



SFDR Periodic Report

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SFDR Periodic Report

Reference Period: 1 January 2025 - 31 December 2025

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product Name : Schroder ISF Global Cities
Legal Entity Identifier : 1D8UMR1OQ0TSCJYQ0716

Sustainable investment objective

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Did this financial product have a sustainable investment objective?

X

Yes

No

X

It made **sustainable investments with an environmental objective:** 11%

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of __% of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

X

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

X

It made **sustainable investments with a social objective:** 88%

It promoted E/S characteristics, but **did not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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To what extent was the sustainable investment objective of this financial product met?

The Fund's sustainable investment objective was met.

No reference benchmark was designated for the purpose of attaining the sustainable investment objective.

The reference period for this Fund is 1 January 2025 to 31 December 2025.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

• How did the sustainability indicators perform?

The Fund invested 99% of its assets in sustainable investments. This percentage represents the Fund's holdings at the end of the reference period. The Investment Manager was responsible for determining whether an investment met the criteria of a sustainable investment. Compliance with the minimum percentage in sustainable investments was monitored daily via our automated compliance controls.

• ...and compared to previous periods?

Sustainable investments

This table details the percentage of assets invested in sustainable investments, year on year.

Period	Fund (%)
Jan 2025 - Dec 2025	99
Jan 2024 - Dec 2024	98
Jan 2023 - Dec 2023	98
Jan 2022 - Dec 2022	98

GHG reduction targets

This table details the percentage of equity holdings that had GHG reduction targets, a constituent of the Environmental part of the proprietary sustainability score.

Date	Equity Holdings (%)
31 Dec 2025	99
31 Dec 2024	90
31 Dec 2023	89
31 Dec 2022	93

For 2022 the percentage was calculated as an average over the last four months of the reference period.

For 2023 and 2024 the percentage is calculated as an average based on quarter-end data.

From 2025 the percentage of was calculated as at the end of the reference period.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for

• How did the sustainable investments not cause significant harm to any sustainable investment objective?

The Investment Manager's approach to not causing significant harm to any environmental or social sustainable investment objective included the following:

- Firm-wide exclusions applied to Schroders funds. These related to international conventions on cluster munitions, anti-personnel mines, and chemical and biological weapons and thermal coal mining. Further information and a list of excluded controversial weapons companies is available at <https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our->

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human rights, anti-corruption and anti-bribery matters.

[sustainable-investment-policies-disclosures-voting-reports/group-exclusions/](#).

- The Fund excluded companies that derive revenues above certain thresholds from activities related to tobacco and thermal coal.
- The Fund excluded companies that are assessed by Schroders to have breached one or more 'global norms' thereby causing significant environmental or social harm; these companies comprise Schroders' 'global norms' breach list. Schroders' determination of whether a company has been involved in such a breach considers relevant principles such as those contained in the UN Global Compact (UNGC) principles, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The 'global norms' breach list may be informed by assessments performed by third party providers and by proprietary research, where relevant to a particular situation.
- The Fund may have also applied certain other exclusions in addition to those summarised above. Further information on all of the Fund's investment exclusions is to be found under "Sustainability-Related Disclosure" on the Fund's webpage

<https://www.schroders.com/en-lu/lu/individual/fund-centre>

How were the indicators for adverse impacts on sustainability factors taken into account?

When seeking to identify significant harm, Schroders' approach to taking into account the Principal Adverse Impacts (PAI) indicators involved taking both a quantitative and a qualitative approach. Investee companies deemed not to satisfy the quantitative thresholds would generally have been excluded, unless on a case-by-case basis the data was deemed not representative of a company's performance in the relevant area. Where it was not considered appropriate or feasible to set quantitative thresholds, the Investment Manager engaged, where relevant, in accordance with the priorities documented in Schroders' Engagement Blueprint and/or voting policy. This framework is subject to ongoing review, particularly as the availability and quality of the data evolves. Our approach included:

1. Quantitative: this included indicators where specific thresholds have been established:

- Via the application of exclusions. This approach is relevant to PAI 4 (Exposure to companies active in the fossil fuel sector), PAI 5 (Share of non-renewable energy consumption and production) and PAI 14 (Exposure to controversial weapons).

