

Schroder Sustainable Global Core PIE Fund

January 2025

Investment Report

January/2025

Schroders

Schroder Sustainable Global Core PIE Fund

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Fund Valuation

Value at January 2025

NZD

499,237,798

Performance

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	1 Year %	SI cum.* %
Portfolio (Net)	2.81	11.85	14.44	32.80	42.33
Benchmark [^]	2.58	11.04	13.48	32.07	40.76
Excess (Net)	+0.23	+0.81	+0.96	+0.73	+1.57

Performance – Hedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	1 Year %	SI cum.* %
Portfolio (Net)	3.66	7.22	9.67	23.39	31.59
Benchmark [^]	3.44	6.44	8.86	23.23	30.73
Excess (Net)	+0.22	+0.78	+0.81	+0.16	+0.86

Source: Schroders, FundRock as of January 2025. Returns shown net of fees and are calculated by FundRock. Performance shown reflects past performance, which is no guarantee of future results. Current performance may be higher or lower than the performance shown. Principal value and investment returns will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance for all periods is shown cumulative. NAV performance may differ from performance calculated at closing market prices. The difference between the portfolio and benchmark returns may not equal stated excess returns due to rounding. Since inception from 30 November 2023. [^]Benchmark is the MSCI World ex Tobacco NR NZD for the unhedged and MSCI World ex Tobacco NR NZD Hedged for the hedged. Indices are net dividend reinvested (NDR).

Market review

Global equity markets resumed their upward momentum in January, albeit not without volatility. Developed markets gained 3.5% in USD terms but, in a shift from the narrative in recent years, it was led by the strength in European and UK equities, rather than the big-Tech stocks in the US. Unsurprisingly, the return of the Trump administration dominated headlines through the month. The ongoing uncertainty around looming tariffs (announced after month end) were counterbalanced by robust corporate earnings and broader optimism regarding the strength of the US economy. For AI related stocks this impact was overshadowed by the emergence of China's DeepSeek AI model. This initially caused a panic due to concerns about the extent of US tech spending and leadership of the AI race. Index heavyweight NVIDIA fell more than 10% over the month whilst the remaining Magnificent-7 stocks were only modestly ahead of the index but with some dispersion (Apple and Microsoft retreated with better outcomes for Meta, Amazon and Alphabet whilst Tesla was broadly in line).

In contrast European stocks led the major equity markets, rising 7.4% in USD terms, led by gains in the financial and consumer discretionary sectors, as global investors showed increased interest in diversification opportunities. UK stocks also outperformed, benefiting from a sharp drop in the value of the pound, which boosted the value of overseas earnings that make up three-quarters of the index's revenue. In contrast, Japanese equities lagged. The Bank of Japan's decision to raise interest rates by 25 basis points, put upward pressure on the yen and weighed down on export-driven sectors.

Emerging markets were mixed. In EM Asia, Chinese equities edged up over the month, with AI driven positivity neutralised in part by uncertainty around the impact from potential US tariffs. Elsewhere, Indian equities remained soft due to a combination of multiple compression, weak earnings and an uncertain economic outlook. Other regions saw stronger gains with EM EMEA finishing up more than 4% while Latin American markets led the way, mainly driven by Brazil, Chile and Columbia, which also benefited from currency appreciation.

Fund commentary

Following good performance in 2024, the portfolio finished ahead of its benchmark in January. With markets experiencing swings in sentiment and heightened volatility due to a potential trade war and AI-growth setbacks, its diversified positioning across areas of structural growth, defensives and cyclicals supported outperformance.

At a high level, outperformance was driven by incremental gains in a range of areas. Defensive holdings provided a buffer to volatility as positioning in healthcare and communications were beneficial. Elsewhere, quality cyclicals within financials (global banks) and industrials (construction supplies, environmental services) supported returns.

Detractors were relatively muted, but a lower than index exposure to materials (in particular gold) was costly as the industry bounced on general uncertainty.

