

# Global Disruption

Harness the power of disruptive growth

Marketing material



Schroders

**Disruption is all around us. It transforms the way we live, displaces existing markets, and pioneers new creations. The rapid advancement in technology has meant the speed of disruption is accelerating.**

**Disruptive growth produces dynamic opportunities across value chains that will play out over many years. By spotting companies that drive, enable or adapt to change, you can capitalise on these opportunities.**



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\*Schroder International Selection Fund is referred to as Schroder ISF throughout.

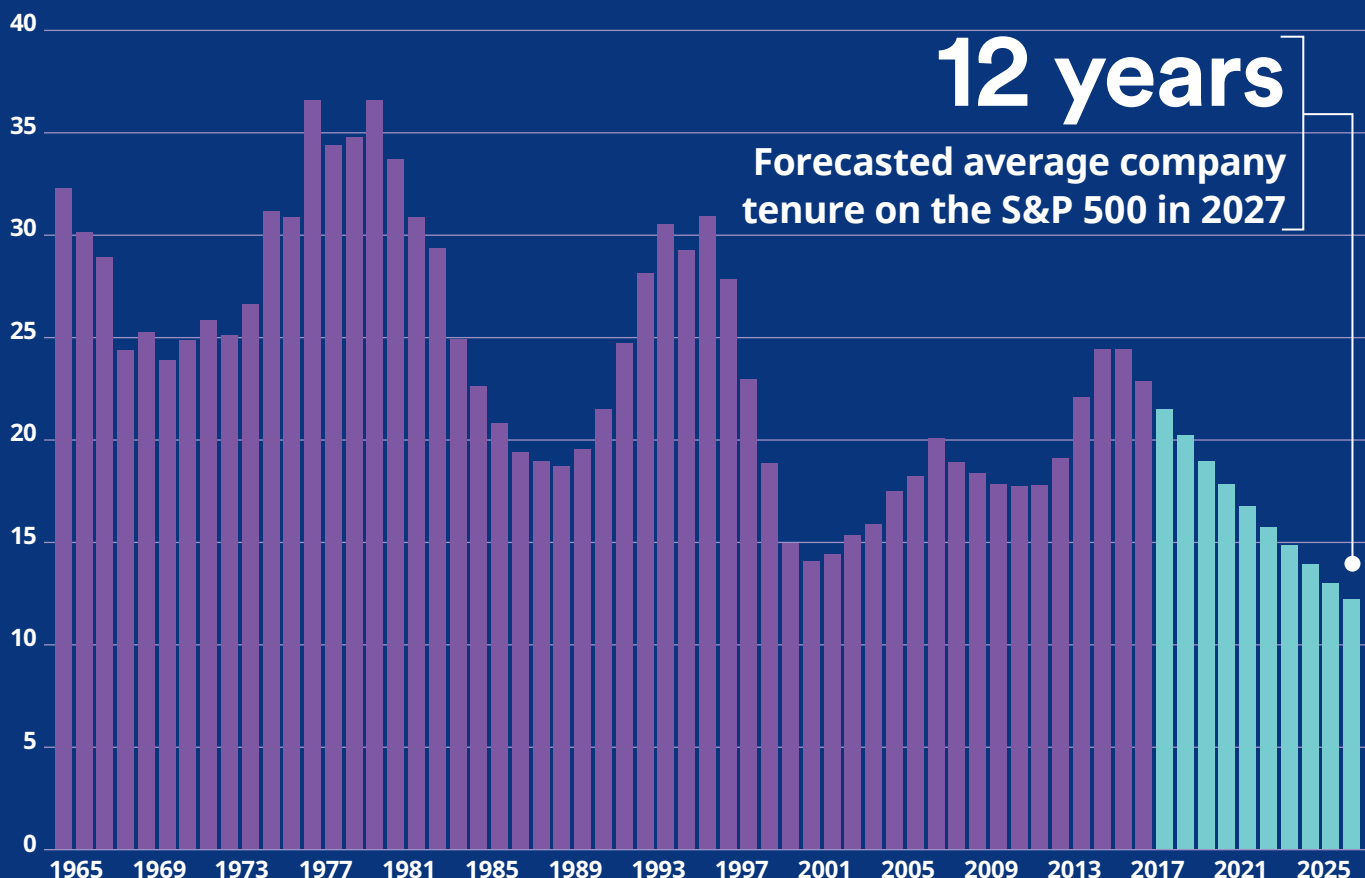
# Speed of change

Today, disruptive change is accelerating as technological power grows exponentially while costs fall. This has catalysed innovation and adoption rates, enabling companies to appear from nowhere to become giants seemingly overnight.

