Schroder ISF* Global Multi-Asset Balanced

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Fund update: April 2026

Marketing material for professional clients only.

Market Review

After the heavy market sell-off in March, risk appetite came roaring back in April. The Iran conflict and the inflation risk from oil supply disruption kept some pressure on government bonds, but in equity markets these concerns were eclipsed by a sharp AI-driven rally. Tech stocks surged after exceptionally strong first-quarter earnings data, and a big increase in expected capital expenditure by hyperscalers like Amazon and Meta.

The S&P 500 and Nasdaq staged their biggest rally since 2020, with semiconductor companies in the lead. Asian markets that had underperformed in March amid concerns about their dependence on Middle East oil and gas imports, shot higher, led by semiconductor and memory chip makers. We saw a spectacular bounce by South Korea, where DRAM (memory) leaders Samsung and SK Hynix make up half the index. Taiwan, where TSMC has a weight of nearly 60%, also surged, overtaking China as the biggest constituent of the MSCI Emerging Markets index.

Elsewhere, EM debt and corporate bond spreads tightened in line with the stronger risk sentiment. Crude oil prices came off their March highs, and industrial metals outperformed precious metals as gold prices moved lower. The US dollar lost some ground against the euro.

April was a rare month when nearly everything in the portfolio worked and there were few detractors. Our relatively high equity exposure, and some opportunistic purchases during the sell-off, positioned us well to capture the rally. We took profits on a number of positions, ending the month with (for now) a slightly lower equity allocation.

Drivers of Fund Performance

Portfolio performance was strong in April, driven mainly by equities. Fixed income and currencies were positive, while alternatives didn't have much impact on returns.

Equity gains were led by the actively-managed global basket, with its tilt towards large-cap tech stocks. German equities were also a key contributor. Our tactical long position in the Nasdaq, our basket of semiconductor stocks, and a new position in South Korean equities were among the top contributors. The gold miners portfolio was a marginal detractor.

In fixed income, emerging market debt, investment-grade and high-yield credit, and convertible bonds all contributed. Government bonds were also positive, although US Treasury exposure was a modest detractor.

Alternatives were marginally positive, with commodities up slightly and insurance-linked ("catastrophe") bonds flat.

In currency, contributors included emerging markets, notably the Brazilian real.

Portfolio Activity

The portfolio's net equity exposure ended the month at about 42%, from 47% at the end of March (our permitted range is 0% to 50%).

We sold part of the basket of global semiconductor stocks after the run-up in valuations.

At the beginning of April we took advantage of the sell-off in Asian stocks to buy a South Korean ETF (exchange-traded fund). We took profits on our Japanese Nikkei position later in the month.

In Europe we trimmed our tactical exposure to Germany. We added a basket of European defence stocks managed by a Schroders specialist team (see below).

In the US, we added to our tactical futures position in the FANG+ index of big tech companies. We took profits on part of our small cap position and moved from long to modestly short the S&P and the Nasdaq.

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

In fixed income, we ended the month with a duration (interest-rate exposure) of about 1.9 years, from 1.8 years at the end of March. We took advantage of higher yields to add some Italian 10-year bonds.

In commodities, we retained our gold, silver and industrial metals ETCs (exchange-traded commodities) and our diversified commodity swap exposure.

In currencies, we added some US dollar exposure. The US, as a large oil producer, is less vulnerable to energy price inflation than Europe, which should keep it supported against the euro in the medium term.

Outlook

Having kept equity exposure close to the maximum 50% for several months, we ended April closer to 40%. We're still positive on equities but, given the scale of the rally and no solution yet to the Strait of Hormuz disruption, we thought it prudent to lock in some profits and leave some room in the risk budget.

Still positive on the AI revolution

Although we've taken partial profits on our long-standing basket of semiconductor stocks, we retain AI exposure via multiple asset types, and the first-quarter earnings announcements support our positive view on the AI infrastructure rollout theme. One example: Amazon, Meta, Microsoft and Alphabet (Google) are expected to spend a record total of $725bn on AI infrastructure this year, beating 2025's record spending by 77%.

The capex expansion potentially benefits firms providing semiconductors, memory chips, energy efficiency solutions and the whole industrial ecosystem around data centre building. This also feeds into our continued positive view on German equities, where several DAX constituents are leading suppliers to the global AI infrastructure build-out.

As a relatively cheaper way to gain AI exposure, we recently invested in the tech-heavy Taiwanese and Korean markets. We have Taiwan exposure via the MSCI EM position added in March, and continue to hold the South Korea ETF we bought at the beginning of April.

Europe plays catch-up on security spending

One market that didn't share in the April rally was European defence stocks. After strong gains since the Ukraine invasion in 2022, the sector has lost ground this year. Sentiment dipped in April as Rheinmetall's revenue for the first quarter, while solid, fell short of expectations. Meanwhile, the future of the US's role within NATO came further into question with headlines that President Trump plans to withdraw 5,000 soldiers from Germany, and speculation that the same could happen in Italy and Spain.

Against that backdrop, we've made a small allocation to a basket of European defence stocks. Irrespective of whether the Ukraine conflict gets resolved, there's a growing argument that Europe needs to ramp up spending to be able to defend itself with minimal help from the US. This means playing catch-up after decades of underinvestment. Defence is a sector many investors have steered clear of in recent years, but with the narrative now reframed in terms of domestic security rather than military aggression, we think the theme still has a long way to play out.

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 30 April 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	6.1	1.8	4.7	18.2	8.9	4.8	4.5	4.3
Benchmark[1]	2.2	-0.1	0.9	5.9	4.9	1.3	1.6	2.1

Source: Schroders, Morningstar, as of 30 April 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.

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