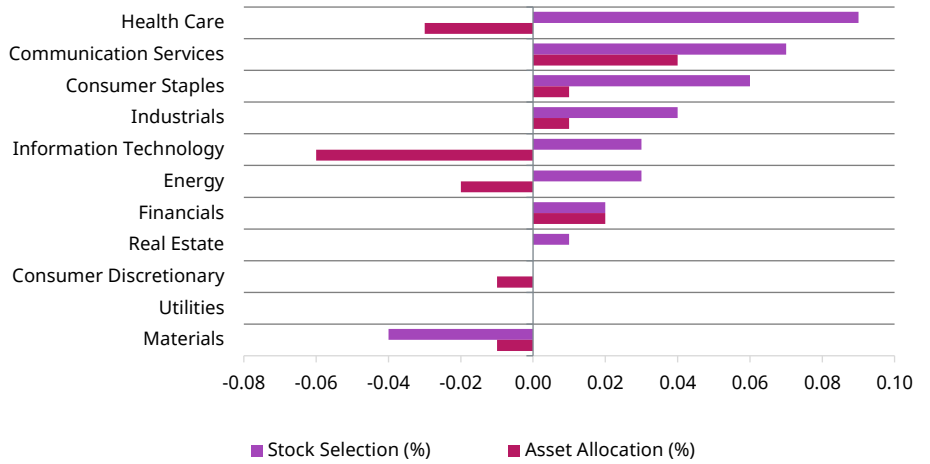
At a high level, the portfolio remains well diversified across stock, geography and sector with a continued focus on companies with solid fundamentals that are not overpriced in line with our underlying investment philosophy. Given the multiple inputs employed within our process, the strategy continues to be exposed to a range of themes and with a broad allocation across our distinct measures of Value & Quality.

At the end of the month, some of the largest overweights in the portfolio were within technology and communications, driven by higher than index exposure to application software and online services respectively. We continue to favour securities exhibiting high quality characteristics and at favourable valuations while maintaining diversification across the portfolio. The portfolio continues to be underweight real estate which we view as highly leveraged and unappealing in valuation terms. From a regional perspective, the portfolio is overweight the US and Emerging Markets led by EM Asia allocations. Elsewhere, we are underweight Continental Europe, Japan and the UK.

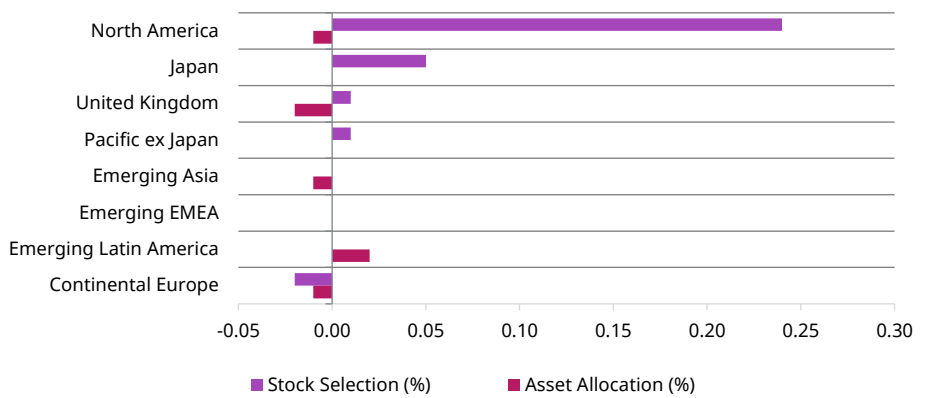
Attribution

Relative Fund Performance vs MSCI World ex Tobacco

Sector
1 month to 31 Jan 2025



Region
1 month to 31 Jan 2025



Source: Schroders & QEP Classifications. Attribution disclaimer: Please note that this data was sourced from Aladdin. Note the data used by Aladdin is un-audited, whereas the data used for actual performance is audited, therefore any subsequent cleaning of data will not be reflected in Aladdin & performance here will not match actual published performance. Data above is indicative only and should not be viewed as a recommendation to buy/sell. Past performance is no guarantee of future results.

Schroder Sustainable Global Core PIE Fund

Top 5

contributors

1 month to 31 Jan 2025

Stock	Contribution %
Hims & Hers Health	0.05
Howmet Aerospace	0.04
Spotify	0.04
Boston Scientific	0.04
Celestica	0.03

Top 5

detractors

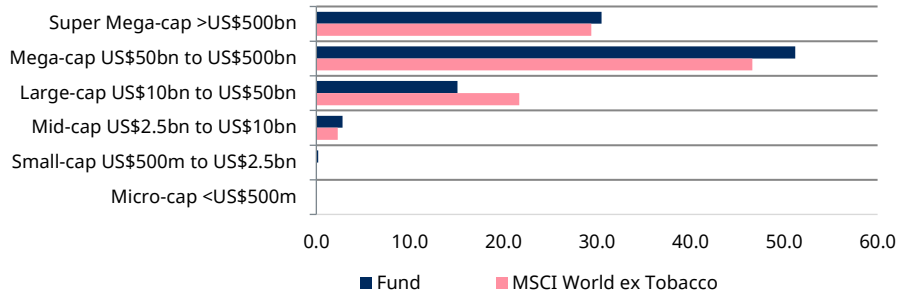
1 month to 31 Jan 2025

Stock	Contribution %
GE Aerospace	-0.05
Edison	-0.04
Richemont	-0.03
Loblaw	-0.02
CVS Health	-0.02