Take a look at the S&P 500 (an index of the 500 largest US companies) for example. The average tenure of a company in the index back in 1964 was 33 years. Fast forward to 2016, the figure was 24 years and by 2017 it's predicted to be just 12 years.

This combination of innovation and speed has led to a rich and fast-growing universe of transformational companies that represent compelling investment opportunities.

Average company tenure in the S&P 500 index (years)



Source: Innosight, 2018 Corporate Longevity Forecast: Creative Destruction is Accelerating.

# Capturing unanticipated growth potential

By definition, disruption wouldn't be disruptive if everyone already knew it was going to happen. Financial markets are inefficient and often slow to recognise genuine disruptive innovation or are reluctant to accept the impact of disruption.

This creates a fertile hunting ground of companies and industries with unanticipated growth potential – a perfect scenario for active managers, who have the flexibility, speed and resource to pinpoint under-appreciated companies and invest at the right time and price.



# The opportunities extend wider than you might think

The rewards of disruptive growth are not exclusive to solely the disruptors. Disruption creates opportunities (and pitfalls) across entire supply chains. We segment disruption into four categories:

**1 The disruptor –**  
the source or cause  
of innovative disruption



**Example:**

**Amazon revolutionising the retail market**

**2 The enabler –**  
the conduit for change



**Example:**

**Samsung SDI, one of the largest producers of renewable batteries for electric vehicles**

**3 The adaptor –**  
the positive respondent



**Example:**

**Walt Disney launching a suite of streaming services following Netflix's success**

**4 The denier –**  
the incumbent  
losing ground



**Example:**

**Nokia's failure to recognise the impact of smartphones**



# Introducing Schroder ISF Global Disruption

Schroder ISF Global Disruption is an actively managed, finely-tuned, global equity fund targeting game-changing companies that are redefining industries or adapting to the change, and whose growth potential is yet to be recognised by the wider market.

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

**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 11 of this document for more detail on the key risk considerations associated with this fund.



Targeting long-term capital growth



Free to invest in wherever we see the best opportunities



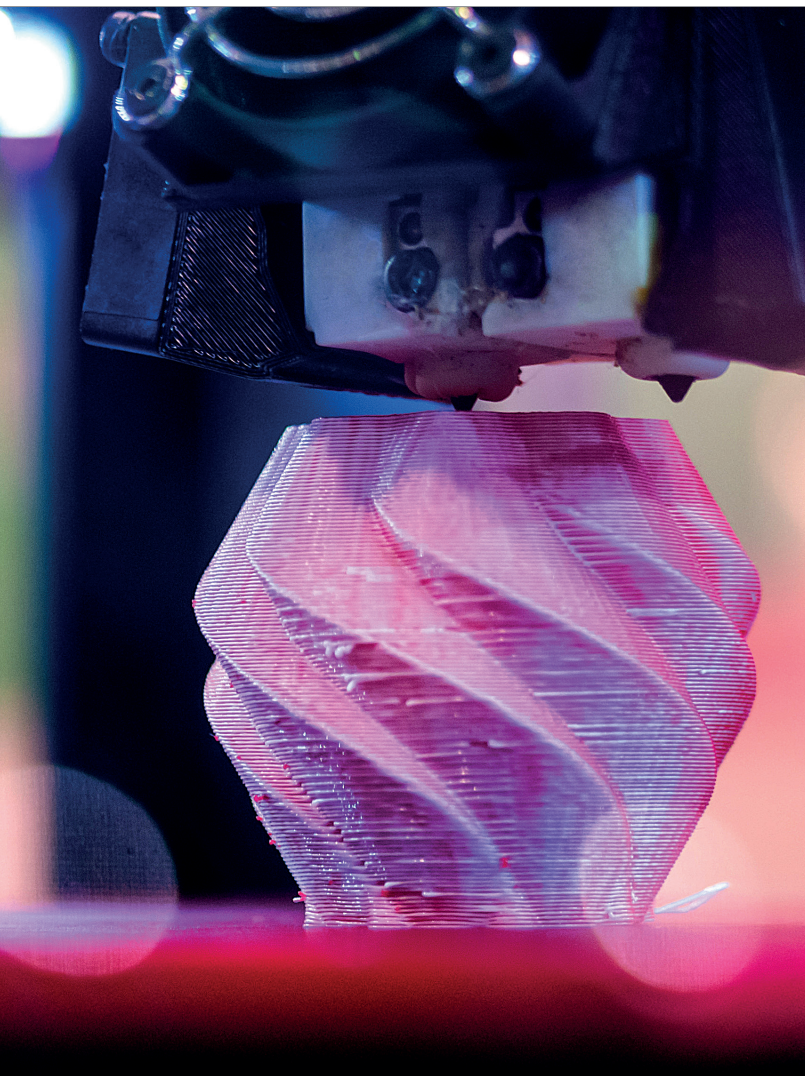
Invests in disruptors, enablers or successful adaptors



