

Schroder Sustainable Global Core PIE Fund

February 2025

Investment Report

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Schroders

Schroder Sustainable Global Core PIE Fund

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Fund Valuation

Value at 28 Feb 2025

NZD

505,209,306

Performance

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	CYTD %	1 Year %	SI cum.* %
Portfolio (Net)	-0.01	5.67	17.28	2.80	25.54	42.32
Benchmark [^]	0.10	5.63	16.60	2.68	25.49	40.90
Excess (Net)	-0.11	+0.04	+0.68	+0.12	+0.05	+1.42

Performance – Hedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	CYTD %	1 Year %	SI cum.* %
Portfolio (Net)	-1.06	0.34	6.48	2.56	16.22	30.20
Benchmark [^]	-1.03	0.39	5.94	2.37	16.46	29.39
Excess (Net)	-0.03	-0.05	+0.54	+0.19	-0.24	+0.81

Source: Schroders, FundRock as of February 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

After a strong start to the year, February 2025 saw a shift in the US economic narrative. Despite another decent earnings season, growing uncertainty about policy impacts and signs of slowing growth dented sentiment. Whilst this weighed on US equities, European equities and defensive areas more generally were the apparent beneficiary. Elsewhere, a retreat in the US dollar, coupled with strong performance from Chinese tech, benefited emerging markets. The rising level of caution impacted small-cap and US growth stocks the most with the MSCI AC World Growth Index underperforming its sister value index by around 4% in USD terms.

Federal Reserve Chair Powell also adopted a guarded stance, emphasising the need to address inflation whilst reiterating that President Trump's comments would not influence the Fed's policy decisions. Against this backdrop, major US equity indices declined (though the S&P 500 remains positive year-to-date) with the equal-weighted index outperforming its cap weighted variant. The technology, consumer discretionary, communications and industrials sectors underperformed, while consumer staples, real estate, energy, and utilities rose to the top of the leaderboard.

Elsewhere, Europe outperformed, driven by gains in defence and bank stocks amid heightened geopolitical tensions and strong corporate earnings. UK markets were bolstered by financials, healthcare, and industrials. Conversely, Japanese shares declined, particularly in large-cap technology and exporter sectors. Emerging markets, notably China, demonstrated robust growth, fuelled by investor optimism regarding its AI capabilities, leading the MSCI EM index to outperform developed market indices. Regionally, Asia ex Japan equities posted modest gains, with China, Hong Kong, and the Philippines the strongest performers. Emerging Europe also outperformed on the back of the strength of their developed market peers, whilst Latin America lagged, led by Brazil.

Fund commentary

After a positive start to the year, the strategy gave back some gains in February. At a high level, underweights in rallying defence names alongside select traditional defensives were a drag in a month categorised by geopolitical tension and a flight to safety.

In particular, a lower than index exposure to UK and European defence contractors and weapons manufacturers weighed on relative performance. The retreat in quality cyclicals within manufacturing also impacted relative performance as investors moved out of economically sensitive areas. On the flipside, defensives were the winners and the strategy's lower exposure to traditional staples impacted relative returns. Exposure to US application software was another detractor as the technology sector lagged as a whole. Partly offsetting this was our preferred pockets of high-quality defensives within communications (telcos) and healthcare.

