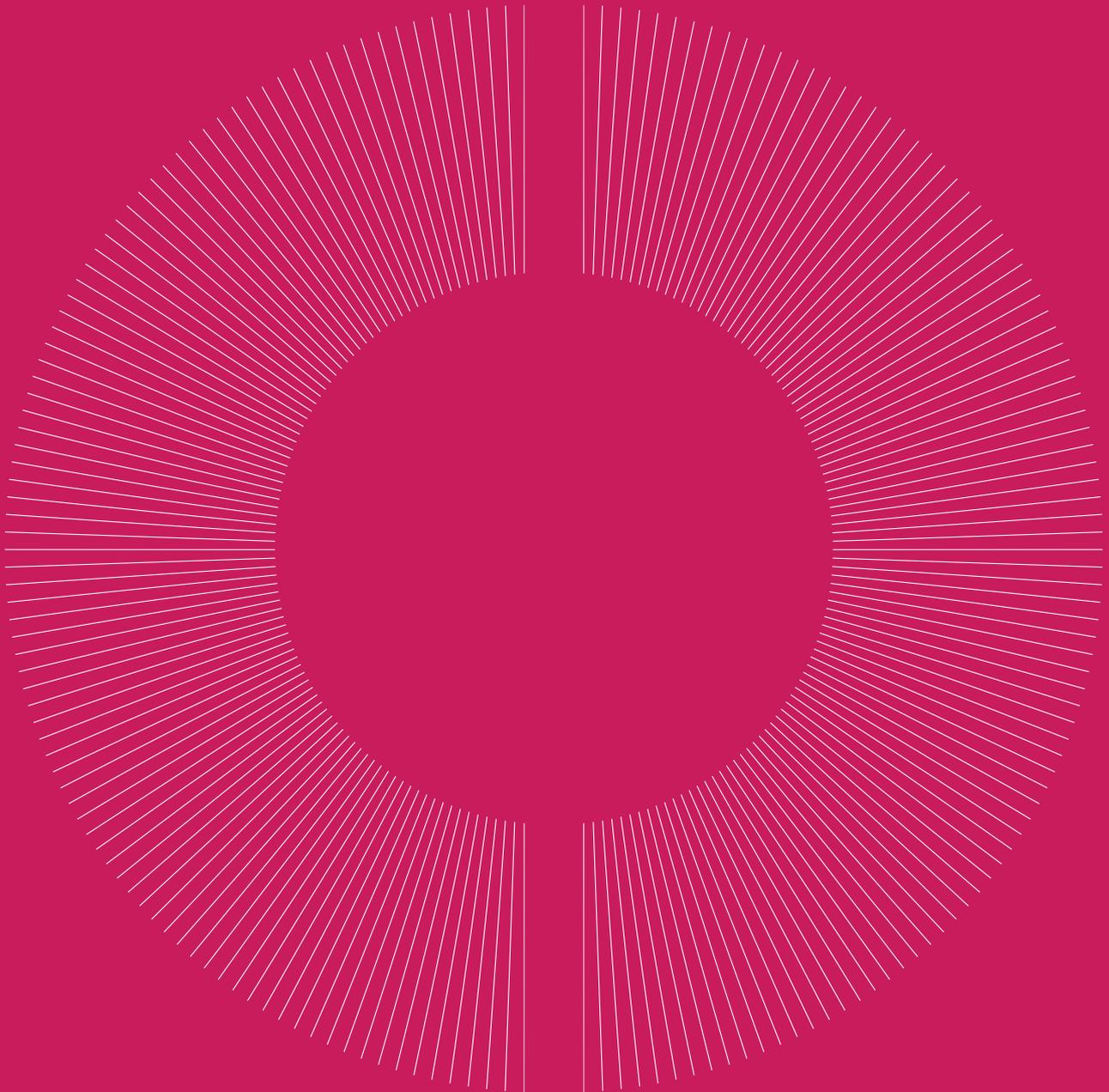


# Schroder International Selection Fund Global Cities Real Estate



# Schroder ISF\* Global Cities Real Estate aims to provide long-term income and capital growth by investing in companies that own the best real estate in “Global Cities”.

## Strategic Capabilities



### Alpha Equity

Targeting higher active equity



### Liquid Alternatives

Diversifying beyond traditional asset classes



### Private assets

Accessing specialist investment opportunities



### Sustainability

Sustainably delivering long-term value in a fast-changing world

Learn more at [schroders.com/en/strategic-capabilities/](https://schroders.com/en/strategic-capabilities/)

## Accreditation



Source: Schroders, September 2019, see disclaimer for explanation or visit [www.schroders.lu/sustainabilityaccreditation](https://www.schroders.lu/sustainabilityaccreditation)

## What are Global Cities?

Global Cities are places where people want to live, work and play. They are international hubs for business and culture, characterised by strong infrastructure, diverse economies, a skilled labour force, and high quality of life. As a result, these cities are home to the most in-demand real estate, translating into higher rents and values, the bedrock of real estate investing.