High conviction portfolio of 50-100 stocks



Backed by a global team of highly experienced equity specialists



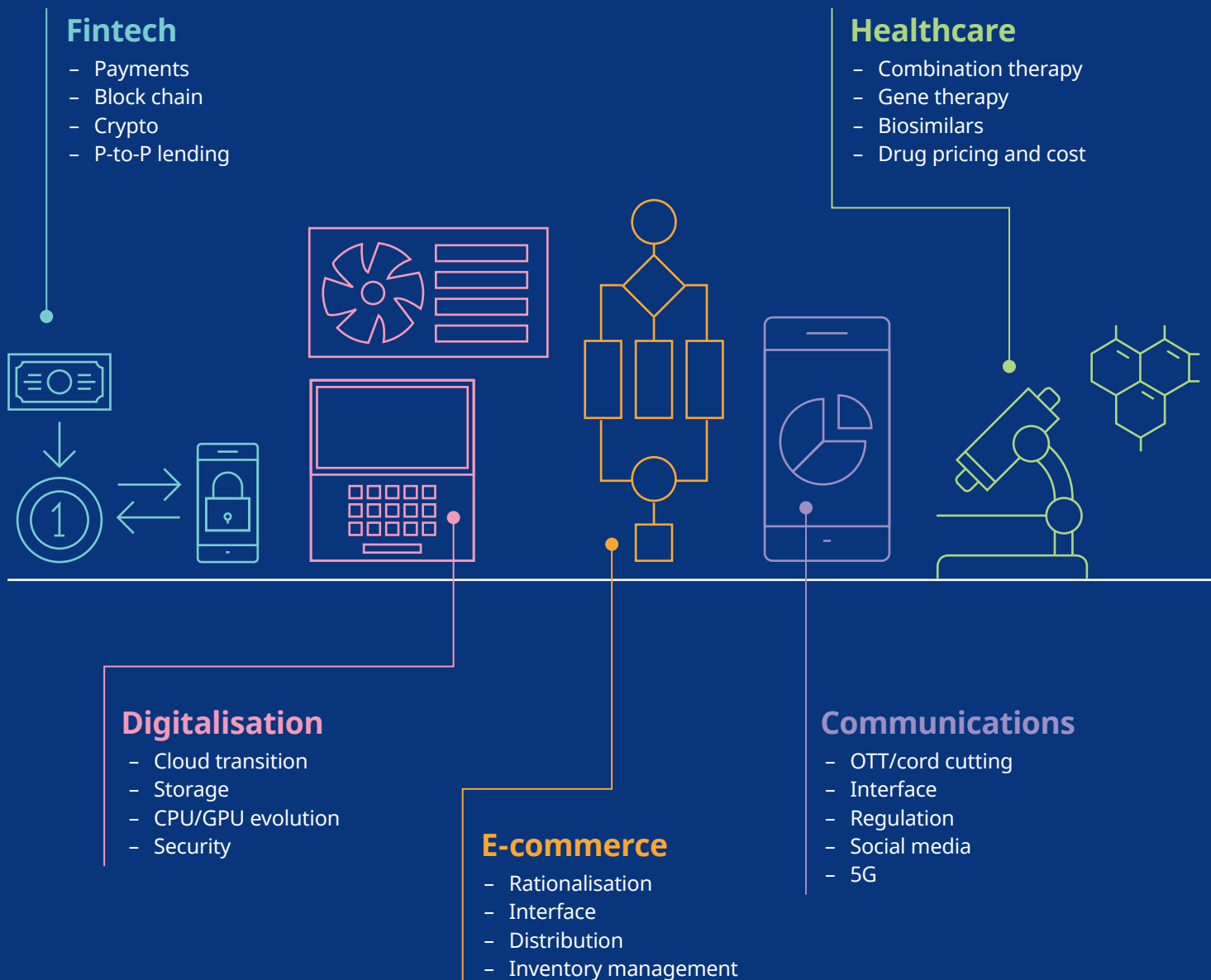
# The fund focuses on nine key sub-themes which are undergoing material disruptive change and surfacing potential areas of growth.

