

Schroder ISF* Global Multi-Asset Balanced

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

Performance overview

- The fund performance was positive in August. Global shares gained despite weaker US employment data led to rising expectations that the Federal Reserve (Fed) will cut interest rates in September. Global bond markets generated widely varying returns, buffeted by economic data and political developments.

Drivers of fund performance

- Currency—specifically our US dollar short position—was a significant driver, followed by equities. Fixed income and alternatives also contributed.
- In equities, Japanese and mainland Chinese stocks were key contributors. In sector selection, European autos and Chinese internet stocks were among the best performers. Our more defensive tactical positions, including US and global equity index futures, detracted as markets rose.
- In fixed income, emerging-market government debt was a solid contributor, and investment grade and high-yield credit were modestly positive. Euro-area government debt contributed, while US Treasury positioning detracted somewhat.
- In alternatives, commodities contributed, driven mainly by silver. Insurance-linked bonds were flat.

Portfolio activity

- We continue to tactically reduce our overall equity exposure. The reduction in equities came largely from tactical moves as we added short futures positions in global and US indexes. In Europe, we added long DAX and Stoxx 50 index positions and some banking sector exposure.
- In Japan, we took profits on our Nikkei index futures. In China, we retained exposure to the broad CSI 300 index of mainland stocks, the top 50 large-cap stocks and our basket of Chinese internet companies.
- In fixed income, we ended the month with a duration (interest-rate exposure) of about 0.8 years, down from 1.4 years at the end of July.
- The reduction in duration came mainly from tactical positions, notably short exposure to German 30-year rates and a short US 10-year position.

- In commodities, we added to our silver position, retaining our industrial metals ETC (exchange-traded commodity), and our diversified commodity swap ETF (exchange-traded fund).
- In currencies, we continued to hedge a significant proportion of our US dollar exposure.

Outlook

- Performance alone doesn't justify an active fund's management fee. Investors also need clarity and consistency in how that performance is achieved. Our strategy is anchored in three principles: genuinely active allocation, decisions within asset classes, and full use of the multi-asset toolkit. These guide our conviction-led positioning and reflect the fund's core identity.
- This year, we've actively shifted equity and duration exposures in response to market signals. We've hedged stretched equity valuations and turned cautious on long-dated European debt. Value is extracted not just between asset classes, but within them—across regions, industries, and securities. Our European autos bet reflects this multi-layered, selective approach.
- We go beyond traditional bond-equity mixes. For example, currency is a vital but some asset class, especially for euro-based investors exposed to dollar-heavy allocations. We remain negative on the dollar and are actively hedging. With valuation gaps widening across regions and sectors, we expect further chances to add value through both long and short positions.
- Looking forward, the year to date has been a highly eventful one and that's likely to continue. We're seeing a good level of dispersion between regional, sector, and security valuations and we expect opportunities to add value with both short and long positioning in the months ahead.

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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