., German Branch, Taunustor 1, D-60310 Frankfurt am Main.

For Greece, the Key Information Documents may be obtained in Greek and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Hungary, the Key Information Documents may be obtained in Hungarian and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Iceland, the Key Information Documents may be obtained in Icelandic and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Ireland, these documents may be obtained in English, free of charge, from the following link: www.eifs.lu/schroders.

For Italy, these documents may be obtained in Italian, free of charge, from the following link: www.eifs.lu/schroders, Schroder Investment Management (Europe) S.A. Succursale Italiana, Via Manzoni 5, 20121 Milan and from our distributors. These documents and the list of distributors are available at www.schroders.it

For Latvia, the Key Information Documents may be obtained in Latvian and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Liechtenstein, these documents may be obtained in German, free of charge, from the following link: www.eifs.lu/schroders.

For Lithuania, the Key Information Documents may be obtained in Lithuanian and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Luxembourg, these documents may be obtained in English, free of charge, from the following link: www.eifs.lu/schroders.

For Malta, these documents may be obtained in English, free of charge, from the following link: www.eifs.lu/schroders.

For the Netherlands, the Key Information Documents may be obtained in Dutch and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Norway, the Key Information Documents may be obtained in Norwegian and English and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Poland, the Key Information Documents may be obtained in Polish and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

The company is a Luxembourg-registered undertaking for the collective investment in transferable securities and operates in Poland in accordance with the Act of 27 May 2004 on investment funds and the management of alternative investment funds (Journal of Laws of 2004 No. 146, item 1546 as amended). Depending on the applicable tax obligations, the investor may be required to pay tax directly on the income arising from investments in the units of the fund.

For Portugal, the Key Information Documents may be obtained in Portuguese and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders, from the authorised placing entities and on www.schroders.pt.

For Romania, the Key Information Documents may be obtained in Romanian and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Slovakia, the Key Information Documents may be obtained in Slovakian and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

For Spain, these documents may be obtained in Spanish, free of charge, from the following link: www.eifs.lu/schroders, the CNMV, the distributors and on www.schroders.es.

The Company is registered in the Administrative Register of Foreign Collective Investment Institutions marketed in Spain of the National Securities Market Commission (CNMV), with the number 135. Its depository is J.P. Morgan SE and its management company is Schroder Investment Management (Europe) S.A. The Company is a UCITS registered in Luxembourg.

For Sweden, the Key Information Documents may be obtained in Swedish and the other documents in English, free of charge, from the following link: www.eifs.lu/schroders.

Schroder Investment Management (Switzerland) AG is the Swiss representative («Swiss Representative») and Schroder & Co Bank AG is the paying agent in Switzerland of the Luxembourg domiciled Schroder International Selection Fund. The prospectus for Switzerland, the key information documents, the articles of association and the annual and semi-annual reports may be obtained free of charge from the Swiss Representative.

For the UK, these documents may be obtained in English, free of charge, from the following link: www.eifs.lu/schroders.

Schroders may decide to cease the distribution of any fund(s) in any EEA country at any time, but we will publish our intention to do so on our website, in line with applicable regulatory requirements.

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

For the UK only: This product is based overseas and is not subject to UK sustainable investment labelling and disclosure requirements.

Any reference to regions/ countries/ sectors/ stocks/ securities is for illustrative purposes only and not a recommendation to buy or sell any financial instruments or adopt a specific investment strategy.

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.

Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed.

Schroders has expressed its own views and opinions in this document, and these may change.

Information herein is believed to be reliable, but Schroders does not warrant its completeness or accuracy.

The data contained in this document has been sourced by Schroders and should be independently verified. Third party data is owned or licenced by the data provider and may not be reproduced, extracted, or used for any other purpose without the data provider's consent. Neither Schroders, nor the data provider, will have any liability in connection with the third-party data.

This document may contain "forward-looking" information, such as forecasts or projections. Please note that any such information is not a guarantee of any future performance and there is no assurance that any forecast or projection will be realised.

Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at https://www.schroders.com/en/global/individual/footer/privacy-statement/ or on request should you not have access to this webpage.

A summary of investor rights may be obtained from https://www.schroders.com/en/global/individual/summary-of-investor-rights/

For your security, communications may be recorded or monitored.

Issued by Schroder Investment Management (Europe) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg. Registration No B 37.799.

Authorized by the Comissão do Mercado de Valores Mobiliários (CMVM) to operate in Portugal under the free provision of services regime, and with a branch in Spain, authorized and registered with the CNMV under number 20.

Distributed by Schroder Investment Management (Europe) S.A., Spanish branch, registered in the EEA investment firm register with the National Market Commission of Securities (CNMV) with the number 20.

Distributed in Switzerland by Schroder Investment Management (Switzerland) AG, Talstrasse 11, CH-8001 Zurich, Switzerland a fund management company authorised and supervised by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Bern.

Distributed in the UK by Schroder Investment Management Ltd, 1 London Wall Place, London EC2Y 5AU. Registration No 1893220 England. Authorised and regulated by the Financial Conduct Authority.

Distributed by Schroder Investment Management Limited (Dubai Branch), located on the First Floor, Gate Village Six, Dubai International Financial Centre, PO Box 506612, Dubai, United Arab Emirates and regulated by the Dubai Financial Services Authority (DFSA) and entered on the DFSA register under Firm Reference Number: F000513. This document is not subject to any form of regulation or approval by the DFSA.