## Why are Global Cities important?

Urbanisation is a powerful multi-decade theme. It's expected that by 2050, nearly 70% of the world's population (compared to 55% today) will reside in urban areas. So knowing which cities stand to benefit from this demographic shift means investors can target the right opportunities. Investing in real estate within these cities gives exposure to a diverse range of sectors (from data centres, self-storage and manufactured homes to conventional areas such as offices, retail and industrial) and access to economies that are expected to outperform national averages.

## Highlights

### A low correlation to other asset classes

Real estate has the capacity to deliver long-term attractive returns and displays a low correlation to other asset classes, which makes it a valuable diversifier for a balanced portfolio.

### The liquidity of a mutual fund

The strategy offers global, immediate real estate exposure with the liquidity of a mutual fund and lower transaction costs compared to investing directly into physical real estate assets.

### Stronger pricing power

Access to real estate in the world's leading cities where supply is constrained, giving strong pricing power.

### Inflation protection

Inflation protection through dividend yields: rents offer reversionary potential as well as commonly rising in line with inflation.



## Investment process

### Using data to identify opportunities

We analyse approximately six million data points to identify companies that own the most economically productive assets across the strongest global cities. Our scoring system uses:

- Company city score: aggregate score of all the assets owned by a company, dependent on which city those assets are in
- Transport infrastructure score (TIS): proximity to a transport node and the usage level of the transport node itself

### Investing throughout the market cycle

We analyse each company to identify the pillars of a solid investment: rental growth, low leverage and good management. This means that through the cycle, the companies we favour should continue to grow revenues and provide strong shareholder returns.

### Looking for higher quality companies

We have a strong emphasis on companies which will benefit from the structural drivers of growth; urbanisation, owning unique real estate, technology and demographics. We believe that higher quality companies continue to offer long-term upside due to their exposure to these drivers as well as the global mega trends which we see appearing around the world.

## Key information

ISIN code LU0224508324

Bloomberg code SCHGPSA:LX

Fund launch date 31 October 2005

Fund base currency USD

All information in the table above is for the A Accumulation share class, for further share class information please see the prospectus.

## Schroders' awards

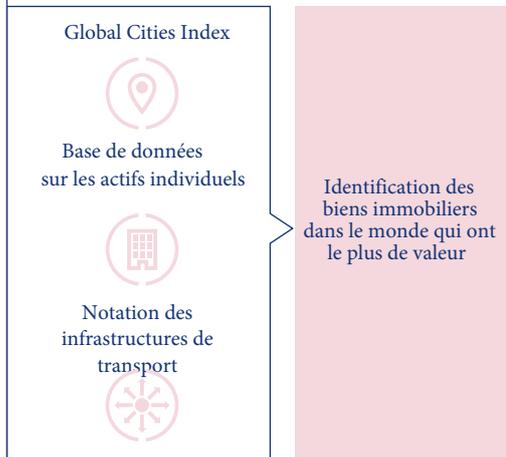


Source: Investment Europe Fund Manager of the Year Awards. Fitch Ratings, as at 6 August 2019.

## Investment process diagram

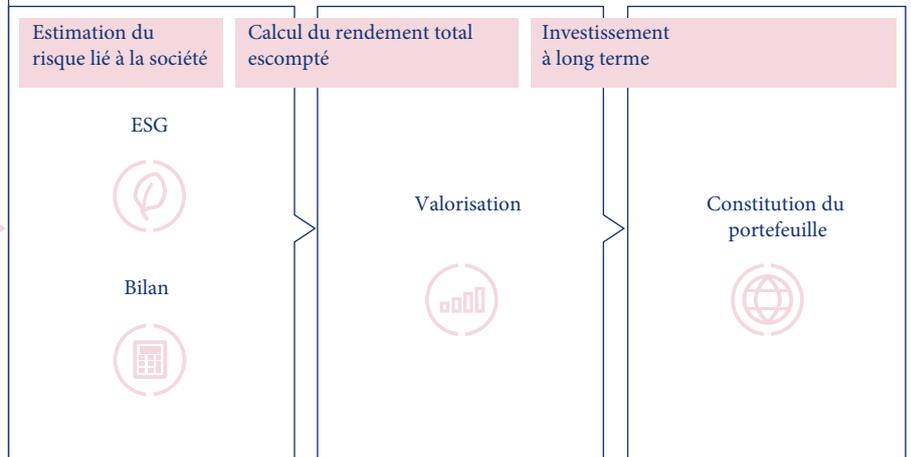
### Etape 1 : Analyse quantitative

Plus de six millions de données sont utilisées pour réduire l'univers d'investissement à 120 entreprises possédant les biens immobiliers les plus qualitatifs.



### Etape 2 : Analyse des risques et valorisation

Sont évaluées la solidité de l'entreprise (ESG, bilan et liquidité) et la valorisation afin de décider où investir et avec quelle pondération dans le portefeuille.



Source: Schroders.



## Risk Considerations

- The capital is not guaranteed
- Investments denominated in a currency other than that of the share-class may not be hedged. The market movements between those currencies will impact the share-class
- Investments in small companies can be difficult to sell quickly which may affect the value of the fund and, in extreme market conditions, its ability to meet redemption requests upon demand
- The fund will not hedge its market risk in a down cycle. The value of the fund will move similarly to the markets
- Changes in China's political, legal, economic or tax policies could cause losses or higher costs for the fund

## Important information

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