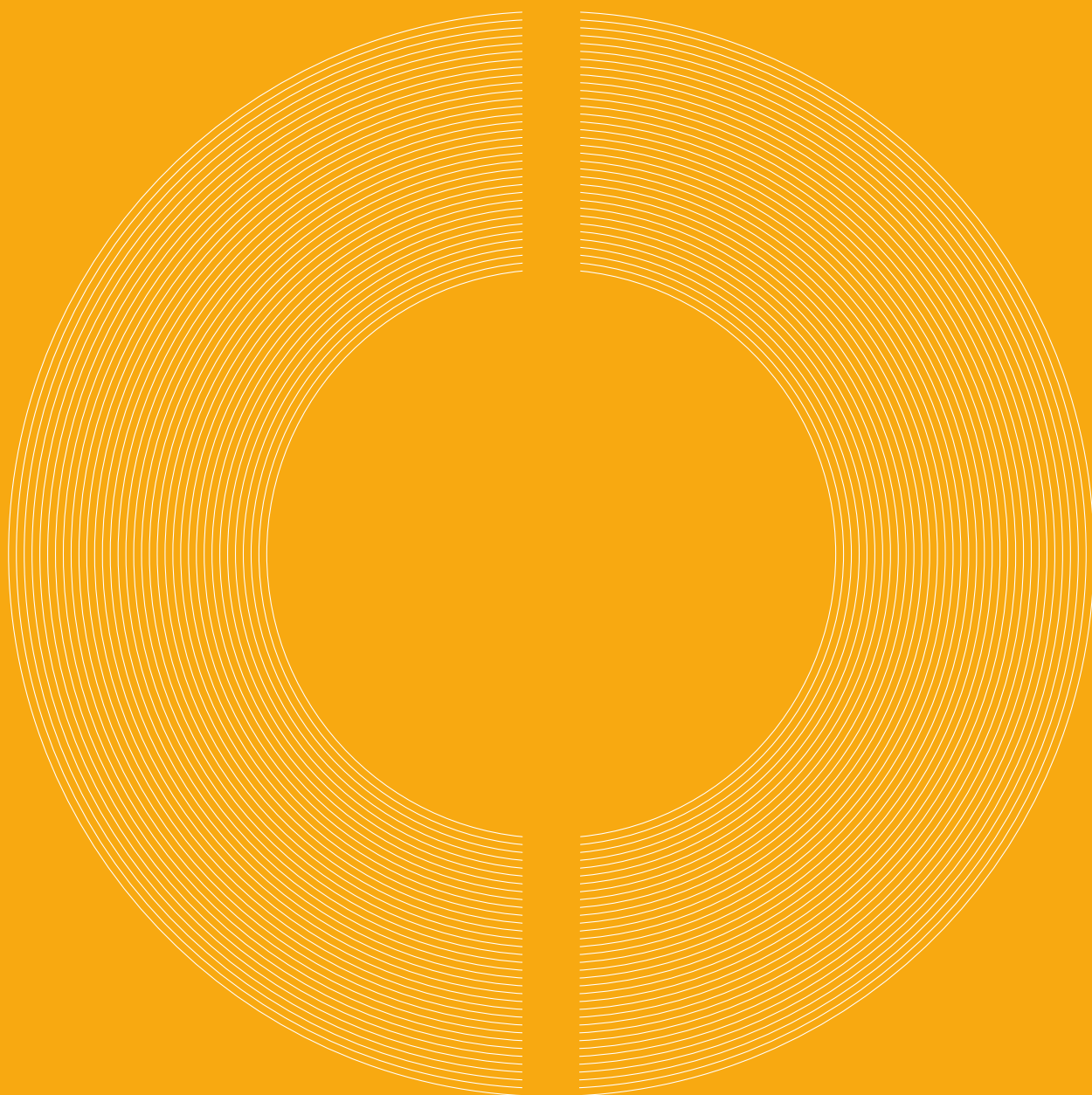


Schroder International Selection Fund Smart Manufacturing



Schroder ISF¹ Smart Manufacturing is a global equity portfolio that aims to deliver long-term capital growth by investing in companies best placed to capture the opportunities created by emerging new industrial and digital technologies transforming the world of manufacturing

Strategic Capabilities



Alpha Equity

Targeting higher active equity

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

“Innovations in hardware, software, and materials are converging with digitisation to help companies become more productive and efficient, while also reducing the carbon footprints of their supply chains and products.”

Why invest?

We have entered a fourth industrial revolution where we are seeing mass innovation, such as advanced robotics in hardware, productivity maximising software, and lightweight smart materials. The speed of this revolution is unprecedented and accelerating, and its breadth and depth is transforming the entire manufacturing value chain. We see compelling investment opportunities in those companies which own these innovations and are capturing the added value inherent in smart manufacturing.