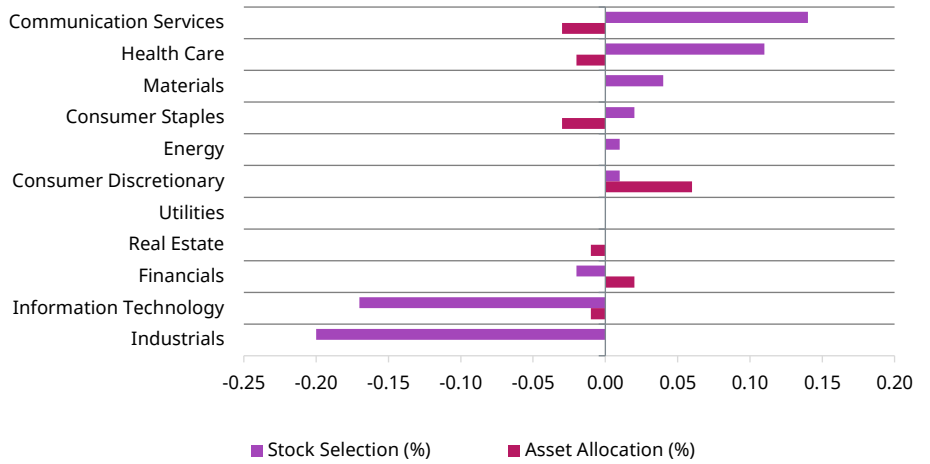
At a high level, the portfolio remains well diversified across stock, geography and sector with a continued focus on companies with solid fundamentals that are not overpriced in line with our underlying investment philosophy. Given the multiple inputs employed within our process, the strategy continues 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 financials and communications, driven by higher than index exposure to insurers and online services respectively. We continue to favour securities exhibiting high quality characteristics and at favourable valuations while maintaining diversification across the portfolio.

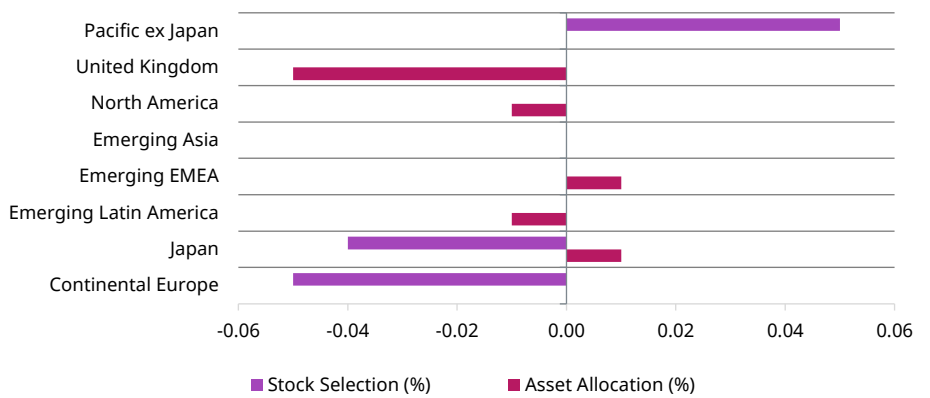
Attribution

Relative Fund Performance vs MSCI World ex Tobacco

Sector
1 month to 28 Feb 2025



Region
1 month to 28 Feb 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 28 Feb 2025

Stock	Contribution %
Xiaomi	0.04
Uber	0.04
Howmet Aerospace	0.04
Welltower	0.03
Spotify	0.03

Top 5

detractors

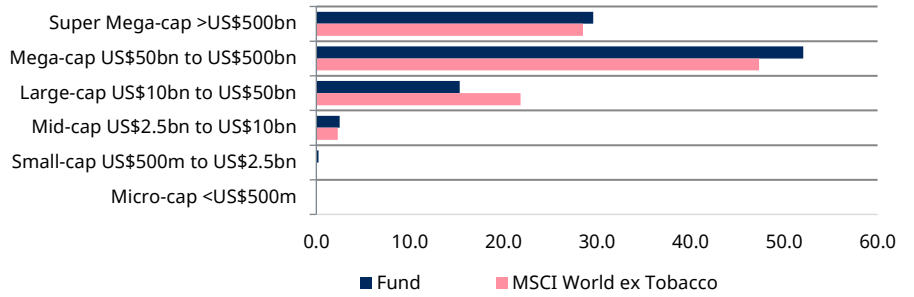
1 month to 28 Feb 2025

Stock	Contribution %
The Trade Desk	-0.10
Block	-0.04
Arista Networks	-0.04
Axon	-0.03
Coinbase	-0.03

