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Schroder ISF* Global Multi-Asset Balanced

Fund Manager: Ingmar Przewlocka, Anna Podoprigora | Fund update: July 2025

Performance overview

– The fund performance was positive in July. Global shares gained in the month amid greater clarity on trade policy and some well-received earnings updates from US technology firms. In fixed income markets, concerns over fiscal discipline saw government bond yields rise.

Drivers of fund performance

– Performance was strong in July, with the largest contribution coming from our relatively high equity exposure. Fixed income contributed, alternatives were flat, and currency detracted.
– In equities, the actively-managed global segment of the portfolio, with its tilt towards large-cap growth stocks including technology, was the key contributor. Emerging market, European and Japanese positioning also added value. US tactical exposure was roughly flat. In sector selection, contributors included European basic resources and our allocation to crypto and blockchain-related companies. European autos detracted.
– Fixed income was positive, driven mainly by US Treasury positioning and investment-grade and high-yield credit. Emerging-market debt was flat.
– Currency was a detractor, driven by short US dollar exposure.

Portfolio activity

– We lowered our equity exposure for about 10% in the month. The reduction in equities came largely from tactical moves in the US. We changed from long to modestly short in the Nasdaq and the S&P500 and closed our financial sector long position.
– We retained our exposure to European basic materials and added a position in the US materials sector, which includes businesses like chemicals, construction materials, packaging, metals and mining.
– In China, we kept exposure to the broad CSI 300 index of mainland stocks and a position in the top 50 large-cap stocks. We maintained our long-running basket of Chinese internet stocks.
– In fixed income, we reduced duration over the month mainly from tactical short positions in US and German 30-year bonds.
– In commodities, we retained our silver and industrial metals ETCs (exchange-traded commodities) and our diversified commodity swap ETF (exchange-traded fund). We retained our European oil and gas stocks ETF.
– In currencies, we continued to hedge a significant proportion of our US dollar exposure, but were not as aggressively underweight as we had been in June.

Outlook

– We've started reducing exposure as we head into late-summer trading conditions. We don't necessarily think the bull market is over, but we do think a consolidation is overdue. Lower trading volumes mean that liquidity is typically thinner in August, and this can trigger unpredictable price action, so we're happy to take profits and reduce our tactical activity for now.
– We do not see many bargains currently, but see potential in emerging markets, especially China A shares, which we believe are awaiting a catalyst. These shares have significantly lagged the S&P 500 and remain overlooked by many investors, making them a patient investment theme in our portfolio.
– The US-EU trade agreement is negative for Europe, with the auto sector particularly impacted. However, we believe valuations already reflect much of the tariff risk, so we added some auto exposure in July despite recent volatility.
– US bond market signals are mixed, making tactical allocation in Treasuries challenging. We think long-dated government bonds in both the US and Europe are vulnerable due to concerns about higher spending and debt, so we have short positions in 30-year US and German rates.
– Germany's move away from fiscal austerity favours spending over saving, which is negative for long Bunds. Political divisions have hindered deeper reforms, and relying on subsidies may only mask structural issues rather than resolve them.
– We remain underweight the dollar, expecting further fluctuations, but our overall view is negative as we believe the global structural role and attractiveness of the US dollar is changing.

*Schroder International Selection Fund is referred to as Schroder ISF throughout

Calendar year performance (%)

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested.

Year	Fund	Comparator benchmark[1]	Target benchmark[1]
2024	7.1	5.6	6.7
2023	7.0	6.2	6.6
2022	-8.5	-11.1	3.4
2021	8.5	3.7	2.4
2020	6.0	1.4	2.6
2019	12.0	7.7	2.6
2018	-6.9	-5.1	2.7
2017	3.7	2.0	2.7
2016	0.6	1.9	2.7
2015	-2.9	0.9	3.0

Source: Schroders, as at 31 December 2023. Fund performance is net of fees, NAV to NAV with net income reinvested, C Acc shares. [1]Target benchmark is 3m Euribor +3%. Comparator benchmark is Morningstar EUR Cautious Allocation Global Category. As of 15 August 2022, the target is replaced from 3m Euribor +3% to a comparator of the Morningstar EUR Cautious Allocation Global Category. Please see the respective fund factsheets for the performance of other share classes.

Risk considerations

Capital risk / distribution policy: As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.

Counterparty risk: The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.

Credit risk: A decline in the financial health of an issuer could cause the value of its bonds to fall or become worthless.

Currency risk: The fund may lose value as a result of movements in foreign exchange rates.

Currency risk / hedged share class: The hedging of the share class may not be fully effective and residual currency exposure may remain. The cost associated with hedging may impact performance and potential gains may be more limited than for unhedged share classes.

Emerging Markets & Frontier risk: Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty, operational and liquidity risk than developed markets.

High yield bond risk: High yield bonds (normally lower rated or unrated generally carry greater market, credit and liquidity risk.

Liquidity risk: In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

IBOR: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the fund.

Derivatives risk: Efficient Portfolio Management and Investment Purposes: Derivatives may be used to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund. The fund may also materially invest in derivatives including using short selling and leverage techniques with the aim of making a return. When the value of an asset changes, the value of a derivative based on that asset may change to a much greater extent. This may result in greater losses than investing in the underlying asset.

Sustainability risk: The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

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