

## Schroder ISF\* European Smaller Companies

Fund Managers: Luke Biermann and Martin Stockner | Fund update: Q4 2024

## Performance overview

- European smaller companies fell in Q4.
- The fund outperformed the benchmark.

## Drivers of fund performance

- Stock selection in the consumer discretionary and information technology sectors supported relative returns. The underweight in financials weighed on fund performance.
- The leading individual contributor was money transfer group **Wise plc**. It is growing the number of active customers on its platform and earns fees from facilitating transfers.
- Hobby and crafting business **Games Workshop** was a top contributor on the back of a very strong H1 trading update with news that revenues were on course to be c.10% ahead of the previous year.
- Holding company **D'Ieteren** added value. There was a deal between the two controlling families to transfer control of the business to just one family. This deal involved paying a significant special dividend.
- Catering company **Do & Co** was another positive contributor over the quarter.
- On the negative side, **Nexans**, a maker of cables for power and data transmission, was the main individual detractor.
- Ticketing services provider **CTS Eventim** was also among the detractors for the quarter.

## Portfolio activity

- During the quarter, we initiated new positions in **Bufab**, **Baltic Classifieds**, and **Buzzi**. Exits included **Befesa**.

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
2024	4.7	5.7
2023	8.1	13.5
2022	-26.1	-22.9
2021	9.6	23.4
2020	13.7	7.8
2019	13.7	29.3
2018	-22.1	-14.1
2017	21.6	17.6
2016	3.7	2.9
2015	22.3	21.7

Source: Schroders, as at 31 December 2024. Fund performance is net of fees, NAV to NAV with net income reinvested, EUR C Acc shares. Please see factsheet for other share classes. The fund's performance should be assessed against its target benchmark being to exceed the MSCI Europe Small Cap (NDR) index. The fund's investment universe is expected to overlap materially with the components of the target benchmark. The investment manager invests on a discretionary basis and there are no restrictions on the extent to which the fund's portfolio and performance may deviate from the target benchmark. The investment manager will invest in companies or sectors not included in the target benchmark in order to take advantage of specific investment opportunities.

## Risk considerations

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**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.

**Operational risk:** Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

**Currency risk:** The fund may lose value as a result of movements in foreign exchange rates.

**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.

**Derivatives risk:** Derivatives 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.

**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.

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

**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.

**IBOR:** 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.

**Smaller companies risk:** Smaller companies generally carry greater liquidity risk than larger companies, and they may also fluctuate in value to a greater extent.

**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. Therefore, the fund may underperform other funds that do not apply similar criteria. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

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