

Schroder ISF* Global Multi-Asset Balanced

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

Performance overview

- The fund's performance was negative in March as global uncertainty about the Trump administration's tariff agenda escalated throughout the month.

Drivers of fund performance

- Performance was negative, driven mainly by equity exposure. Fixed income was somewhat negative, while alternatives and currency contributed.
- In equities, the main driver was our exposure to large-cap growth stocks as US tech sold off. Our European exposure ended the month roughly flat, while positions in China contributed. The best-performing position was our allocation to gold mining equities.
- Fixed-income exposure detracted, but this was mitigated by the defensive positions we had put in place in February, particularly our aggressive short position in euro-area rates.
- Elsewhere in the portfolio, we hedged all the US dollar exposure that we had in the portfolio from dollar-denominated assets, which helped us as the dollar weakened. Commodities and inflation-linked bonds contributed.

Portfolio activity

- Similar to February, we maintained a relatively high equity exposure but adjusted its composition.
- Early in the month we took profits on index futures positions in European banks, the DAX, and part of our MDAX mid-cap exposure. As US stocks sold off, we added back some long exposure, including an equal-weight S&P500 index futures position, that avoid concentration in the big tech stocks.
- In fixed income, we opportunistically added some short-maturity Romanian and Indonesian government debt at levels that allowed us to lock in attractive yields. In addition, we closed out our short positions in US and German 10-year government bonds.
- In commodities, we took profits on our gold mining equities. We kept our silver and industrial metals ETCs and our diversified commodity swap ETF.

Outlook

- In our past updates, we talked about the focus moving from landings to divergence - across economies, central bank actions and market performance. Since February we have seen a remarkable divergence across equity and bond markets, as Donald Trump has triggered concerns about growth in the US and sparked other countries into action, be it in the commitment to defence spending in Germany or the more favourable disposition to the technology sector in China. This exacerbates the near-term growth and inflation trade-off, prompting us to adjust our equity exposure.
- Looking forward, the global response will be crucial. The affected countries will need to decide whether to retaliate and potentially escalate the trade war or consider reducing their trade imbalances with the US. The timing of these decisions will also significantly impact the market. For central banks, the combination of tariff countermeasures and government fiscal stimulus will further complicate their roles.

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. ¹Target 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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