Three factors underpinning this industrial renaissance

Helping companies improve profitability

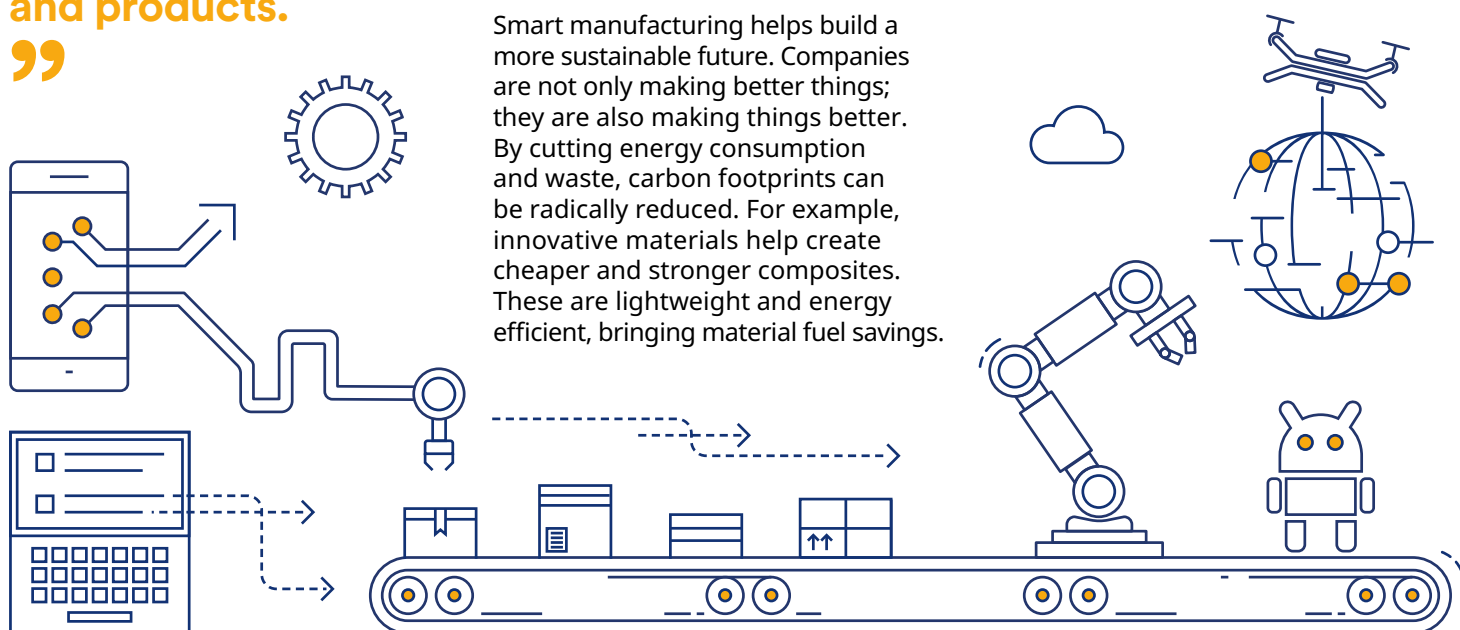
Smart manufacturing makes more economic sense than ever. Tech and the availability of actionable data is enabling production efficiencies, cutting waste and downtime, reducing energy consumption and driving innovation across the entire manufacturing value chain. Together, these advances are boosting productivity and ultimately profitability.

Addressing demographic imperatives

Smart manufacturing is helping to maintain growth in the face of ageing populations and widening skills gaps. Automation plays a big role in this and it makes sense for machines to step in and do the work that would be potentially dull, or even dangerous, for a human to do. These technological advances have led to entirely new jobs being created, as they open up further innovation and previously unthought-of opportunities.






Building a more sustainable world

Smart manufacturing helps build a more sustainable future. Companies are not only making better things; they are also making things better. By cutting energy consumption and waste, carbon footprints can be radically reduced. For example, innovative materials help create cheaper and stronger composites. These are lightweight and energy efficient, bringing material fuel savings.



Building a smart manufacturing fund

Stock picking is done through bottom-up analysis, focusing 100% on the company itself. The fund can be broken down into 5 sub-themes:

				
Data analytics and software	Advanced manufacturing	Advanced materials	Automation	Domain experts
Predictive maintenance – Optimising production	Agile production systems – Lasers	Light weighting – Nanoengineered materials	Robotics – Sensors and controls	Leveraging Prop Tech – Unique installed base

Data analytics and software: digital technology is powering data analysis which saves downtime, increases productivity and cuts maintenance costs.

Advanced manufacturing: new manufacturing processes like laser cutting and welding are driving productivity gains and delivering ESG benefits from better procurement and less waste.

