

# Schroder ISF\* Global Emerging Market Opportunities

Fund Managers: Tom Wilson and Nicholas Field | Fund update: October 2025

## Performance overview

- Emerging markets (EM) were strong in October and outperformed developed markets in aggregate, boosted by strong performance from index heavyweights Korea and Taiwan. Strength in the Korean market came from a combination of AI-related technology demand, positive performance from industrials, and the announcement of a new trade deal with the US. Taiwan continued to benefit from ongoing investor demand for AI-related technology stocks.
- India's market recovered and outperformed against a backdrop of strong economic data during the festival period and hopes of a trade deal with the US.
- China fell over the month. Concerns about trade talks with the US weighed on the market, although the authorities finally reached a deal which led to lower tariffs on Chinese exports to the US.
- The Brazilian and South African markets lagged as their currencies weakened against the US dollar.

## Drivers of fund performance

- The fund recorded a positive return and outperformed the MSCI EM Index over the month.
- Among our core markets, the overweights to Brazil and Greece detracted from returns. Stock selection was strong, however, particularly in Taiwan (overweight **ASE Technology**). Selection was also positive in Greece (off-benchmark **Cenergy Holdings**), while it had a negative effect in both Poland (off-benchmark **Grupa Pracuj**) and Brazil (overweight **Prio**).
- Regarding our non-core markets, Korea (**Sk Hynix**) and China (**Sieyuan Electric**) were positive. Conversely, India (**Makemytrip**) and Kazakhstan (**Kaspi**) detracted.

## Outlook

- Global markets continue to respond well to signs that trade tariff negotiations with various countries are advancing, and the fact that some broad global trade agreements have now been made. Additionally, the ongoing investor enthusiasm for technology stocks, driven by AI capex, and monetary policy loosening in some economies, has supported EM.
- Ongoing US policy uncertainty and the economy's

large twin deficits have contributed to weakness in the US dollar, from richly valued levels. This, together with increased global liquidity, is a tailwind for EM in general. While this is a clear medium-term positive for EM, there is the risk of a short-term dollar reversal.

- In China, the equity market has performed well recently despite a softer macroeconomic backdrop, helped by advances in the technology sector, including chip-related stocks. While broader policy stimulus would be a further positive catalyst for the Chinese market, it is likely to continue to be incremental and reactive, with the focus on achieving the 5% growth target. Execution will be key.
- After a rally in many EM, headline valuations in most countries no longer look cheap against their own history. However, positive earnings revisions are becoming apparent at the aggregate level. Meanwhile, EM's discount to developed markets on a 12-month forward price-earnings basis is still near its widest in 20 years, even after adjusting for sector weights.

## 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 amount originally invested. Please see the respective fund factsheets for the performance of other share classes.

## Risk considerations

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**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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