

# Schroder ISF\* Global Climate Change Equity

Fund Managers: Simon Webber, Isabella Hervey-Bathurst | 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 underperformed the MSCI All Country World index over the month.

## Drivers of fund performance

- Stock selection was positive, particularly in consumer staples, real estate, and consumer discretionary. Our underweight allocation to information technology also added value in the month. Conversely, our underweight to financials and zero weight to healthcare weighed on returns.
- By region, North America and Continental Europe added value, while allocations to Pacific ex Japan, the UK, Japan, and emerging markets detracted in the month.
- **Alphabet** outperformed in January. We continue to see Alphabet's scale and span providing exceptional competitive advantages and a strong runway for growth in revenue and cash flow. We believe the company's unrivalled market share and often underappreciated innovation can deliver better-than-expected earnings growth moving forward
- **Mowi**, **ARM Holdings**, and **Amazon** were among the biggest individual contributors in January. Allocations to **Siemens**, **Prysmian Spa**, and **Swiss Re** also added value in the month.
- China's **Contemporary Ampere Technology Company** (CATL), the world's biggest manufacturer of electric vehicle (EV) batteries, underperformed in January as fears over potential new tariffs imposed by the new Trump administration weakened investor sentiment.
- **Chroma ATE**, **ON Semiconductor**, and **Samsung SDI** were among the biggest individual detractors in January. Allocations to **Sekisui Chemical**, **Kingspan Group** and **Microsoft** also added detracted in the month.

## Portfolio activity:

- We added to our position in **Prysmian**. Having scaled back our position in H2 2024 after a good

run and reduced upside, the shares have since underperformed and the valuation is looking more attractive. We continue to view Prysmian as a leading player in the cables industry, geared to structural trends around electrification and grid spending.

- We trimmed our holding in **CATL** given the increased risks facing the company. Although we continue to have conviction in the investment thesis for holding the stock, CATL's inclusion on the US Chinese Military Company (CMC) list raises the risks around potential inclusion on other more stringent US lists such as the Foreign Entities of Concern list. This could potentially make it difficult for CATL to do any business in the US (currently 10% of sales).
- We trimmed our holding in **Sekisui Chemical** in January. The shares have responded positively to news indicating progress in commercialising perovskite thin film. While this technology has much potential, scale production is some years away, so we're taking advantage of the rise in the share price to take some profits.

## Outlook/positioning

**Financing costs are coming down, creating a tailwind for green investment:** Global interest rates, which spiked in response to inflationary pressures, have stabilised, with some central banks starting to announce reductions. Lower borrowing costs provide a much-needed boost for capital-intensive green projects, making investments in renewables, energy storage, and other climate technologies more attractive. Potentially inflationary policies under a new Trump Administration pose a risk factor to this and raise the prospect of a persistently higher US yield curve.

**Recovery potential in key end markets, following cyclical weakness:** While markets such as EVs, heat pumps, and residential solar have experienced recent softness, driven by consumer demand slowdowns, and in some cases inventory cycles and policy changes, the medium-term outlook remains bright. As macroeconomic conditions improve and inventory clears, we expect a rebound in these sectors.

**Long-term foundations for climate investment remain strong:** 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. Additionally, renewable energy remains very competitive with other energy sources, and EV prices are declining as the industry scales.

**Valuations are attractive, pain has been taken:**

Valuations across many climate-related assets are at attractive levels after a period of prolonged weakness for the theme. However, investor sentiment towards the sector is subdued, presenting an opportunity for long term investors to buy into industry-leading companies at compelling entry points. Several end markets within the climate theme have now digested a significant amount of 'capital cycle' pain, resulting in significant market cap destruction and a handful of bankruptcies. Our focus remains on companies with the strongest business models, technology, and balance sheets.

**US climate policy at risk:** The Trump administration has started dismantling various climate policies through a series of executive orders. Whilst it is far from inevitable that the Inflation Reduction Act will be repealed given thin majorities in Congress and competing policy priorities, certain elements are likely to be reduced or removed. Medium term, there will be less opportunity for an aggressive energy transition and climate investment in the US in the next 4 years. This is disappointing but the rest of the world will not stand still.

More broadly, the likely policy changes following the US election do not change the equation that the long-term outlook for the transition to a low carbon economy is robust. We believe that we are at or close to the bottom of a sentiment and valuation cycle for climate change investing despite a huge opportunity for growth and transformation ahead of us.

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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.eifs.lu/schroders).

For France, these documents may be obtained in French, free of charge, from the following link: [www.eifs.lu/schroders](http://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](http://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](http://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](http://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](http://www.eifs.lu/schroders).

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

For Italy, these documents may be obtained in Italian, free of charge, from the following link: [www.eifs.lu/schroders](http://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](http://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](http://www.eifs.lu/schroders).

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

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

For Malta, these documents may be obtained in English, free of charge, from the following link: [www.eifs.lu/schroders](http://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](http://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](http://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](http://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](http://www.eifs.lu/schroders), from the authorised placing entities and on [www.schroders.pt](http://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](http://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](http://www.eifs.lu/schroders).

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