

Schroder ISF* Global Cities Fund Update

Covering October 2021

Top contributors:	Top detractors:
1. Rexford Industrial Realty	1. Instone Real Estate
2. Canadian Pacific Railway	2. 21Vianet
3. Camden Property Trust	3. A-Living Smart City Services

Schroder ISF Global Cities performance	1 Month	3 Months	YTD
Schroder ISF Global Cities C Acc	4.8	2.7	20.9
FTSE EPRA Nareit Developed (Net TR USD)	6.0	1.1	8.5

*Schroder International Selection Fund is referred to as Schroder ISF. Source: Schroders as at 31/10/2021, C Acc shares in USD, NAV to NAV basis with net income reinvested, net of the ongoing charges** and portfolio costs (**1.86%; 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.)

(%)	2020	2019	2018	2017	2016
Schroder ISF Global Cities C Acc	-0.8	30.4	-9.2	13.6	-0.6
FTSE EPRA Nareit Developed TR USD (Net TR USD)	4.2	4.9	5.6	5.2	4.2

Past performance is not a reliable indicator of future results, prices of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested.

Source: Schroders, bid to bid price with net income reinvested, net of the ongoing charges and portfolio costs, as at 31/12/2018. *Please note on the 1 May 2021 the fund's benchmarks were changed – this tables above show past performance from this date based on the new objective and benchmarks (Target benchmark: FTSE EPRA NAREIT Developed index (Net TR, USD). No comparator benchmark)

Commentary and portfolio changes

Strong month for the fund was primarily driven by industrial and residential sectors - Industrial companies in the fund such as, Rexford, VGP and Terreno, and Residential companies in the fund such as, Camden, UDR and Deutsche Wohnen.

The industrial ('last mile distribution') sector is seeing unprecedented demand and this is leading to significant pricing power for landlords.

The residential sector (apartments rentals) is now experiencing stronger demand than pre covid.

The self-storage sector also deserves a mention, with strong demand and pricing power for owners.

As expected, the fund is benefiting as economies re open and demand for specific sub sectors returns.

Whilst the broader market focuses on inflation concerns we believe the portfolio is well positioned if recent increases persist for longer than expected.

Risk considerations

China country risk: Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund. Counterparty risk: The counterparty to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the fund, potentially creating a partial or total loss for the fund. Currency risk: The fund can be exposed to different currencies. Changes in foreign exchange rates could create losses. Derivatives risk: A derivative may not perform as expected, and may create losses greater than the cost of the derivative. Emerging markets & frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk. Equity risk: Equity prices fluctuate daily, based on many factors including general, economic, industry or company news. Leverage risk: The fund uses derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss. 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: Failures at service providers could lead to disruptions of fund operations or losses.

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