Further, the following PAIs were assessed as part of Schroders' 'global norms' breach list exclusion (which seeks to exclude companies where significant harm is occurring):

- PAI 7 (Activities negatively affecting biodiversity-sensitive areas),
- PAI 8 (Emissions to water),
- PAI 9 (Hazardous waste and radioactive waste ratio),
- PAI 10 (Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises),
- PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and Voluntary) and
- PAI 14 in Table 3 (Number of identified cases of severe human rights issues and incidents).

- Via the application of an alert system flag if the relevant indicator(s) exceeded a threshold. These quantitative thresholds to assess significant harm are established centrally by our Sustainable Investment team and monitored systematically. This approach applies to indicators where we have segmented the population into harm groups to establish a threshold, such as carbon related PAI

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metrics, PAI 1 (GHG emissions), PAI 2 (Carbon footprint) and Voluntary PAI 4 in Table 2 (Investing in companies without carbon emission reduction initiatives).

PAI 3 (GHG intensity of investee companies) operates in a similar way, but the threshold is based on a revenue metric. A threshold for PAI 6 (Energy consumption intensity per high impact climate sector) is established based on the above-mentioned carbon measures. A similar approach has been taken for PAI 15 (GHG intensity). PAI 16 (Investee countries subject to social violations) also operates in the same way but based on data availability regarding social violations. Through this process the relevant issuer(s) that were deemed not to satisfy the quantitative thresholds were flagged to the Investment Manager for consideration, whose response may have involved selling the holdings(s) or maintaining the position if on a case-by-case basis the data was deemed not representative of a company's performance in the relevant area. Investee companies deemed to cause significant harm were excluded from the Fund.

2. Qualitative: This included PAI indicators where Schroders' believed that the data available did not enable us to make a quantitative determination regarding whether significant harm was done so as to warrant excluding an investment. In such cases, the Investment Manager engaged where possible with the company or companies held, in accordance with the priorities documented in Schroders' Engagement Blueprint and/or voting policy. This approach applies to indicators such as PAI 12 (Unadjusted gender pay gap) and PAI 13 (Board gender diversity), where we engaged and used our voting rights where we considered appropriate. Both board gender diversity and disclosure of gender pay gap information are captured in our Engagement Blueprint.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Companies on Schroders' 'global norms' breach list were not categorised as sustainable investments. Schroders' determination of whether a company should be included on such list considered the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, among other relevant principles. The 'global norms' breach list was informed by third party providers and proprietary research, where relevant.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Investment Manager's approach to considering principal adverse impacts on sustainability factors differs depending on the relevant indicator. All PAI indicators were monitored via Schroders PAI dashboard. Some indicators were considered via the application of exclusions, some were considered

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via the investment process and some via engagement. Further details on how these have been considered during the reference period are detailed below.

PAIs were considered as part of pre-investment through the application of exclusions. These included:

- Controversial weapons: PAI 14 (Exposure to controversial weapons, such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

- UNGC violators and Schroders' 'global norms' breach list which covers:
PAI 7 (Activities negatively affecting biodiversity-sensitive areas),
PAI 8 (Emissions to water),
PAI 9 (Hazardous waste ratio),
PAI 10 (Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises),
PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises) and
PAI 14 in Table 3 (Number of identified cases of severe human rights issues and incidents).

- Companies that derived revenues above certain thresholds from activities related to thermal coal, that were deemed by the Investment Manager to contribute significantly to climate change were excluded from the investible universe: PAIs 1, 2, 3, 4 and 5 (Greenhouse gas emissions).

During the reference period, PAIs were also considered through integration in the investment process.

PAIs were also considered post-investment through engagement where the Investment Manager engaged in line with the approach and expectations set out in the Schroders Engagement Blueprint, which outlines our approach to active ownership. Some examples of engagements during the reference period are:

We engaged with an issuer in the Real Estate Operations industry based in Germany on the subject of Value chain diversity and inclusion (PAIs 10, 12 and 13). We also held an engagement on the subject of Executive remuneration (PAIs 10, 12 and 13) with an issuer in the Real Estate Operations industry based in Japan. Additionally, we engaged with an issuer based in Japan in the Real Estate Operations industry on the subject of Climate Change (PAIs 1, 2, 3, 4, 5 and 6).

