

# Schroder ISF\* Taiwanese Equity

Fund Manager: Louisa Lo | Fund update: October 2025

## Performance overview

- Taiwanese equities exhibited notable resilience, posting strong gains despite the backdrop of renewed China-US trade tensions earlier in the month. Optimism surrounding AI infrastructure spending and steady export performance continued to underpin market momentum. Additionally, investor sentiment was buoyed by positive earnings results driven by AI and iPhone demand. TSMC boosted its earnings outlook and capex forecast, citing robust AI growth.
- The fund produced a positive return and outperformed the benchmark index over the period.

## Drivers of fund performance

- At the sector level, positive allocation was the key driver of returns, with the underweighting of financials proving to be especially beneficial.
- Stock selection was weak, particularly in industrials.
- On a stock basis, the top-performing holdings were **ASE Technology**, **Chroma ATE** and **Phison Electronics**.
- The weakest performers were the underweight to **TSMC**, and the overweight positions in **Shin Zu Shing** and **E Ink Holdings**.

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.

## Calendar year performance (%)

	Fund	Target	Comparator
2024	11.4	23.3	14.0
2023	26.2	31.7	38.6
2022	-31.1	-26.8	-30.5
2021	29.8	29.0	31.5
2020	29.1	35.6	30.0
2019	29.9	32.2	28.2
2018	-11.4	-7.9	-11.4
2017	26.6	29.5	28.6
2016	13.6	17.8	13.2
2015	-1.1	-10.4	-8.2

Source: Schroders, net of fees, NAV to NAV, with net income reinvested. A Acc share class, as at 31 December 2024. The fund's performance should be assessed against its target benchmark being to exceed the TAIEX Total Return index and compared against the Morningstar Taiwan Equity Category. The fund's investment universe is expected to overlap to a limited extent with the components of the target benchmark. 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.

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 fact sheets for the performance of other share classes.

## Outlook/positioning

- Taiwan's technology stocks remain strong due to greater clarity on the technology capex cycle and the path to monetisation of AI. The market also saw upward earnings revisions during October, especially in the information technology sector. Outside of technology, exports have held steady this year, but domestic demand remains weak.
- It is important to note that the Taiwan market is currently trading close to a record high, with valuations exceeding historical long-term averages. Furthermore, there have been capital outflows from Taiwan to other markets in the region. While prospects for AI-related capital expenditure remain strong, the capacity to effectively monetise these significant investments will be crucial to maintaining present valuation levels.
- Amid high valuations and global trade uncertainties that may impact the export sector

outlook for 2026, we maintain a balanced portfolio. On one hand, we own technology stocks benefiting from AI capex trends; on the other hand, we are overweight Taiwan telecommunication stocks for their defensive nature and dividends.

## 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.

**Concentration risk:** The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down.

**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:** If the fund's investments are denominated in currencies different to the fund's base currency, the fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates. If the investor holds a share class in a different currency to the base currency of the fund, investors may be exposed to losses as a result of movements in currency rates.

**Derivatives risk:** Derivatives, which are financial instruments deriving their value from an underlying asset, 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.

**Emerging markets & frontier risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.

**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.

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