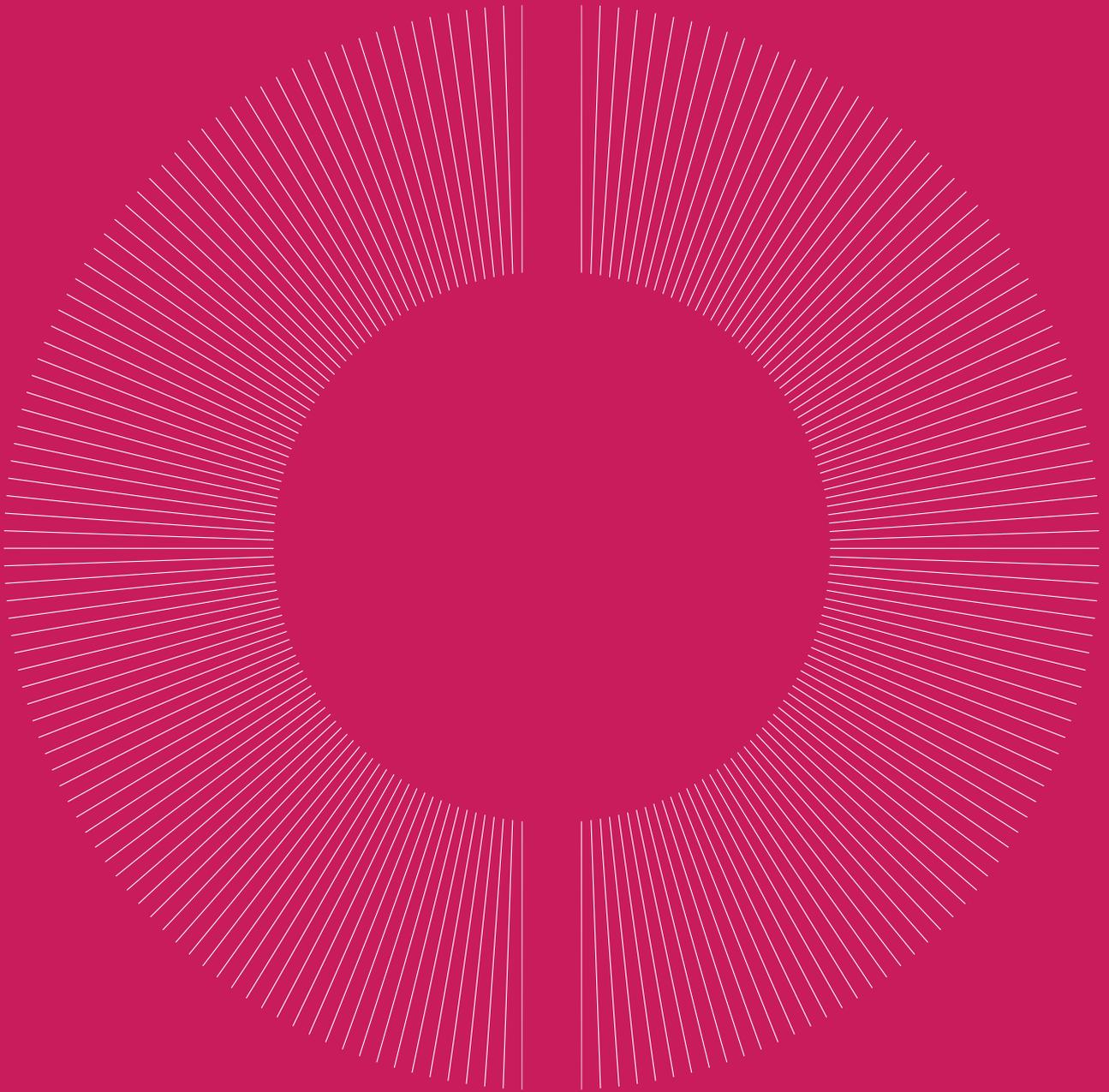


# Schroder International Selection Fund Global Cities



# Schroder ISF\* Global Cities aims to provide long-term income and capital growth by investing in companies that own the best real estate in “Global Cities”.

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

## Strategic Capabilities



### Alpha Equity

Targeting higher active equity



### Sustainability

Sustainably delivering long-term value in a fast-changing world

Learn more at [schroders.com/en/strategic-capabilities/](https://schroders.com/en/strategic-capabilities/)

## What are Global Cities?

Global Cities are places where people want to live, work and play. They are international hubs for business and culture, characterised by strong infrastructure, diverse economies, a skilled labour force, and high quality of life. As a result, these cities are home to the most in-demand real estate, translating into higher rents and values, the bedrock of real estate investing.