A summary of the Fund's full engagement activity during the reference period, including the relevant engagement theme, is shown below:

Engagement Theme	# Issuers
Climate Change	4
Diversity and Inclusion	3
Corporate Governance	3

The engagements shown relate to engagements with companies and issuers. Our approach is subject to ongoing review, particularly as the availability, and quality, of PAI data evolves.



What were the top investments of this financial product?

During the reference period the top 15 investments were:

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The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: **1 Jan 2025 to 31 Dec 2025**

Largest Investments	Sector	% Assets	Country
WELLTOWER INCORPORATED REIT USD1	Real Estate	6.11	United States
EQUINIX INCORPORATED REIT USD0.001	Real Estate	5.30	United States
PROLOGIS INCORPORATED REIT USD0.01	Real Estate	4.87	United States
DIGITAL REALTY TRUST INCORPORATED REIT USD0.01	Real Estate	4.75	United States
SIMON PROPERTY GROUP INCORPORATED REIT USD0.0001	Real Estate	4.34	United States
REALTY INCOME CORPORATION REIT USD1	Real Estate	3.34	United States
VENTAS INCORPORATED REIT USD0.25	Real Estate	3.30	United States
GOODMAN GROUP REIT NPV (STAPLED)	Real Estate	2.93	Australia
PUBLIC STORAGE REIT USD0.10	Real Estate	2.56	United States
MITSUI FUDOSAN COMPANY LIMITED NPV	Real Estate	2.34	Japan
EQUITY RESIDENTIAL SBI REIT USD0.01	Real Estate	2.27	United States
MITSUBISHI ESTATE COMPANY LIMITED NPV	Real Estate	2.15	Japan
UNIBAIL RODAMCO WE STAPLED UNITS EUR5	Real Estate	2.13	France
BRITISH LAND COMPANY PLC REIT 25P	Real Estate	1.84	United Kingdom
SUN COMMUNITIES INC REIT USD0.01	Real Estate	1.75	United States

The list above represents the average of the Fund's holdings at each quarter-end during the reference period. The largest investments and % of assets referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The largest investments and % of assets detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the largest investments and % of assets due to the differing calculation methodologies of these alternative data sources.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

• What was the asset allocation?

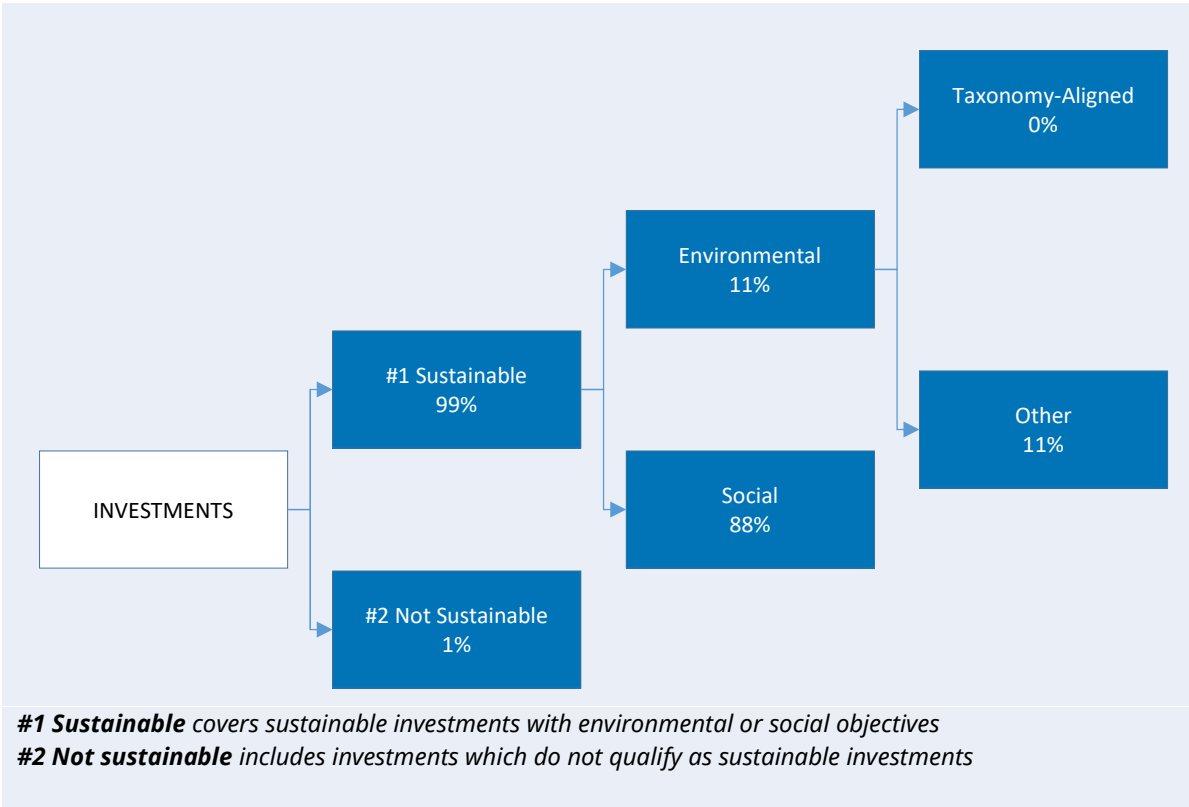
The Fund's investments that were used to meet its sustainable investment objective are summarised below, all figures represent the Fund's holdings at the end of the reference period.

