Schroders

For professional investors only

Schroder Sustainable Global Core PIE Fund

May 2026

Investment Report

May/2026

Schroders

Schroder Sustainable Global Core PIE Fund

In this report

Performance – Unhedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	YTD %	1 Year %	SI p.a* %
Portfolio (Net)	**2.66**	**7.73**	**7.11**	**6.97**	**29.37**	**25.61**
Benchmark^	2.82	7.60	6.79	6.12	27.24	24.12
Excess (Net)	***-0.16***	***+0.13***	***+0.32***	***+0.85***	***+2.13***	***+1.49***

Performance – Hedged

Total returns (NZD, %)	1 Month %	3 Months %	6 Months %	YTD %	1 Year %	SI p.a.* %
Portfolio (Net)	**4.49**	**7.19**	**10.61**	**10.64**	**28.02**	**22.67**
Benchmark^	4.58	6.76	9.86	9.37	25.77	21.54
Excess (Net)	***-0.09***	***+0.43***	***+0.75***	***+1.27***	***+2.25***	***+1.13***

Source: Schroders, FundRock as of May 2026. Returns shown net of fees, net of tax PIR 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 extended their advance in May, building on April's sharp rally, as investors increasingly priced in the possibility of a resolution to the Iran war. Toward the end of the month, tentative hopes for an agreement between the US and Iran helped improve sentiment, though signals were mixed and the ceasefire remained fragile into month-end, with fresh strikes exchanged late in the period.

US equities delivered further gains, with the S&P 500 and Nasdaq reaching successive record highs during the month. Technology was the dominant driver, with semiconductors and AI linked companies accounting for a large share of index level returns. The first quarter earnings season concluded with clearly positive results, with US earnings growth close to 30% year on year, supported by broad based strength even outside the Technology sector. Investors became more selective within the largest Technology names, with Nvidia continuing to stand out on strong semiconductor demand, while sentiment toward some other major platforms was more muted as questions persisted around returns on large AI investment programmes. Growth continued to outperform Value by a wide margin, extending the pattern seen in April, although market breadth deteriorated, with most sectors outside Technology finishing flat to lower.

Other developed markets also advanced, although performance was more moderate. Continental Europe ended the month higher, but underlying macro data remained weak, with the composite PMI falling to its lowest level since late 2023. The UK lagged broader developed markets whilst Japan posted another strong month, supported by resilient domestic data and continued investor interest in structural reform. Emerging markets outperformed, led by EM Asia. First quarter earnings growth in Asia was exceptionally strong, although heavily concentrated in technology and semiconductors. Korea and Taiwan again delivered standout returns, supported by their exposure to the AI supply chain and hyperscaler investment demand. Elsewhere in Emerging markets, performance was more mixed, reflecting differences in commodity exposure, currency moves and domestic growth conditions.

Sector performance reflected increasingly narrow leadership. Outside Technology, gains were limited, with Energy, Financials, Industrials and Materials among the weaker areas. Defensive sectors also lagged in a market that continued to reward momentum and secular growth themes.

Elsewhere, commodity markets ended the month lower. Oil prices experienced significant intra month swings, remaining elevated for much of May before falling sharply toward month end as hopes of progress toward ending the Iran war improved. Gold eased and consolidated off its earlier highs, as a firmer US dollar competing for safe-haven flows and the pricing-out of rate cuts weighed on demand, while silver rose modestly.

Fund commentary

The portfolio lagged the benchmark modestly over May, in an environment where market leadership was exceptionally narrow and concentrated in mega-cap technology and AI-linked names. This proved a more challenging backdrop for the portfolio's diversified positioning, though it remains comfortably ahead of the benchmark over the year to date.

The main drag came from defensive areas, with Consumer Staples weighing on relative performance, primarily across staple retail names. Health Care also detracted, driven by weakness in health equipment and providers. Within Information Technology, hardware was a notable detractor as the portfolio's selective positioning within the AI theme lagged the strongest performing names. Manufacturing within Industrials also weighed.

Partially offsetting this, Financials contributed positively, supported by stock selection across investment services, banks and P&C insurance. Defence & aerospace and business services within Industrials also added value.

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 Industrials and Financials, driven by higher than index exposure to Manufacturers and Banks respectively. We continue to favour securities exhibiting high quality characteristics and at favourable valuations while maintaining diversification across the portfolio.

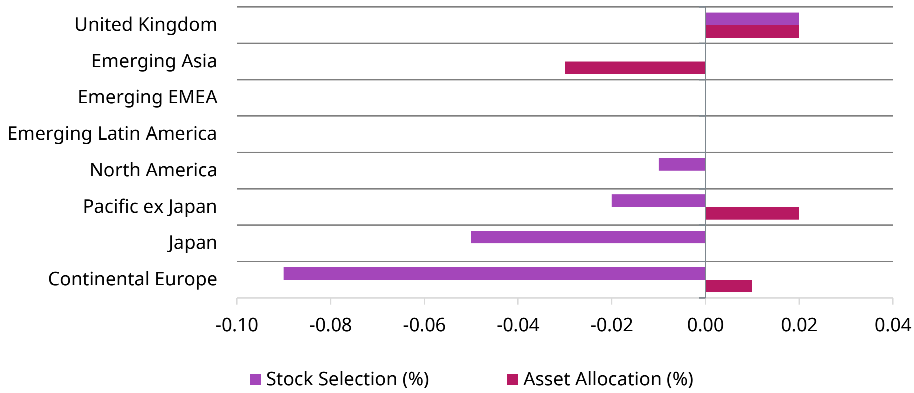
From a regional perspective, the portfolio is overweight Emerging Markets & the US. Elsewhere, we are underweight Continental Europe, Asia Pacific and the UK.

