

Schroder Sustainable Global Core PIE Fund

May 2025

Investment Report

May 2025

Schroders

Schroder Sustainable Global Core PIE Fund

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Fund Valuation

Value at 31 May 2025	NZD	545,817,736
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Performance - Unhedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	CYTD %	1 Year %	SI p.a.* %
Portfolio (Net)	+5.44	-3.96	+1.48	-1.27	+17.98	+23.16
Benchmark^	+5.30	-4.26	+1.13	-1.69	+16.76	+22.09
Excess (Net)	+0.14	+0.30	+0.35	+0.42	+1.22	+1.07

Performance – Hedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	CYTD %	1 Year %	SI p.a.* %
Portfolio (Net)	+6.01	0.00	+0.33	+2.56	+12.35	+19.23
Benchmark^	+5.87	+0.08	+0.48	+2.46	+11.85	+18.81
Excess (Net)	+0.14	-0.08	-0.15	+0.10	+0.50	+0.42

Source: Schroders, FundRock as of May 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

Global equity markets rebounded in May 2025, recovering from April's volatility as easing trade tensions and improving consumer sentiment bolstered investor confidence. Progress in U.S.-EU trade negotiations and the US-China agreement on a 90-day suspension of tariffs on most goods reduced fears of a global recession, fuelling broad-based gains across risk assets.

Market reactions showed notable regional dispersion. US equities led the gains, with the S&P 500 advancing around 6% and the Nasdaq surging approximately 9.6% (all figures in USD terms), marking their best month since November 2023. This performance was bolstered by the de-escalation in trade tensions and strong corporate earnings, particularly in the technology sector. Developed markets outside the US also performed well; UK equities gained, led by the industrials and basic materials sectors, while European equities climbed more than 4% in May, with Spain and Italy showing particularly strong returns year-to-date. Meanwhile Japanese markets also gained, with the Nikkei 225 up almost 5% supported by strong exporter earnings and a weaker yen. Emerging markets (MSCI EM index) continued to show resilience, aided by a weaker US dollar and easing trade concerns. Taiwan and Korea posted strong gains. While China's economy faced some headwinds with contracting industrial activity, sentiment towards Emerging markets generally recovered as the threat of US tariffs receded.

Sector performance varied, with technology and consumer stocks emerging as clear winners in May, rebounding significantly from earlier losses and benefiting from the improved US-China trade relations. The majority of the Mag-7 surged over the month outside of Apple that continues to struggle on supply chain risks. Healthcare and communication services also performed well in the US. Meanwhile, economically sensitive sectors, that had seen pressure in previous months, saw a broad recovery in May. Commodity markets were mixed; the Bloomberg Commodities Index fell 0.6%, though WTI crude increased by 4.4%.

Fund commentary

After a volatile April, the strategy continued its QTD outperformance in May as markets rallied on improving sentiment. At a high level, the strategy's balanced positioning was again key. After our positioning in defensives helped offset the prior market volatility, higher quality and preferred structural growth names supported performance in a strongly rising market.

Specifically, holdings in technology (application software), industrials (manufacturing, defence & aero) and banks were additive, driven by positive stock selection. Exposure within more defensives was also beneficial in the healthcare and consumer staples sectors. In particular avoiding weakness in health providers and food manufacturers was rewarded. Detractors were muted over the month, though our exposure to utilities was a small drag as investors shifted focus to higher beta areas.

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 technology and communications, driven by higher than index exposure to application software and telco's respectively. We continue to favour securities exhibiting high quality characteristics and at favourable valuations while maintaining diversification across the portfolio. From a regional perspective, the portfolio is overweight the US, Continental Europe and Emerging Markets led by EM Asia allocations. Elsewhere, we are underweight Japan and the UK.

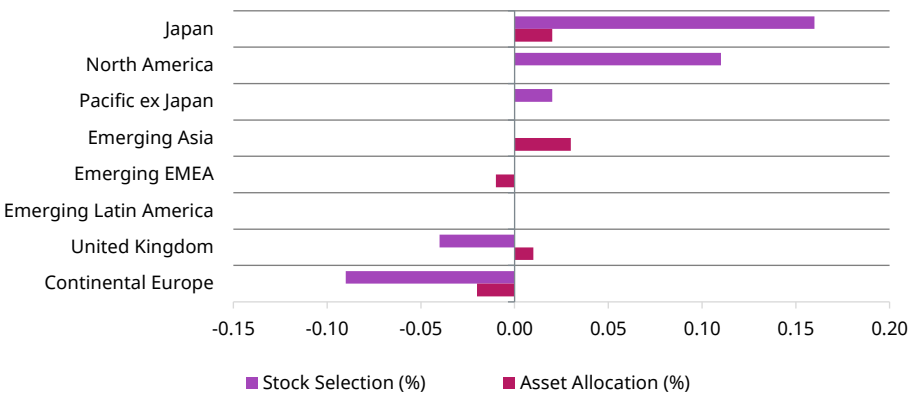
Attribution

Relative Fund Performance vs
MSCI World ex Tobacco

Sector
1 month to 31 May 2025



Region
1 month to 31 May 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 31 May 2025

Stock	Contribution %
Howmet Aerospace	0.06
ATI	0.04
The Trade Desk	0.03
Hims & Hers Health	0.03
Zscaler	0.02