#1 Sustainable are investments in real estate companies worldwide that contributed to an urban environment that provide a good quality of life for residents while minimising costs to the planet and using resources efficiently. The Fund invested 99% of its assets in sustainable investments. Within this, 11% was invested in sustainable investments with an environmental objective and 88% was invested in sustainable investments with a social objective.

#2 Not sustainable includes investments that were treated as neutral for sustainability purposes, which was cash.

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• **In which economic sectors were the investments made?**

During the reference period investments were made in the following economic sectors:

Sector	Sub-Sector	% Assets
Real Estate	Equity Real Estate Investment Trusts (REITs)	80.55
Real Estate	Real Estate Management & Development	15.00
Cash	Cash	1.58
Communication Services	Telecommunication Services	1.12
Information Technology	Software & Services	0.97
Industrial	Capital Goods	0.77

The list above represents the average of the Fund’s holdings at each quarter-end during the reference period. The largest investments and % of assets referred to above are derived from the Schroders Investment Book of Record (IBoR) data source. The largest investments and % of assets detailed elsewhere in the Audited Annual Report are derived from the Accounting Book of Record (ABoR) maintained by the administrator. As a result of these differing data sources, there may be differences in the largest investments and % of assets due to the differing calculation methodologies of these alternative data sources.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

There was no extent to which the Fund’s investments (including transitional and enabling activities) with an environmental objective were aligned with the EU Taxonomy. Taxonomy alignment of this Fund’s

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investments has therefore not been calculated and has as a result been deemed to constitute 0% of the Fund's portfolio.

• **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

☐ Yes:

☐ In fossil gas☐ In nuclear energy

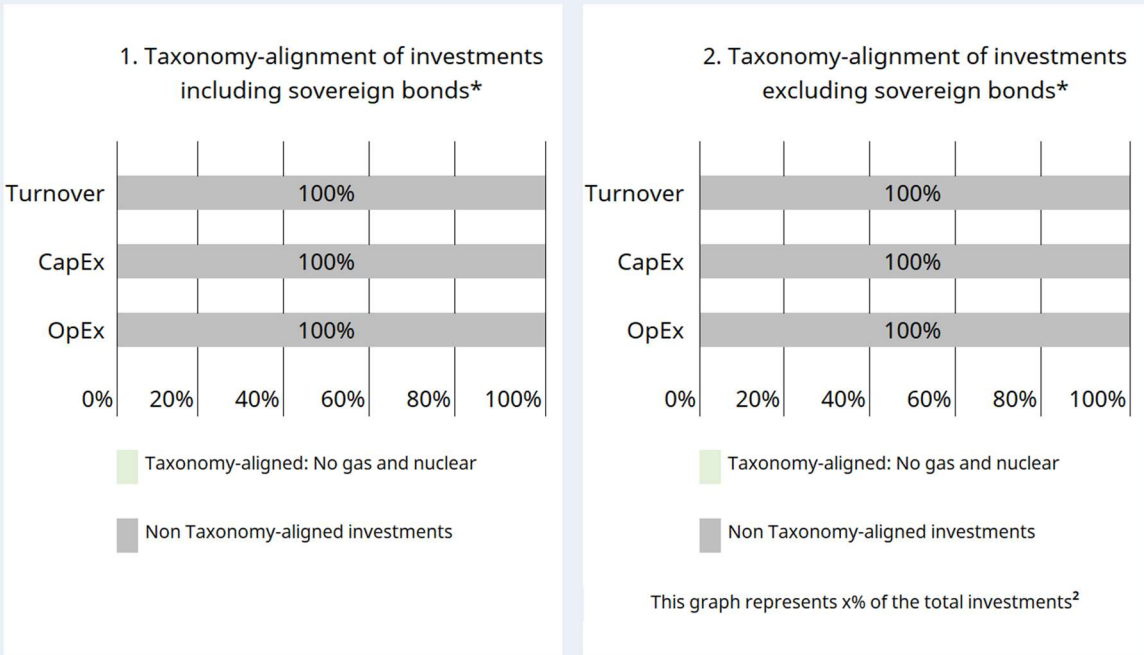
☒ No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