Attribution

Relative Fund Performance vs MSCI World ex Tobacco

Sector
1 month to 31 May 2026

Region
1 month to 31 May 2026



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.

Top 5 contributors

1 month to 31 May 2026

Stock	Contribution %
Kioxia	0.04
Micron Technology	0.04
Enphase Energy	0.04
Cisco Systems	0.04
Garrett Motion	0.03

Top 5 detractors

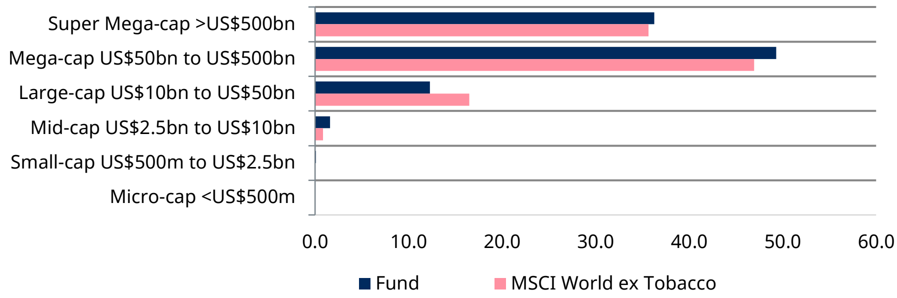
1 month to 31 May 2026

Stock	Contribution %
Murata Manufacturing	-0.05
Fujikura	-0.04
Infineon Technologies	-0.04
Fortinet	-0.04
Cencora	-0.03

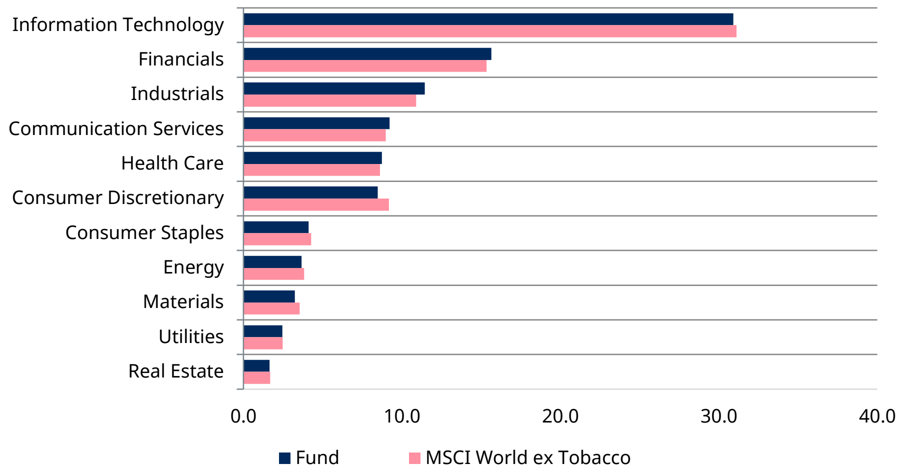
The attribution analysis shown above is intended to provide an indicative summary of the contributions to relative performance. The information is generated using Aladdin, a multi-currency performance analytical system.

Portfolio Analysis

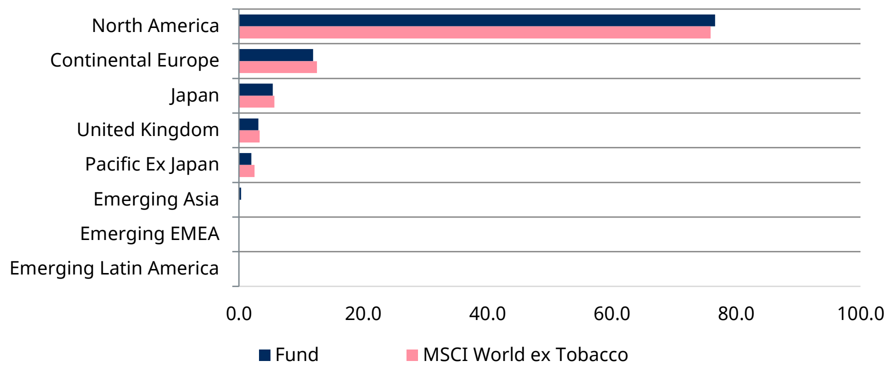
Portfolio Weightings Market Capitalisation (%) at 31 May 2026



Sector (%) at 31 May 2026



Region (%) at 31 May 2026



Source: Schroders & Investment Team Classifications.

Portfolio Characteristics at 31 May 2026

Characteristics	Fund	Index
Ex-ante Tracking error*	0.7%	-
Active share	23.1%	-
Number of stocks	475	1,303
Dividend Yield	1.4%	1.5%
Price to book	4.5	4.2
Price to earnings	24.1	23.8
Price to free cash flow	32.6	33.8
Return on capital employed	23.3	22.5
Return on equity	26.5	25.8
Operating margin	26.9	26.3
Company market cap (weighted average US$ mn)	1,172,236	1,185,118
Carbon intensity (CO2 t/M$ sales)	72.7	95.6

Top 5

Overweight positions

31 May 2026

Stock	Fund Weight %	Index Weight %	Active Weight %
Loblaw	0.22%	0.03%	0.19%
Italgas	0.20%	0.01%	0.19%
KPN	0.20%	0.02%	0.18%
Iberdrola	0.34%	0.16%	0.18%
McKesson	0.28%	0.10%	0.18%

Top 5

Underweight positions

31 May 2026

Stock	Fund Weight %	Index Weight %	Active Weight %
Boeing	-	0.20%	-0.20%
Commonwealth Bank	0.04%	0.22%	-0.18%
Honeywell	-	0.17%	-0.17%
Home Depot	0.20%	0.35%	-0.15%
Infineon Technologies	-	0.14%	-0.14%

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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