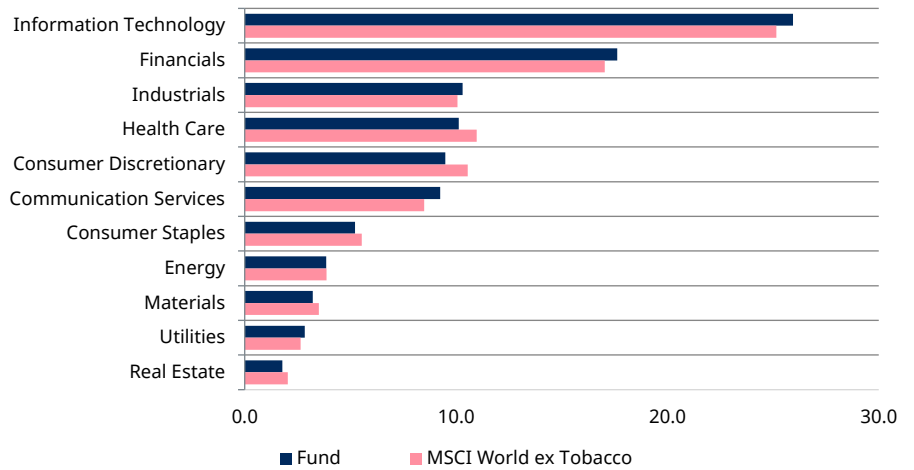
The attribution analysis shown above is intended to provide an indicative summary of the contributions to relative performance. The information is generated using Aladdin, a multi-currency performance analytical system.

Portfolio Analysis

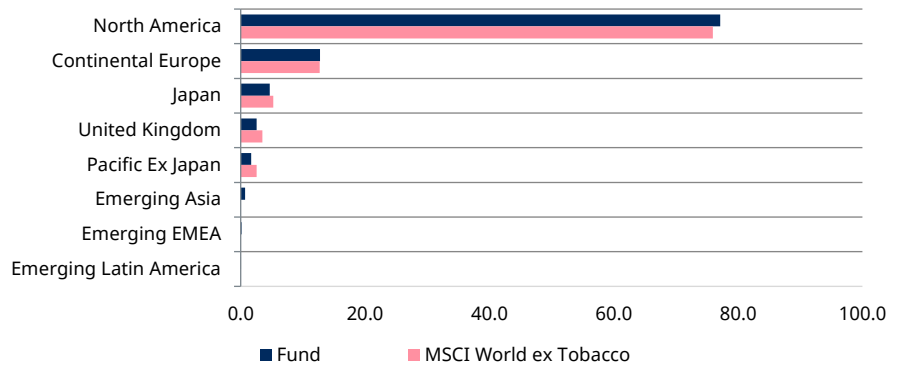
Portfolio Weightings Market Capitalisation (%) at 28 Feb 2025



Sector (%) at 28 Feb 2025



Region (%) at 28 Feb 2025



Source: Schroders & Investment Team Classifications.

Schroder Sustainable Global Core PIE Fund

Portfolio Characteristics at 28 Feb 2025

Characteristics	Fund	Index
Ex-ante Tracking error*	0.9%	-
Active share	27.8%	-
Number of stocks	469	1,390
Dividend Yield	1.6%	1.7%
Price to book	4.1	3.6
Price to earnings	21.9	21.4
Price to free cash flow	28.3	29.9
Return on capital employed	23.7	22.2
Return on equity	26.5	22.2
Operating margin	24.5	23.8
Company market cap (weighted average US\$ mn)	760,013	742,688
Carbon intensity (CO2 t/M\$ sales)	77.4	94.0

Top 5

Overweight positions

28 Feb 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
Howmet Aerospace	0.50%	0.07%	0.43%
Boston Scientific	0.61%	0.21%	0.40%
Deutsche Telekom	0.48%	0.18%	0.30%
Shell	0.57%	0.29%	0.28%
Welltower	0.41%	0.13%	0.27%

Top 5

Underweight positions

28 Feb 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
GE Aerospace	-	0.32%	-0.32%
RTX	-	0.25%	-0.25%
CommBank	-	0.23%	-0.23%
Honeywell	-	0.19%	-0.19%
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.

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