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Schroder ISF* Global Emerging Market Opportunities

Fund managers: Tom Wilson and Nicholas Field | Fund update: August 2025

Performance overview

- Emerging market (EM) equities, as measured by the MSCI EM Index, posted positive returns in August but underperformed developed markets (DM).
- The Latin American markets of Colombia, Chile, Brazil and Peru were the top performers in the month. The Brazilian market was supported by local currency strength and ongoing improvements in inflation data, which should pave the way for monetary policy easing.
- China gained, outperforming the EM index, as US-China trade talks resulted in another 90-day pause on tariffs. A continued focus on the anti-involution policy was also beneficial.
- Rising US trade tariffs, which have increased to 50%, and foreign equity outflows weighed on India. Taiwan also delivered negative returns in US dollar terms, with the local currency depreciating over the month. Meanwhile, Korean equities fell due to investor concerns about the potential impact of an increase in the corporate tax rate.

Drivers of fund performance

- The fund recorded a positive return and significantly outperformed the MSCI EM Index over the month.
- Among our core markets, the overweight to Brazil had a notably positive effect, which was only partially offset by the overweight to Poland. Stock selection was very strong, particularly in Taiwan (off-benchmark **Taiwan Union Technology**), while it also contributed in Poland (off-benchmark **Kruk**).
- Regarding our non-core markets, off-benchmark positions in Kazakhstan and Vietnam proved to be beneficial. Selection was very strong, especially in China (overweight **Montage Technology**), and to a lesser extent, in India (off-benchmark **CreditAccess Grameen**).

Outlook

- Global markets continue to respond well to signs that trade tariff negotiations with various countries are advancing. Positive progress has been made on trade talks between the US and China recently, although a final trade deal is likely to be some way off.
- Ongoing US policy uncertainty and the economy's large twin deficits have contributed to weakness in the US dollar. This should be a tailwind for EM in general, softening domestic inflation – which will allow some loosening of monetary policy in certain economies – while also driving capital inflows and lower debt-servicing costs, and boosting corporate earnings. There is, however, some risk of a short-term dollar reversal.
- Global trade is still expected to slow, particularly following the recent front-loading of shipments, resulting from US tariffs. However, the technology cycle should provide some support as we expect AI-related capex demand to persist into 2026.
- Broader policy stimulus should be a positive catalyst for the Chinese market. However, policy is likely to be incremental and reactive, with the focus on achieving the 5% growth target, and execution will be key.
- Headline EM valuations still trade at a discount relative to DM across most valuation metrics. Most EM countries offer reasonable value with the exception of India, and on certain metrics, Taiwan.

Calendar year performance (%)

Year	Fund	MSCI Emerging Markets Net TR
2024	6.4	7.5
2023	9.2	9.8
2022	-21.2	-20.1
2021	-4.9	-2.5
2020	21.6	18.3
2019	29.8	18.4
2018	-16.4	-14.6
2017	38.6	37.3
2016	8.6	11.2
2015	-13.9	-14.9

Source: Schroders, as at 31 December 2024. Net of fees, bid-bid, with net income reinvested, USD A Acc. Please see factsheet for other share classes. Index source: MSCI, as at 31 December 2024. 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

*Schroder International Selection Fund is referred to as Schroder ISF throughout amount originally invested. Please see the respective fund factsheets for the performance of other share classes.

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.

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.

Currency risk: The fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates.

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.

Derivatives risk: Derivatives, which are financial instruments deriving their value from an underlying asset, may be used to manage the portfolio efficiently. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. 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.

Higher volatility risk: The price of this fund may be more volatile as it may take higher risks in search of higher rewards, meaning the price may go up and down to a greater extent.

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.

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 macroeconomic environment, investment objectives may become more difficult to achieve.

Stock Connect risk: The fund may be investing in China "A" shares via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect which may involve clearing and settlement, regulatory, operational and counterparty risks.

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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