

# Schroder Global Value Fund & Schroder Global Value Fund (Hedged)

## Overview

Global Value is an index unconstrained global equity strategy that aims to generate long-term returns before fees in excess of traditional capitalisation weighted global equity indices by investing in a diversified portfolio of equity and equity related securities of companies

worldwide excluding Australia using a Value-based investment strategy.

Returns provide diversification benefits to typical global equity benchmarks or other global equity managers and as a result the strategy is suitable as a primary investment

or complementary blend for existing Core, Growth or Value global equity funds which follow a benchmark constrained and/or concentrated investment approach. Global Value is available in both unhedged and hedged options.

### Schroder Global Value Fund

Unhedged option where underlying foreign currency exposure is typically unhedged against the Australian dollar so movements in the Australian dollar will impact Fund returns.

### Schroder Global Value Fund (Hedged)

Hedged option where the impact of movements of the Australian dollar on fund returns are minimised by hedging the foreign currency exposure back to Australian dollars.

## Key features

### Value style

The portfolio comprises attractively priced companies with strong fundamentals designed to outperform in the long run.

### Embracing breadth

Exploiting opportunities from more than 15,000 stocks globally.

### Non market cap stock weights

Stock weights are determined by fundamentals and not by a stock's size in an index.

### Bottom up index unconstrained strategy

Our bottom-up, index-unaware process does not impose inefficient index-based sector/region constraints, enabling us to look beyond the index and invest wherever we find the best opportunities.

### Focus on risk management and portfolio construction

A highly diversified portfolio minimises stock specific risk whilst retaining a high degree of conviction.

## What makes us different?

Our unconstrained approach and broad opportunity set of over 15,000 stocks allows us to find attractive investment opportunities across most market cycles. If we do not see Value in a country or sector we won't invest there.

The Fund is quite different to the majority of global equity approaches:

- No minimum benchmark constraints forcing us to hold industries, countries or stocks we do not like. We only select attractively priced companies with better fundamentals.
- Unconstrained but highly diversified portfolio with a large number of holdings to minimise stock specific risk.
- We invest wherever we find Value – including emerging markets, mid or small cap stocks.
- Typically the strategy has a higher exposure to mid cap stocks than most other global equity managers.

## Portfolio summary

### Performance objective

Long run excess returns before fees in excess of global equity indices

### Tracking error (ex-post)

Not targeted but typically within a range of 4-5% p.a.

### Style

Value, all capitalisation, unconstrained

### No. securities

Typically > 500

### Currency exposure

Hedged or unhedged options

## Investment process

Our investment process can be summarised in three stages:

### Stage 1: Global Value Rank

We begin by ranking a global universe of over 15,000 companies from across more than 40 countries (including both developed and emerging) in terms of their Value. This involves assessing companies on a range of valuation metrics based on dividends, earnings, cash flow, assets and sales to construct the Global Value Rank. Our investment universe is the cheapest third of the Global Value Rank.

### Stage 2: Stock Selection

In deciding how much of each stock to

own, a focus on business Quality (as measured by Profitability, Stability and Financial Strength) helps us to maximise our exposure to those stocks which are both attractively valued and good quality and to avoid 'value traps'. Other considerations in scaling position sizes include measures of risk, liquidity and volatility. In order to ensure proper diversification, we apply a maximum position size limit to individual stocks and construct a highly diversified portfolio.

### Stage 3: Portfolio Construction

Portfolio construction is bottom-up, driven by stock selection. Portfolio managers assess the portfolio every day and

re-balance according to the opportunities available. Our portfolio managers are responsible for controlling the overall risk budget of our funds, ensuring an efficient trade-off between potential risks and rewards. Exceptional diversification is one of our most important tools, maximising exposure to return opportunities across sectors, countries and market capitalisation while minimising stock-specific risk. Portfolio managers ensure that the portfolio is sufficiently diversified, typically invested across in excess of 500 stocks. Portfolio managers implement every trade decision and as experienced investors, provide an important overlay in terms of awareness of future opportunities and risks in global markets.

## What are the risks?

It is important to understand the risks associated with investing in the Fund. The main risk associated with investing in both the hedged and unhedged Funds is equities risk. The unhedged Schroder Global Value

Fund also involves currency risk. Please refer to the PDS for a full description of the risks associated with these Funds.

As with any equity based strategy, negative returns may occur especially over the short-

to-medium term. In addition, performance may be very different to a capitalisation weighted global benchmark as the investment strategy does not attempt to track a benchmark.

## Fund features

	Schroder Global Value Fund (Hedged)	Schroder Global Value Fund
<b>Currency exposure</b>	Hedged	Unhedged
<b>Inception date</b>	1 September 2005	26 July 2005
<b>Pricing</b>	Daily	Daily
<b>Minimum investments</b>	\$20,000	\$20,000
<b>Management costs</b>	0.98% p.a.	0.98% p.a.
<b>Buy/sell spread</b>	0.23% on application 0.18% on redemption	0.20% on application 0.15% on redemption
<b>Entry/exit fees</b>	Nil	Nil
<b>Distributions</b>	Normally last business day of June and December	Normally last business day of June and December
<b>APIR code</b>	SCH0032AU	SCH0030AU

\* effective 1 December 2012

## Contact Us

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Or visit us at [www.schroders.com.au](http://www.schroders.com.au)

Investment in the Schroder Global Value Fund and the Schroder Global Value Fund (Hedged) may be made on an application form in the current Product Disclosure Statement (PDS) which is available from Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFS Licence 226274) website [www.schroders.com.au](http://www.schroders.com.au). The information contained in this flyer is general information only. It does not contain and should not be taken as containing any financial product advice or financial product recommendations. Before acting on the information contained in this flyer you should obtain a copy of the PDS and consider the appropriateness of the information in regard

to your objective, financial situation and needs before making any decision about whether to invest, or continue to hold. The repayment of capital and performance of the Fund is not guaranteed by Schroders or any company in the Schroders Group. Opinions constitute our judgement at the time of issue and are subject to change. Past performance is not an indicator of future performance. Investment guidelines represented are internal only and are subject to change without notice. For security reasons telephone calls may be recorded. September 2016 SC970 RC61218.