## Why are Global Cities important?

Urbanisation is a powerful multi-decade theme. It's expected that by 2050, nearly 70% of the world's population (compared to 55% today) will reside in urban areas. So knowing which cities stand to benefit from this demographic shift means investors can target the right opportunities. Investing in real estate within these cities gives exposure to a diverse range of sectors (from data centres, self-storage and manufactured homes to conventional areas such as offices, retail and industrial) and access to economies that are expected to outperform national averages.

## Highlights

### A low correlation to other asset classes

Real estate has the capacity to deliver long-term attractive returns and displays a low correlation to other asset classes, which makes it a valuable diversifier for a balanced portfolio.

### The liquidity of a mutual fund

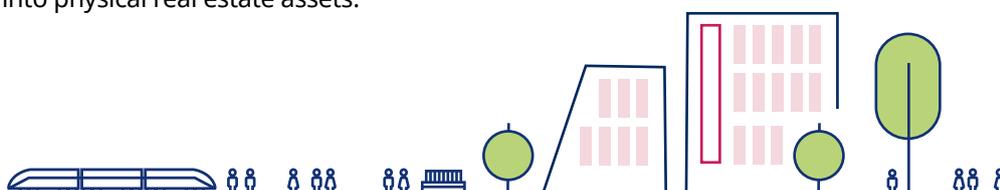
The strategy offers global, immediate real estate exposure with the liquidity of a mutual fund and lower transaction costs compared to investing directly into physical real estate assets.

### Stronger pricing power

Access to real estate in the world's leading cities where supply is constrained, giving strong pricing power.

### Inflation protection

Inflation protection through dividend yields: rents offer reversionary potential as well as commonly rising in line with inflation.



## Investment process

### Using data to identify opportunities

We analyse approximately six million data points to identify companies that own the most economically productive assets across the strongest global cities. Our scoring system uses:

- Company city score: aggregate score of all the assets owned by a company, dependent on which city those assets are in
- Transport infrastructure score (TIS): proximity to a transport node and the usage level of the transport node itself

### Investing throughout the market cycle

We analyse each company to identify the pillars of a solid investment: rental growth, low leverage and good management. This means that through the cycle, the companies we favour should continue to grow revenues and provide strong shareholder returns.

### Looking for higher quality companies

We have a strong emphasis on companies which will benefit from the structural drivers of growth; urbanisation, owning unique real estate, technology and demographics. We believe that higher quality companies continue to offer long-term upside due to their exposure to these drivers as well as the global mega trends which we see appearing around the world.

## Key information

ISIN code LU0224508324

Bloomberg code SCHGPSA:LX

Fund launch date 31 October 2005

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.

## Investment process diagram

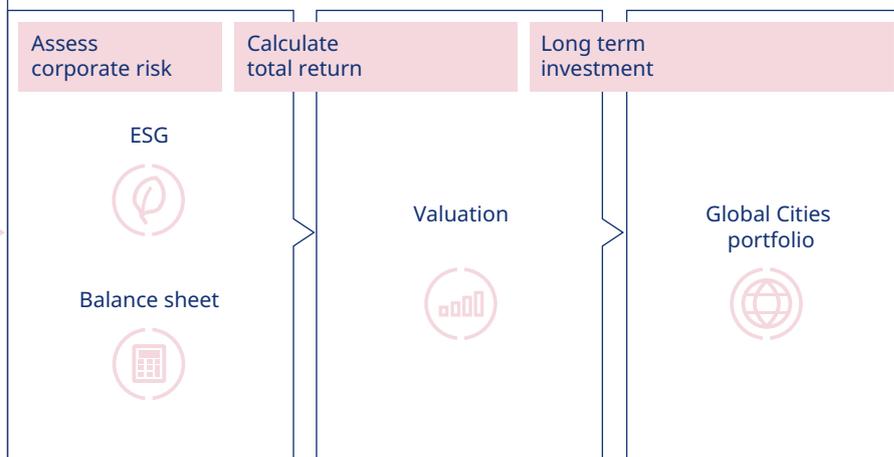
### Stage 1: Quantitative analysis

We utilise over six million data points to narrow down our investment universe to 120 companies with the most valuable real estate.



### Stage 2: Risk and valuation analysis

We evaluate the corporate strength (ESG, balance sheet and liquidity) of a company and the valuation to decide what to invest in, and its weight within the portfolio.



Source: Schroders.



## Risk Considerations

- Capital risk: As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.
- 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.
- 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.
- 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. 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.
- 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.
- Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

## Important information

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