

Schroder ISF* Global Multi-Asset Balanced

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

Performance overview

- The fund performance was positive in June. Despite a flare-up in geopolitical tensions, equity markets ended the month higher, led by US stocks. The S&P 500 and the Nasdaq hit new records as big tech outperformed, partly driven by positive sentiment towards AI stocks. US small caps also delivered a strong performance.

Drivers of fund performance

- Performance was robust in June, driven mainly by currency and equity exposure. Alternatives contributed, with fixed income modestly positive.
- Currency was a significant contributor, driven mainly by short positioning as we hedged almost all the portfolio's dollar-denominated holdings. Alternatives performed well, driven by commodities—notably silver and our industrial metals allocation.
- In equities, our actively-managed global equity portfolio and US exposure, with their tilt towards large tech stocks, were the biggest contributors. European, Japanese and emerging-market equities were positive. In sector selection, our best performers were gold mining stocks and an allocation to a group of crypto and blockchain-related companies. European auto sector exposure detracted somewhat.
- Fixed income was modestly positive overall. US government bond exposure detracted, but investment-grade and high-yield credit performed well, and emerging-market government debt contributed.

Portfolio activity

- We increased equity exposure to close to maximum at about 46%. In tactical allocation, we took profits on several equity index futures positions, including Russell 2000 and Dow Jones. We opportunistically added to European large caps and the German DAX.
- We took profits on our allocation to gold mining stocks and added a European oil and gas sector ETF.
- In fixed income, we increased in duration from closing short positions, notably in US 10- and 30-year Treasury rates.

- In commodities, we took profits on part of our silver ETC (exchange-traded commodity). We retained our industrial metals ETC and our diversified commodity swap ETF. Via equity futures, we retained exposure to European basic materials.

Outlook

- The portfolio's high equity exposure allowed it to benefit from June gains, and we believe the outlook for equities remains favourable.
- We stay positive on **US equities**, especially tech and semiconductors. US growth has held up well, and after strong first-quarter earnings, we expect the tech sector to perform again in Q2. Concerns around the US AI sector from China's DeepSeek have faded, and cash-rich tech companies continue to attract strong inflows, so technical factors remain supportive.
- **US bond market** signals are increasingly unclear, reducing our conviction on Treasury allocations. At the short end, the Fed Chair's comments have less impact amid political pressure for his removal. Powell's preference is to keep rates steady, which does not support short Treasuries, but markets now expect more rate cuts.
- In **currencies**, signals are clearer. Rising US debt and threats to Fed independence are both negative for the dollar. With the Trump administration favouring a weaker currency to boost exports, we expect further dollar weakness.
- For **European oil and gas**, our recent position was driven by strong cash flows, not just geopolitics. These companies are less sensitive to oil price swings than US peers and provide stable performance, returning cash to shareholders through high dividends and buybacks, offering attractive income at low valuations.

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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