

Schroder International Selection Fund Global Climate Leaders



Schrodgers

Schroder ISF* Global Climate Leaders is a global equity portfolio that aims to deliver long-term capital growth by investing in companies that are at the very forefront of reducing greenhouse gas emissions across their business operations.

Please refer to the fund prospectus for the full investment objective and policy.

Strategic Capabilities



Alpha Equity

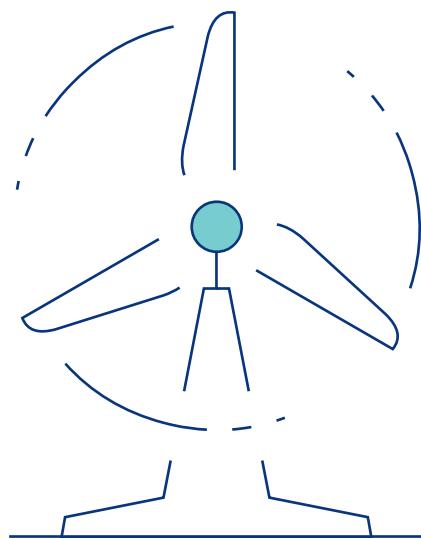
Targeting higher active equity

Learn more at schroders.com/en/strategic-capabilities/

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Climate leaders are companies that have ambitious targets to decarbonise, consistent with or better than achieving a 1.5 degree scenario under the Paris Climate Agreement.

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Why invest?

Global ambition to decarbonise continues to grow. The plan outlined in the Paris accord set in motion a global framework designed to achieve the goal of 'net zero' by mid century. While energy transition enabling technologies such as wind turbines and solar power are vital in the fight against climate change, there is also now growing recognition that companies across all industries must reduce their emissions to sustainable levels if net zero is to be reached. We believe ambitious companies at the forefront of decarbonising their businesses, or 'climate leaders', have a competitive advantage versus peers, driving outperformance of the broader market.

Risk Considerations

Your capital is at risk when investing. Past Performance is not a guide to future performance and may not be repeated. Please refer to page 4 of this document for more detail on the key risk considerations associated with this fund.

Three factors supporting climate leaders

Exhibit lower risk

Further legislation and regulation by policymakers to tackle climate change is inevitable. By decarbonising their businesses – including their supply chains – ahead of competitors, climate leaders reduce their risk in a scenario of more aggressive government and societal action to regulate, tax and price greenhouse gas emissions.

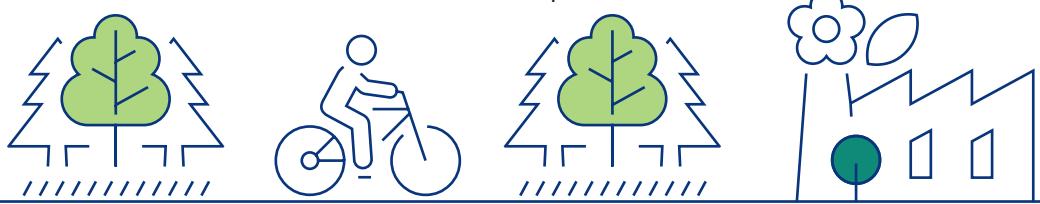
Cost advantage

Historically companies have not been rewarded for decarbonising more rapidly than their peers because emitting greenhouse gases was free. The introduction and subsequent rise of carbon prices is rapidly changing that and has become material to

company fundamentals in many industries. Still in its infancy in several parts of the world, as carbon pricing and regulation rises we believe this factor will increasingly become a competitive advantage for climate leaders.

Network effect

As more companies commit to net zero including indirect emissions from their customers and suppliers, they must work with partners who are on the same path in order to achieve their targets. This creates a virtuous business network. Having climate leadership will thus increasingly help companies win new business whilst also reduce the risk of losing customers who are forging their own path to net zero.



Investment Process

Universe creation

Our investment universe comprises companies with ambitious plans to decarbonise. For inclusion in our proprietary climate leaders universe, companies can be aligned to one of the following three primary criteria:

- A target consistent with 80% emissions intensity reduction by 2030
- A target reaching an emissions intensity of 80% less than current regional sector average in 2030
- A Science Based Targets initiative (SBTi) approved decarbonisation target aligned with the 1.5 degree warming scenario

In exceptional circumstances a company which the team agree is demonstrating itself to be an ambitious and clear climate leader may also be included in the universe.

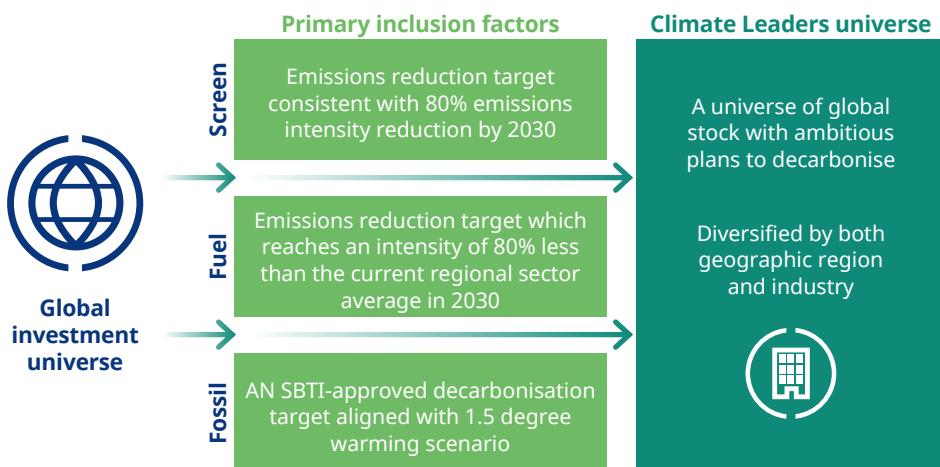
Stock selection

The Global Climate Leaders team works with Schroders' broader equity research team and takes a bottom-up research approach to stock selection. We also utilise ESG research from our Sustainability team and data science capabilities from our Data Insights Unit.

Portfolio construction

The portfolio is composed of 50-80 stocks which are weighted based on our risk-adjusted return expectations. Stocks with a higher relative upside, lower fundamental risk profile and higher liquidity will receive higher active weights in the portfolio.

Our unique process



Key information

ISIN code LU2369561563

Bloomberg code SCGCLAU LX

Fund launch date 5 October 2021

Fund base currency USD

All information in the table above is for the A Accumulation share class, for further share class information please see the prospectus.



Schroders' awards



Source: Fitch Ratings, as at 16 June 2021.

On-going stewardship

We actively engage with portfolio companies to assess progress against targets, as well as to encourage transparent disclosure and ESG improvements. We evaluate voting issues on our investments and vote on them in line with our fiduciary responsibilities to clients. We vote on all resolutions unless we are restricted from doing so.

To learn more about Schroders' Luxembourg domiciled fund ranges, visit:

[schroders.com/
globaltransformation](http://schroders.com/globaltransformation)



Risk Considerations

- **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.
- **Currency risk:** The fund may lose value as a result of movements in foreign exchange rates.
- **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.
- **Emerging Markets & Frontier risk:** Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.
- **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.
- **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.
- **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.
- **Market risk:** The value of investments can go up and down and an investor may not get back the amount initially invested.

Important information

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 Investor 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.

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.

The fund has the objective of sustainable investment within the meaning of Article 8 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR").

Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any 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.

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