## Fintech

- Payments
- Block chain
- Crypto
- P-to-P lending

## Healthcare

- Combination therapy
- Gene therapy
- Biosimilars
- Drug pricing and cost



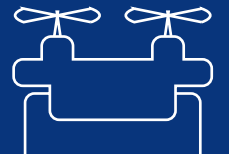
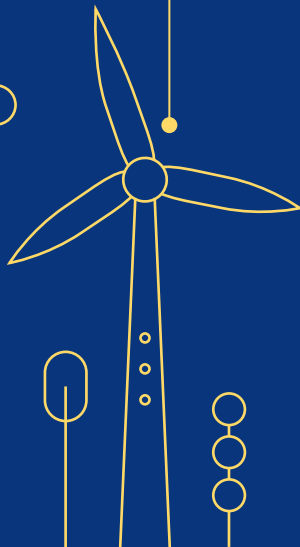


## Environmental

- Climate change
- Zero carbon
- Renewables
- Smart grid

## Automation

- Robotics
- Artificial intelligence
- 3-D printing



## Sustainable Food & Water

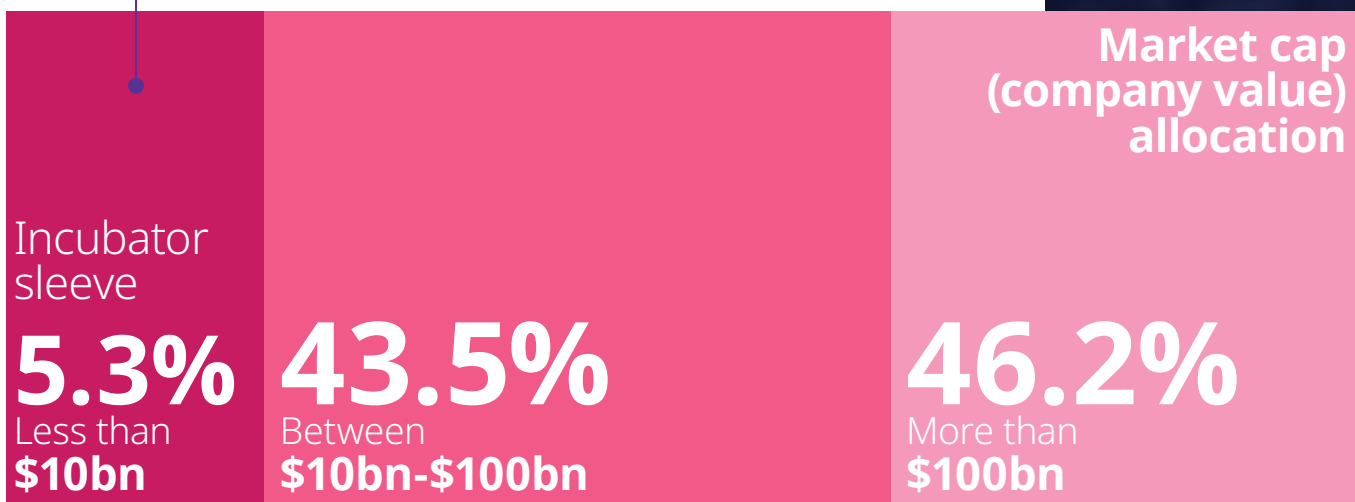
- Resource management
- Increased biodiversity
- Plant based proteins
- Farming

## New Consumer

- Sustainable Fashion
- Changing consumerism
- Brand identity

# Size doesn't matter

We allocate a sizeable portion of the fund to “incubator” stocks – companies which are less than \$10bn in size. The smaller-cap space is a rich source of innovation and therefore companies that have high growth potential.



Source: Schroders as at 30 June 2021.

## The why

Helping you capture the long-term capital growth potential created by accelerating disruption

## The what

A global equity fund giving you exposure to companies redefining their industries and our lives

## The how

We combine traditional equity analysis with alternative data science to unearth companies whose growth potential is under-recognised

## Fund information

ISIN code: LU1910165726

Fund launch date: 12 December 2018

Bloomberg code: SISFGDA:LX

Fund base currency: USD

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



Global Disruption

**For many, disruption can be unsettling but we welcome it. Investing through a disruptive lens gives you the chance to gain a broad exposure to the ground-breaking companies materially shaping our lives and, through this, help you build a portfolio at the forefront of a fast-changing world.**

## 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.
- 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.
- 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.

**Investment objective:** The Fund aims to provide capital growth by investing in equity and equity related securities of companies worldwide which benefit from disruption.

**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. For Luxembourg, these documents may be obtained in English, free of charge, from the following link: [www.eifs.lu/schroders](http://www.eifs.lu/schroders). 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. Schroders has expressed its own views and opinions in this document and these may change. Schroders will be a data controller in respect of your personal data. For information on how Schroders might process your personal data, please view our Privacy Policy available at [www.schroders.com/en/privacy-policy](http://www.schroders.com/en/privacy-policy) or on request should you not have access to this webpage. A summary of investor rights may be obtained from <https://www.schroders.com/en/lu/professional-investor/footer/complaints-handling>. This document is issued by Schroder Investment Management (Europe) S.A., 5, rue Höhenhof, L-1736 Senningerberg, Luxembourg. Registered No. B 37.799. For your security, communications may be recorded or monitored. 604009



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