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**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

²As there is no Taxonomy-alignment, there is no impact on the graph if sovereign bonds are excluded (i.e. the percentage of Taxonomy-aligned investments remains 0%) and the Management Company therefore believes that there is no need to mention this information.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

• What was the share of investments made in transitional and enabling activities?

As per the above, the share of investments by the Fund in transitional and enabling activities has been deemed to constitute 0% of the Fund's portfolio.

• How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

This question is not applicable.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

 What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy was 11%.

 What was the share of socially sustainable investments?

The share of sustainable investments with a social objective was 88%.

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What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

#2 Not sustainable includes investments that were treated as neutral for sustainability purposes, which was cash.

Minimum safeguards were applied where relevant to investments and derivatives by restricting (as appropriate) investments in counterparties where there were ownership links or exposure to higher risk countries (for the purpose of money laundering, terrorist financing, bribery, corruption, tax evasion and sanctions risks). A firm-wide risk assessment considers the risk rating of each jurisdiction; which includes reference to a number of public statements, indices and world governance indicators issued by the UN, the European Union, the UK Government, the Financial Action Task Force and several Non-Government Organisations (NGOs), such as Transparency International and the Basel Committee.

In addition, new counterparties were reviewed by Schroders' Credit Risk team and approval of a new counterparty was based on a holistic review of the various sources of information available, including, but not limited to, quality of management, ownership structure, location, regulatory and social environment to which each counterparty is subject, and the degree of development of the local banking system and its regulatory framework. Ongoing monitoring was performed through a Schroders' proprietary tool, which supports the analysis of a counterparty's management of environmental, social and governance trends and challenges.

Schroders' Credit Risk team monitored the counterparties and during the reference period, to the extent counterparties were removed from the approved list for all funds in line with our policy and compliance requirements, such counterparties were ineligible for use by the Fund in respect of any relevant investments from the date they were removed.



What actions have been taken to attain the sustainable investment objective during the reference period?

The actions taken during the reference period to meet the sustainable investment objective of the Fund were the following:

- The Fund invested in companies that did not cause significant environmental or social harm;
- A central good governance test was applied to assess good governance practices of investee companies;
- The Fund invested at least 90% of its assets in real estate companies worldwide that contributed towards more environmentally resilient and innovative cities and infrastructure;
- The Investment Manager engaged with issuers held in the portfolio and on average aimed to meet or speak with company management once a year. During these meetings sustainability topics were regularly discussed alongside business trends and financial performance; and
- During the reference period, the Investment Manager conducted 53 dedicated sustainability engagements across the investible universe on a number of different topics, including but not limited to climate change which includes building efficiency and emissions and corporate governance including remuneration and independence.

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How did this financial product perform compared to the reference sustainable benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

No index was designated as a reference benchmark for the purpose of attaining the sustainable investment objective of the Fund.

• *How does the reference benchmark differ from a broad market index?*

This question is not applicable for this Fund.

• *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*

This question is not applicable for this Fund.

• *How did this financial product perform compared with the reference benchmark?*

This question is not applicable for this Fund.

• *How did this financial product perform compared with the broad market index?*

This question is not applicable for this Fund.