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Royal London Asset Management

Multi Asset Fund Commentary

30 April 2025

Fund Commentary

30 April 2025

The purpose of this report is to provide an update on the Royal London Multi Asset Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

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Multi Asset

Royal London GMAP Adventurous Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

The fund moved slightly underweight equities early in April as volatility spiked and macro indicators deteriorated following Trump's reciprocal tariff announcement. The allocation to equity was increased so the fund finished the month closer to a neutral position as investor sentiment fell to attractive oversold levels.

The pandemic ushered in a new regime of 'spikeflation' characterised by periodic price level shocks and shorter boom-bust cycles. The Trump Tariff shock could end up like Covid – a deflationary panic giving way to an inflationary recovery. Stimulus is not a given in a supply shock, however, and a longer, more painful workout like the GFC can't be ruled out.

Royal London GMAP Balanced Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

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Royal London GMAP Defensive Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

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Royal London GMAP Diversified Bond Fund

"The performance of government bonds was mixed. Bund yields retraced from recent highs as markets priced in more easing from the ECB. The US 30-year yield saw its largest weekly spike since 1987 following 'Liberation Day' as investors became concerned about US assets.

We moved underweight global high yield for the first time since 2022 when central banks were hiking interest rates rapidly to contain inflation. While credit quality remains high compared to history and defaults are rare, credit spreads are very tight and could widen significantly in a recessionary environment.

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Royal London GMAP Dynamic Equity Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Global stocks fell over 10% during the three trading days following the 'Liberation Day' tariff announcements but recouped much of these losses over the remaining period largely aided by the announcement of a 90-day pause in reciprocal tariffs.

We remained underweight the relatively expensive US region where analyst earnings expectations continued to weaken. We built an overweight in UK shares that tend to be more resilient in market shocks. Within US sectors, we continued to be underweight Consumer Discretionary sector as Investment Clock remained in Overheat.

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Royal London GMAP Growth Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

The fund moved slightly underweight equities early in April as volatility spiked and macro indicators deteriorated following Trump's reciprocal tariff announcement. The allocation to equity was increased so the fund finished the month closer to a neutral position as investor sentiment fell to attractive oversold levels.

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Multi Asset

Royal London GMAP Moderate Growth Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

The fund moved slightly underweight equities early in April as volatility spiked and macro indicators deteriorated following Trump's reciprocal tariff announcement. The allocation to equity was increased so the fund finished the month closer to a neutral position as investor sentiment fell to attractive oversold levels.

The pandemic ushered in a new regime of 'spikeflation' characterised by periodic price level shocks and shorter boom-bust cycles. The Trump Tariff shock could end up like Covid – a deflationary panic giving way to an inflationary recovery. Stimulus is not a given in a supply shock, however, and a longer, more painful workout like the GFC can't be ruled out.

Royal London Multi Asset Strategies Fund

Equity market volatility spiked over the month to levels not seen since the March 2020 Covid sell-off, with US policy announcements driving the moves. Increased equity volatility drove investors to government bonds where yields fell and prices rose, reflecting an increase in recession risk.

The fund moved underweight equities early in April as the volatility capping mechanism was triggered amid rising volatility, and as macro indicators deteriorated following Trump's reciprocal tariff announcement. The allocation to equity was increased so the fund finished the month closer to a neutral position as investor sentiment fell to attractive oversold levels.

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Disclaimers

Important information

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Issued in May 25 by Royal London Asset Management Limited, 80 Fenchurch Street, London, EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

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The Funds are sub-funds of Royal London Multi Asset Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001058. The Company is a non-UCITS retail scheme. The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037. For more information on the fund or the risks of investing, please refer to the Prospectus or Non-UCITS retail scheme Key Investor Information Document (NURS KII Document), available via the relevant Fund Information page on www.rlam.com.

Risk and Warnings

Investment risk

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

Concentration risk

The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

Credit risk

Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Derivative risk

Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both fund losses and gains. The impact to the fund can be greater where they are used in an extensive or complex manner, where the fund could lose significantly more than the amount invested in derivatives.

Efficient portfolio management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

Exchange Rate Risk

Changes in currency exchange rates may affect the value of your investment.

Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

Liquidity risk

In difficult market conditions the value of certain fund investments may be difficult to value and harder to sell, or sell at a fair price, resulting in unpredictable falls in the value of your holding.

Counterparty risk

The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

Emerging markets risk

Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Fund investing in funds risk

The Fund is valued using the latest available price for each underlying investment, however it may not fully reflect changing stockmarket conditions and the Fund may apply a 'fair value price' to all or part of its portfolio to mitigate this risk. In extreme liquidity conditions, redemptions in the underlying investments, and/or the Fund itself, may be deferred or suspended.

Liquidity and dealing risk

The Fund invests indirectly in assets that may at times be difficult to value, harder to sell, or sell at a fair price. This means that there may be occasions when you experience a delay in being able to deal in the Fund, or receive less than may otherwise be expected when selling your investment.