

Schroder ISF* Global Cities

Fund Managers: Tom Walker & Hugo Machin | Fund update: June 2025

Portfolio & market review

In June, markets advanced amid diverging central bank policies, as the European Central Bank's decision to cut rates boosted sentiment. Despite the Federal Reserve holding firm on its policy, listed real estate was broadly flat, buoyed by lower borrowing costs in Europe.

Within the portfolio, the underweight to Single Family REITs contributed, as weaker jobs postings and lower expectations of a near term rate cut mean their pricing power might be limited. The allocations to Diversified REITs contributed for stock-specific reasons, and finally, the underweight to Self Storage contributed as higher-for-longer interest rates led to the market expecting demand to remain tepid for their services due to the slow housing market. In terms of the detractors, Health Care REITs detracted as higher operating costs weighed on expectations of earnings growth going forward. Other Specialised REITs also detracted due to stock-specific factors. Finally, Retail REITs detracted as concerns over a slowdown in consumer spending and weakening sentiment cast a shadow over the sector.

Our positioning remains anchored in enduring fundamentals. We continue to focus on sectors where earnings visibility is reinforced by structurally tight supply and persistent secular demand.

Portfolio activity

In the Americas, we sold our position in Americold, the US Cold Storage REIT, and reduced our holding in Rexford, the US Industrial REIT, as our conviction in these names waned following a period of weak results. We reallocated this capital to Welltower, the US Senior Housing REIT, which is benefitting from rising demand for its facilities due to ageing demographics.

In APAC, we took profits in Charter Hall, the Australian real estate asset manager, after a period of strong performance and reallocated the capital to Hongkong Land, the diversified real estate company.

Outlook/positioning

The team remain wedded to the Global Cities strategy and continue to invest in the most sustainable companies with assets in the most sustainable locations. The team favour sectors which benefit from trends disrupting real estate markets, in particular, those that support the rise of the digital economy. The team believe these trends will continue to grow and will drive positive portfolio performance over its investment horizon of 3-5 years.

Calendar year performance (%)

Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise and investors may not get the amount originally invested.

	C Acc	Target*
2024	0.8	0.9
2023	10.3	9.7
2022	-28.5	-25.1
2021	24.5	26.1
2020	-0.8	-9.0
2019	30.4	21.9
2018	-9.2	-5.6
2017	13.6	10.4
2016	-0.6	4.1
2015	-0.5	-0.8

Source: Schroders, net of fees, NAV to NAV with net income reinvested. C Acc share class in USD, as at 31 December 2024. *The fund's benchmark changed on 21 June 2021 from US Consumer Price index plus 3%. The past performance presented is based on the current target benchmark, FTSE EPRA NAREIT Developed index (Net TR, USD).

Some performance differences between the fund and the benchmark may arise because the fund performance is calculated at a different valuation point from the benchmark.

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.

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 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 macro economic environment, investment objectives may become more difficult to achieve.

Real estate and property risk: Real estate investments are subject to a variety of risk conditions such as economic conditions, changes in laws (e.g. environmental and zoning) and other influences on the market.

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.

Important information

Marketing material for professional clients 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.

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.

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.

For Luxembourg, these documents can be obtained in English at www.schroders.lu.

For the UK, these documents can be obtained in English, free of charge, from the Facilities Agent Schroder Investment Management Ltd, 1 London Wall Place, London EC2Y 5AU or at www.schroders.co.uk.

The fund has the objective of sustainable investment within the meaning of Article 9 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

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.

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.

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.

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.

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.