Schroder ISF* Global Multi-Asset Balanced

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Fund update: May 2026

Marketing material for professional clients only.

Market Review

Hopes of a resolution to the US-Iran conflict, combined with strong AI sentiment, drove global equity markets higher in May. Robust first-quarter earnings data continued to drive AI-related stocks, reinforced by stronger-than-expected earnings from Nvidia. Later in the month, rising hopes for a US-Iran peace agreement added fuel to the rally, triggering a sharp fall in oil prices.

The S&P 500 closed at new record highs 11 times, and the Philadelphia Semiconductor Index ended the month with a year-to-date gain of more than 80%. The South Korean equity market, dominated by SK Hynix and Samsung Electronics, has more than doubled since the start of the year, overtaking the UK's market cap in May.

The mood in government bond markets was less buoyant, with yields across the UK, Japan, and the US reaching multi-decade highs amid concerns about inflation risk from higher energy prices, expectations of tighter monetary policy, rising government debt levels, and continued policy and geopolitical uncertainty.

Industrial metals, notably copper, outperformed precious metals. Cryptocurrencies came under pressure. The dollar ended higher against the euro.

Drivers of Fund Performance

Performance was strong in May, driven mainly by equities. Fixed income and alternatives were positive, with currencies a slight detractor.

Equity gains were led by the actively-managed global basket, with its tilt towards large-cap tech stocks, and the South Korean equity position we'd added in April. While AI-related exposures paid off, positions in traditional themes, notably European bank and basic resources sectors, also performed well. Defensive positions, notably short exposure in the S&P and Nasdaq, detracted somewhat.

In fixed income, emerging market government bonds, investment-grade and high-yield credit, and convertible bonds all contributed. Developed-market government bonds were roughly flat, except for a short position in the German 30-year BUXL which detracted modestly.

Gains in alternatives were driven mainly by industrial metals, notably copper. Gold mining stocks and energy exposure detracted. Insurance-linked securities ("cat bonds") were flat.

Currency hedging on some dollar-denominated positions detracted modestly as the USD rose.

Portfolio Activity

The portfolio's net equity exposure ended the month at about 42%, similar to the level at the end of April.

We rotated from some of the highest-valuation sectors to those where we saw more catch-up potential. On one hand we did some partial profit-taking on South Korea, semiconductors and other AI-driven positions. On the other hand, we tilted back towards Europe, notably adding German mid- and large-cap exposure.

In fixed income, we ended the month with a duration (interest-rate exposure) of about 1.0 year, from 1.9 years at the end of April. We reinstated a modest short position in the 30-year BUXL and added tactical short positions in 5- and 30-year US rates.

In commodities, we retained our gold, silver and industrial metals ETCs (exchange-traded commodities) and our diversified commodity swap exposure. We also added further to gold mining stocks.

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

We did somewhat less hedging of US dollar-denominated positions, which caused USD exposure to edge higher.

Outlook/positioning

Top-down allocation matters, but multi-asset management shouldn't just be about loading up on equity beta. Relative value positioning—tilting towards specific sectors and countries within asset classes—is a crucial source of added value. Here are three themes we're currently thinking about.

Gold miners have a place in our core allocation

Gold has shed roughly 20% since its highs earlier this year, and mining companies' resources are being priced cheaply relative to physical gold. We've increased our structural exposure to gold miners, seeing significant catch-up potential. While gold and the dollar historically move in opposite directions, correlations are unstable. We think relatively stable US growth versus a sluggish European outlook supports the dollar, but many investors still underestimate gold's role in portfolio construction. In a world of fluctuating bond-equity correlations, inflation risk and geopolitical uncertainty, commodities deserve recognition as a core allocation, not just a tactical trade.

A pivot by crypto and blockchain innovators

In early 2025, via an ETF, we took a small position in crypto and blockchain-related companies. Since then, the sector has evolved in an interesting way. The AI arms race has created huge demand for assets crypto miners already have: data centres, cooling systems, land and power contracts—all repurposable for AI workloads. As crypto prices have come under pressure, miners have been renting out infrastructure for AI, meaning what looks like a crypto position increasingly behaves like an AI infrastructure basket.

After the "SaaSpocalypse", winners are emerging

Within IT, hardware massively outperformed software from H2 2025. While semiconductor firms were clear AI beneficiaries, uncertainty over software winners and losers dragged down the whole segment—particularly fears that agentic AI would replace SaaS tools with one AI interface. In January, we took advantage of the selloff to build an actively managed basket of US software companies. Since then, companies rolling out AI agents are actually buying more software and licences, as AI tools layer onto existing stacks rather than replacing them. This has turned some software firms into structural AI beneficiaries, creating attractive stock picking opportunities in a previously unloved sector.

Calendar Yearly Performance (%)

Past performance is not a guide to future performance and may not be repeated.

Period	Fund C Acc EUR	Benchmark[1]
2025	12.5	3.9
2024	7.1	5.5
2023	7.0	6.2
2022	-8.5	-11.1
2021	8.5	3.7
2020	6.0	1.4
2019	12.0	7.7
2018	-6.9	-5.1
2017	3.7	2.0
2016	0.6	1.9

Source: Schroders, Morningstar, as of 31 May 2026. Performance shown is based on the currency of the share class shown and is net of fees. Please see factsheet for other share classes. 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. **Exchange rate changes may cause the value of investments to fall as well as rise.** Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed. This fund is not managed with reference to a benchmark. The comparator benchmark is included for performance comparison purposes and does not determine how the investment manager invests the fund’s assets.

[1]Benchmark refers to Morningstar EUR Cautious Allocation Global Category.

Performance Snapshot (%)

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	1 Month	3 Months	YTD	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	Since Inception
Fund C Acc EUR	3.5	4.1	8.4	18.0	10.4	5.3	4.8	4.5
Benchmark[1]	1.7	0.5	2.7	6.3	5.5	1.6	1.7	2.2

Source: Schroders, Morningstar, as of 31 May 2026. Performance shown is based on the currency of the share class shown and is net of fees. Please see factsheet for other share classes. 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. **Exchange rate changes may cause the value of investments to fall as well as rise.** Performance data does not take into account any commissions and costs, if any, charged when units or shares of any fund, as applicable, are issued and redeemed.

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Investment Overview

The fund aims to provide capital growth and income over a three to five year period after fees have been deducted by investing in a diversified range of assets and markets worldwide.

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: If a borrower of debt provided by the fund or a bond issuer experiences a decline in financial health, their ability to make payments of interest and principal may be affected, which may cause a decline in the value of the fund.

Currency risk: If the fund's investments are denominated in currencies different to the fund's base currency, the fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates. If the investor holds a share class in a different currency to the base currency of the fund, investors may be exposed to losses as a result of movements in currency rates.

Currency risk / hedged share class: The currency 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.

Derivatives risk: Derivatives, which are financial instruments deriving their value from an underlying asset, may be used for investment purposes and/ or 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.

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 meaning greater uncertainty of returns.

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, meaning investors may not be able to have immediate access to their holdings.

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

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.

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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