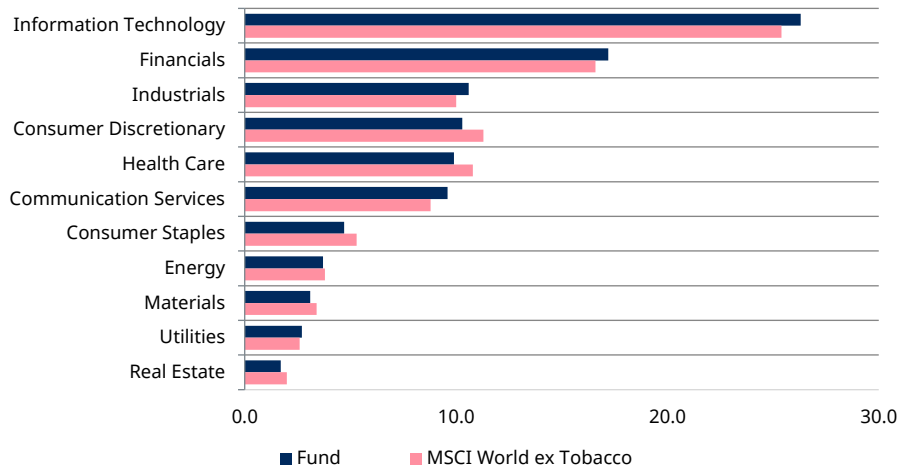
The attribution analysis shown above is intended to provide an indicative summary of the contributions to relative performance. The information is generated using Aladdin, a multi-currency performance analytical system.

Portfolio Analysis

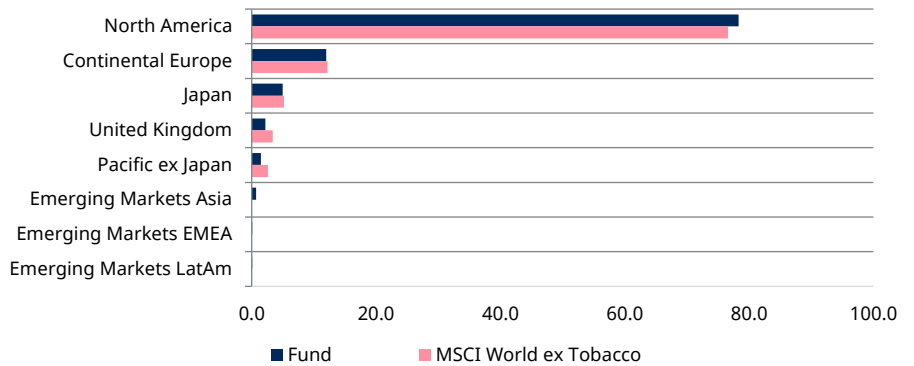
Portfolio Weightings Market Capitalisation (%) at 31 Jan 2025



Sector (%) at 31 Jan 2025



Region (%) at 31 Jan 2025



Source: Schroders & Investment Team Classifications.

Schroder Sustainable Global Core PIE Fund

Portfolio Characteristics at 31 Jan 2025

Characteristics	Fund	Index
Ex-ante Tracking error*	1.0%	-
Active share	28.5%	-
Number of stocks	467	1,390
Dividend Yield	1.5%	1.6%
Price to book	4.2	3.7
Price to earnings	22.8	22.2
Price to free cash flow	31.0	32.6
Return on capital employed	23.3	21.9
Return on equity	26.3	24.9
Operating margin	24.1	23.3
Company market cap (weighted average US\$ mn)	797,913	776,912
Carbon intensity (CO2 t/M\$ sales)	75.5	92.2

Top 5

Overweight positions

31 Jan 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
Howmet Aerospace	0.49%	0.07%	0.42%
Boston Scientific	0.60%	0.21%	0.39%
Deutsche Telekom	0.50%	0.16%	0.33%
Shell	0.58%	0.29%	0.29%
CBRE	0.32%	0.06%	0.26%

Top 5

Underweight positions

31 Jan 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
GE Aerospace	-	0.31%	-0.31%
RTX	-	0.24%	-0.24%
CommBank	-	0.23%	-0.23%
Honeywell	-	0.20%	-0.20%
Conocophillips	-	0.18%	-0.18%

Source: Schroders & MSCI. *Tracking Error is sourced from Aladdin.

Index: MSCI World ex Tobacco

Notes

Responsible Investment: Schroders Socially Responsible Investment and Corporate Governance policies can be found on our website <http://www.schroders.com/global/about-schroders/corporate-responsibility/responsible-investment/>. We also publish regular articles on Socially Responsible Investing, which can be found on Schroders Talking Point www.schroders.com/talkingpoint.

Important Information

www.schroders.com.au
email: simal@schroders.com
Schroder Investment Management Australia Limited
Level 20 Angel Place, 123 Pitt Street, Sydney NSW 2000
Phone: 1300 136 471 Fax: (02) 9231 1119

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