Advanced materials: chemical and manufacturing innovations are generating cheaper and stronger composites with positive consequences for energy efficiency.

Automation: productivity gains are being delivered in a cost-effective and agile manner as robots move into new markets through innovations in vision and safety.

Domain experts: manufacturers and consultants have the knowledge, installed base and the relationships to monetise their own innovations.

Key information

ISIN code LU2097341411

Bloomberg code SCSSMAU LX

Fund launch date 13 January 2020

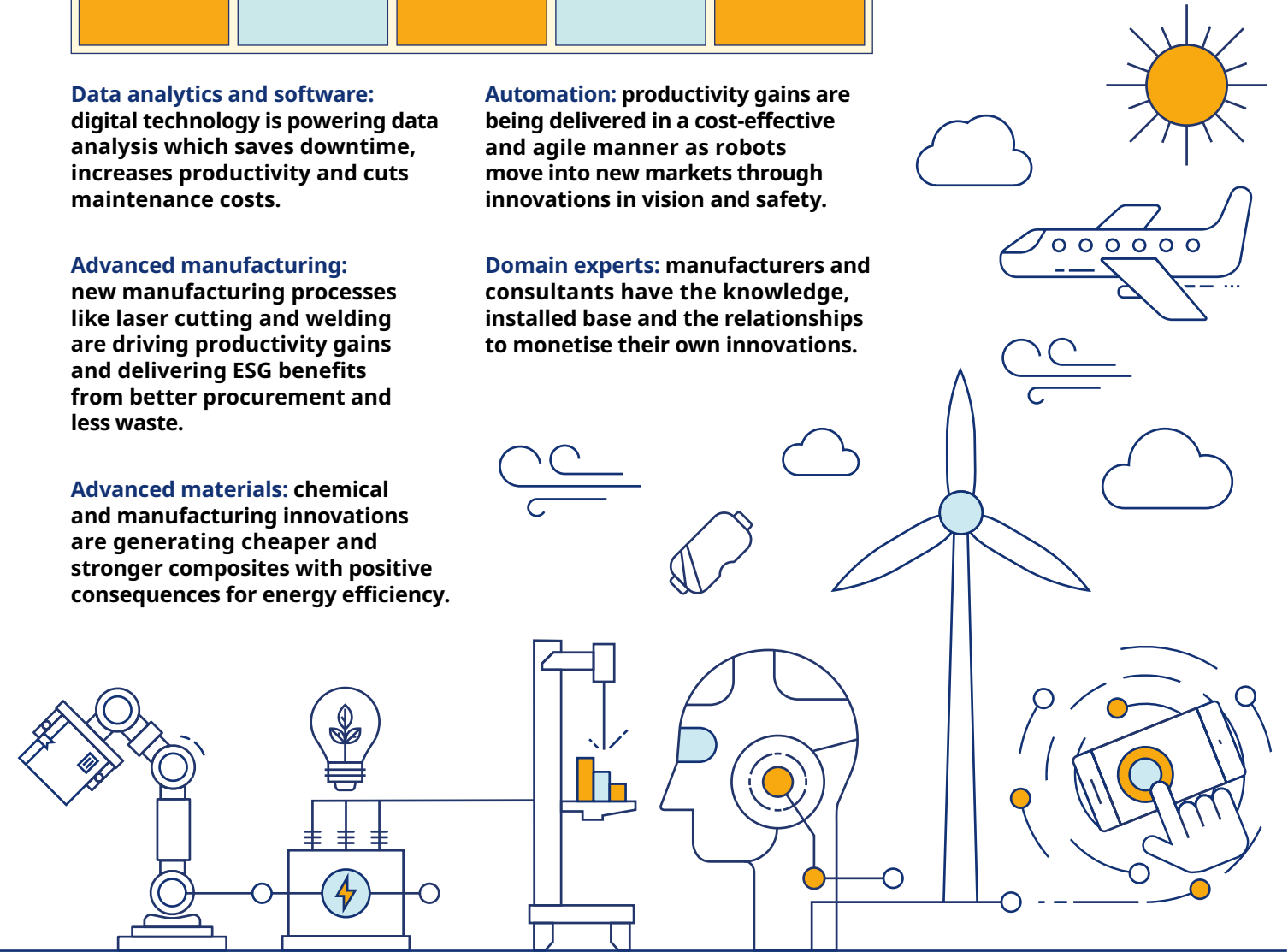
Fund base currency USD

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 29 September 2020.



Risk Considerations

- **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.
- **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.
- **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.
- **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.
- **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.
- **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 chosen by the investment manager. 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.
- **Higher volatility risk:** The price of this fund may be volatile as it may take higher risks in search of higher rewards.
- **Market risk:** The value of investments can go up and down and an investor may not get back the amount initially invested.

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