Top 5

detractors

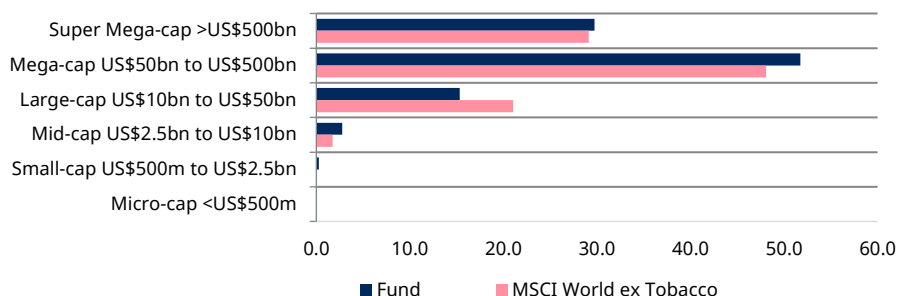
1 month to 31 May 2025

Stock	Contribution %
GE Aerospace	-0.05
Consolidated Edison	-0.03
CRH	-0.02
Hydro One	-0.02
Rheinmetall	-0.02

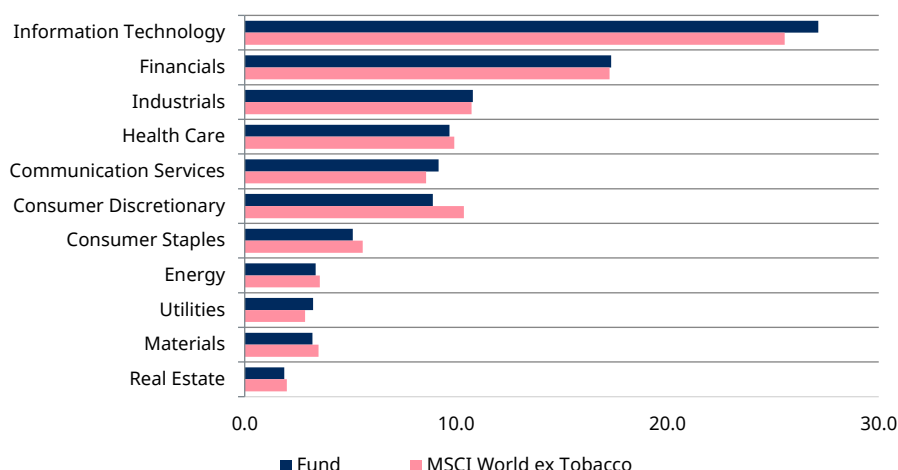
The attribution analysis shown above is intended to provide an indicative summary of the contributions to relative performance. The information is generated using Aladdin, a multi-currency performance analytical system.

Portfolio Analysis

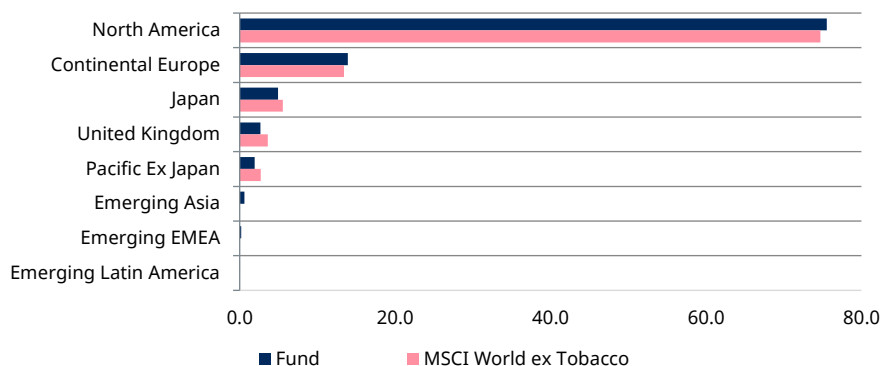
Portfolio Weightings Market Capitalisation (%) at 31 May 2025



Sector (%) at 31 May 2025



Region (%) at 31 May 2025



Source: Schroders & Investment Team Classifications.

Schroder Sustainable Global Core PIE Fund

Portfolio Characteristics at 31 May 2025

Characteristics	Fund	Index
Ex-ante Tracking error*	1.0%	
Active share	28.1%	-
Number of stocks	479	1,347
Dividend Yield	1.6%	1.7%
Price to book	3.9	3.5
Price to earnings	21.6	21.0
Price to free cash flow	30.8	32.0
Return on capital employed	23.4	22.1
Return on equity	26.6	25.4
Operating margin	24.3	23.8
Company market cap (weighted average US\$ mn)	746,170	735,969
Carbon intensity (CO2 t/M\$ sales)	85.4	93.5

Top 5

Overweight positions

31 May 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
Howmet Aerospace	0.54%	0.09%	0.45%
Boston Scientific	0.66%	0.22%	0.44%
SAP	0.69%	0.44%	0.26%
Ahold Delhaize	0.31%	0.05%	0.25%
CBRE	0.31%	0.05%	0.25%

Top 5

Underweight positions

31 May 2025

Stock	Fund Weight %	Index Weight %	Active Weight %
GE Aerospace	-	0.37%	-0.37%
Commonwealth Bank	-	0.26%	-0.26%
RTX	-	0.25%	-0.25%
Boeing	-	0.22%	-0.22%
Honeywell	-	0.20%	-0.20%

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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