

# Schroder International Selection Fund QEP Global Active Value

July 2019

**Schroder ISF<sup>1</sup> QEP Global Active Value** follows an index-unconstrained strategy, designed to exploit the long-term premium available to investors in value stocks. It aims to deliver above-market returns over the long run.

## Why invest?

- Designed to seek out attractively valued companies in order to harvest the long-term value premium, while maintaining an awareness of business quality
- Exploits a wide opportunity set, tapping into all sectors and regions, including the emerging markets, and investing across the market cap spectrum
- Innovative approach to portfolio construction combining high conviction with broad diversification
- Highly experienced and well-resourced team managing over €27 billion of global and emerging equity strategies

Source: Schroders, as at 30 June 2019.

## Our approach

### Long-term value premium is the fundamental driver

Attractively priced companies outperform in the long term and we aim to exploit this long-term value premium. Value strategies experience some volatility, in particular they tend to struggle in market environments when stock prices become detached from fundamentals, but over the long run they reward investors who stick by their convictions. In addition, in order to help minimise exposure to 'value traps' (stocks which are cheap for good reason) we also incorporate an awareness of the quality of companies in our analysis.

### Exploiting genuine breadth of opportunity

We maximise the opportunity set by looking beyond the index<sup>2</sup> to an investment universe of more than 15,000 stocks globally. The fund is highly diversified, typically investing in over 500 stocks, which enables us to gain exposure to many more potential return opportunities in a risk-controlled way. More stocks does not mean compromising on conviction and the fund's active share<sup>3</sup> is typically higher than 70% – the fund looks very different to the index.

### Intelligent portfolio construction

Our process is focused on delivering returns through stock selection and does not impose any index-based sector or region constraints, enabling us to invest wherever we find the best opportunities. Moreover, by weighting stocks based on their fundamentals and not their size, our portfolios express genuine conviction and are not forced to hold higher weightings in more expensive stocks. Our portfolio construction tools allow us to manage the risk-return trade-off efficiently and we also focus on cost-effective implementation.

## Asset class

- Bonds
  Equities
  Alternatives
  Property

## Investment team

The QEP Investment Team was established in 1996 and has managed assets since 2000. The team, led by Justin Abercrombie, consists of 31 members based in London, Sydney and New York. It manages over €27 billion in a comprehensive range of global and emerging market equity strategies on behalf of clients all over the world.

Source: Schroders, team as at 30 June 2019, AUM as at 30 June 2019.

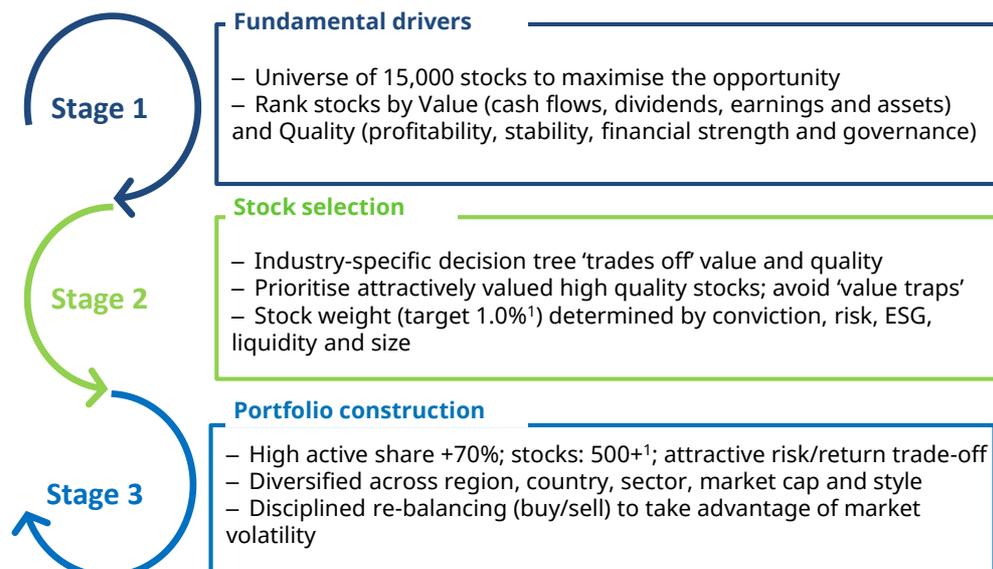
<sup>1</sup>Schroder International Selection Fund is referred to as Schroder ISF throughout this document.

<sup>2</sup>The MSCI AC World (NDR). The fund is not managed with reference to a benchmark but its performance may be measured against one or more. The MSCI AC World (NDR) is used for performance.

<sup>3</sup>Active share is a measure of the proportion of a portfolio's holdings that are different to the benchmark; an indexed portfolio identical to the benchmark would have a 0% active share, and a portfolio with no overlap at all with the benchmark would have an active share of 100%.

## Investment process

The investment process for the fund can be summarised in three stages



Source: Schroders. <sup>1</sup>Internal guidelines only and are subject to change.

## Risk considerations

- The capital is not guaranteed
- Investments denominated in a currency other than that of the share-class may not be hedged. The market movements between those currencies will impact the share-class
- Investments in small companies can be difficult to sell quickly which may affect the value of the fund and, in extreme market conditions, its ability to meet redemption requests upon demand
- The fund will not hedge its market risk in a down cycle. The value of the fund will move similarly to the markets
- Emerging equity markets may be more volatile than equity markets of well established economies. Investments into foreign currencies entail exchange risks
- Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund

## Key information

<b>ISIN code</b> LU0203346498	<b>Date of inception</b> 29 October 2004	<b>Ongoing charge (latest available)<sup>2</sup></b> 0.85%	<b>Entry charge</b> Up to 1.00% of gross investment amount
<b>Bloomberg code</b> SCHGVCA:LX	<b>Fund currency</b> USD	<b>Benchmark</b> MSCI AC World (NDR) <sup>1</sup>	

Information in the table above is for the C Accumulation share class, for further share class information please see the Prospectus.

<sup>1</sup>This index is used for performance comparison purposes only as the strategy is index-unconstrained.

<sup>2</sup>The ongoing charges figure is based on the last year's expenses for the year ending December 2018 and may vary from year to year.

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## Schroders' awards



Source: Investment Week Fund Manager of the Year Awards 2019.

## About Schroders



€469.5bn of assets under management and administration.



An extensive global network of 5,000+ employees.



Presence in 32 countries across Europe, the Americas, Asia, Middle East and Africa.



Over 200 years' experience of investment markets.

Source: Schroders, as at 31 December 2018.



Source: Fitch Ratings, as at 6 August 2019.

To learn more about Schroder ISF QEP Global Value, visit:

[schroders.com/qep](http://schroders.com/qep)