

Schroder Global Recovery Fund

Wholesale class

The time for value is now

At a time when investment markets are in flux, investors may need to look beyond trends or themes and focus on the fundamental value of companies to generate returns.

The Schroder Global Recovery Fund focuses on companies with classic recovery characteristics – those that have suffered a setback in either profit or share price, but where long-term prospects are believed to be good and, therefore, potential shareholder returns are attractive. Holding value in a portfolio is key to diversifying from growth stocks and future-proofing investment portfolios against varying market cycles.

Benefits



Opportunity to capitalise on the performance of value

Valuation dispersion between the most expensive and cheapest shares remains at extreme levels today.



A true value investor

We use a contrarian approach to seek out sound businesses with long-term value potential we believe is not reflected in the share price. This approach results in exposure to companies with pure deep value 'recovery' characteristics.



Bottom up approach

We focus on individual businesses their underlying fundamentals rather than broad macro themes.



Benchmark unaware

Our process results in a portfolio that is significantly different from the main international benchmarks, giving you exposure to companies that many don't find.



Diversification from growth

Many investor portfolios lack style diversification. An allocation to value stocks provides investors with diversification throughout different market cycles.



An experienced team with a disciplined process

A team of eight investment professionals responsible for £12.4bn assets with an active value investment strategy and a contrarian approach to investing.

Fund features

The Fund's investment objective is to provide capital growth and to outperform the MSCI World (NDR) TR Index after fees over the medium to long term.

APIR Code

SCH0095AU

mFund Code

SCH45

Number of securities

30-70

Position size

Maximum of 10% in any single stock

Sector size

Maximum of 35% in any one industry

Country weights

Maximum of 50% in any one country

Derivatives

Used for hedging and efficient portfolio management

Distribution frequency

Half-yearly

Minimum suggested time frame

5 years

Minimum initial investment

\$20,000

Management fees and costs*

0.98% p.a.

Buy/sell spread

Estimated to be 0.30% of the application amount on application and 0.15% of the withdrawal amount on withdrawal

Inception date

18 August 2017 (strategy inception October 2013)

* Additional fees and costs may apply. Please refer to the product disclosure statement for further information.

What are the risks?

All investments involve risks; however, Schroders actively re-assesses and manages risk at every stage of the investment process. The main risks specifically with investing in this Fund are market risk, equities and company risk, derivatives risk and risks associated with international investing, such as movements in exchange rates. For further details about the risks of investing in this Fund, please refer to the Product Disclosure Statement.

Why value?

Value investing is the art of buying stocks that trade at a significant discount to their intrinsic value. It seeks to exploit the irrational behaviour of emotional investors. Fear and greed frequently lead to poor investment decisions based on perception and emotion rather than reality. This results in short-term mis-pricings that are not justified over the longer term. Over almost 150 years, a value investment strategy has a consistent history of outperforming the market across multiple equity markets.

Why now?

Over the long-term value outperforms, but the road is seldom smooth. Following good periods, there have been tougher periods, and vice versa: following difficult periods the style has gone on to produce great returns. For much of the past decade Value has been out of favour. This means the market gap in fundamental valuations between the most highly rated shares and least rated shares is at extreme levels. In recent years we have seen the increasing evidence of the type of erratic behaviour that we typically see close to the top of growth investing cycles. With a high concentration of growth and quality stocks in equity allocations, it's an important time to consider value as a holding in portfolios to diversify and protect capital should a market rotation occur.

MSCI ACWI Value % premium to growth on P/E, P/BV and P/Div



Source: Morgan Stanley, data from 31 January 1998 to 8 June 2021.

Further information

Please refer to the Product Disclosure Statement available at [schroders.com.au/globalrecovery](https://www.schroders.com.au/globalrecovery)

To find out how to invest speak to your Schroders representative or call 1300 136 471.

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Who is the Fund suitable for?

This Fund is likely to be appropriate for a consumer seeking capital growth for a small component of their portfolio, with a high or very high risk and return profile. This Fund is unlikely to be suitable for a consumer seeking capital preservation or with a short investment timeframe. For more information about the Fund's risk level, please refer to the section 'About a Fund's risk level' in the 'Additional Information to the PDS' booklet.

How does the Fund fit into portfolios?

International equities allocation of a diversified portfolio

