

## Schroder ISF\* Taiwanese Equity

Fund Manager: Louisa Lo | Fund update: April 2025

## Performance overview

- The Taiwanese market produced a positive return in US dollars as the Taiwan dollar strengthened against the American currency. The market sold off early in the month after so-called “Liberation Day” saw the implementation of extensive tariffs against the US’s trading partners. It recovered later in April as Donald Trump paused the worst of his tariffs for 90 days.
- The fund produced a mildly positive return, but underperformed the benchmark index over the period.

## Drivers of fund performance

- Stock selection was the key factor behind the negative relative returns and was weakest in information technology. Allocation had a mildly positive effect, however, with the underweight to materials proving to be beneficial.
- On a stock basis, the top-performing positions were **Chunghwa Telecom**, **Silergy Corp** and **President Chain Store**.
- The weakest-performing positions were the underweight to **TSMC**, and the holdings in **E Ink Holdings** and **Shin Zu Shing**.

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 (%)

Year	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

- The Taiwanese market remains hostage to the performance of its technology stocks, which dominate its indices. The emergence of cost-effective AI models in China has triggered a shift in the AI theme from infrastructure build-out to applications. Given the heavy concentration of the market in hardware technology and semiconductor sectors, this shift in the AI theme has led to consolidation in the market.

- Outside of technology, Taiwan's economy also faces increased pressure from global trade tensions, especially since the market has significant revenue exposure to the US.
- Valuations have come down, improving the risk-reward profile after six months of consolidation. However, concerns over AI hardware investment demand and tariffs will likely limit the near-term upside potential. Additionally, the shift from AI hardware in Taiwan to AI applications in China is an unfavourable development for Taiwan's market.
- We continue to maintain a relatively balanced portfolio and will carefully add to our preferred technology stocks if valuations become more attractive. We remain selective in our investments, preferring only stocks that are globally competitive with strong pricing power and earnings visibility.

**Higher volatility risk:** The price of this fund may be volatile as it may take higher risks in search of higher rewards.

**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.

**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.

**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.

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