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# **Royal London Multi Asset Strategies Fund**

**Quarterly Investment Report**

**30 June 2025**



# Quarterly Report

## The fund as at 30 June 2025

The purpose of this report is to provide an update on the Royal London Multi Asset Strategies Fund. The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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# The fund

## Fund performance objective and benchmark

The Fund's investment objective is to achieve a combination of capital growth and income over rolling 5-year periods while seeking to target volatility of 4-8% per annum, by employing diversified multi-asset strategies. There is no guarantee that volatility in this range will be achieved and it has been chosen as it represents a level of risk which is appropriate for the Fund. Volatility is a statistical measure of the Fund's possible range of outcomes. For the Fund, volatility will be calculated as the annualised standard deviation of daily Fund prices over rolling 12-month periods. The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the objective. For performance comparison purposes, the average return of the Morningstar GBP Allocation 20-40% Equity category may be used. The Morningstar GBP Allocation 20-40% Equity category is a peer group of funds that each invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives, which broadly aligns to the Fund's own investment policy. For funds in this category, equity or equity equivalent risk will usually be between 20% and 40% in the normal running of the fund. Management of the Fund is not restricted by the use of the category as a comparator benchmark.

## Fund value

	Total £m
30 June 2025	897.94
Fund launch date	23 November 2018
Benchmark	Morningstar GBP Allocation 20-40% Equity category

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(0.04)	2.36	(2.39)
YTD	0.27	2.75	(2.48)
1 Year	0.90	5.21	(4.31)
3 Years (p.a.)	4.43	4.21	0.22
5 Years (p.a.)	4.13	2.46	1.67
Since inception (p.a.)	2.49	2.80	(0.31)

Past performance is not a guide to future performance. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on M Acc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 23 November 2018.

## Performance commentary

MAST (Accumulation - Class M) underperformed the benchmark during the second quarter of this year.

The fund started the period with an aggregate allocation to equities close to neutral, having reduced the exposure over the previous quarter amid elevated policy uncertainty in the US and a weaker technical backdrop. The volatility management framework reduced equity positioning as volatility spiked following the tariff announcements on April 2 ('Liberation Day'). Equity exposure was covered back to neutral over the rest of the period as volatility subsided on the back of a 90-day pause to reciprocal tariffs and trade deals between US and some of its trade partners.

The core equity exposure within the fund fluctuated in the range of 13% to 38% over the quarter.

We remain vigilant, looking out for any sudden increases in volatility, to react accordingly. We continue to monitor the situation on a daily basis – this helps us manage volatility, and the potential for loss.

## Asset allocation overview

On a tactical level, we were lightly positioned in broad equities over the period, highlighting 'whipsaw risk' in these choppy policy-driven markets. We covered our US underweight to neutral over first half of the period and have moved overweight more recently as earnings expectations have improved amid easing recession fears. We ended the quarter with a preference towards emerging markets and the US, away from Europe and the UK. Our Investment Clock is in between Stagflation and Reflation, indicating a below trend growth backdrop.

# Performance and activity

## Top 10 holdings

	Weighting (%)
Royal London Short Term Fixed Inc	12.87
Royal London UK Government Bond R	10.02
Royal London Investment Grade Short Dated Credit Fund Z Inc	9.95
Royal London Sterling Lqd Money Mk	8.24
RL Emerging Markets EQ Tilt Fund	5.10
Royal London US Equity Tilt R Acc	5.08
Royal London UK Core Equity Tilt R	5.05
Royal London Japan Equity Tilt R A	5.04
Royal London International Governm	4.99
Royal London Asia Pacific ex Japan Equity Tilt Fund S Acc	4.99
<b>Total</b>	<b>71.33</b>

## Fund activity

Tactical asset allocation strategies build on the core portfolio and operate within a separate risk budget. We take an active approach to tactical asset allocation with a view to adding value irrespective of market direction and continue to see opportunities in relative value trades within and between the broad range of asset classes at our disposal.

### Equities

Global equities went through a roller coaster ride as newsflow around US policy sent stock market volatility to the highest level since the Covid sell-off in March 2020. Global stocks fell more than 10% over three trading days in early April following the 'Liberation Day' tariff announcements, only to rally back to all-time highs over the rest of the quarter as a 90-day delay was announced. We were close to neutral on equity exposure around Liberation Day but lost some value from a more cautious positioning in the rebound as equities rallied sharply following the 90-day delay announcement.

### Bonds

Government bond yields saw similarly volatile moves. US 30-year yields had their largest weekly spike since 1987 following 'Liberation Day' as investors became concerned about US assets; this reversed after the 90-day pause. Fiscal concerns around Trump's 'Big Beautiful Bill' led to a further spike in yields in the middle of the quarter, which again retraced relatively quickly. These choppy moves detracted some value over the period.

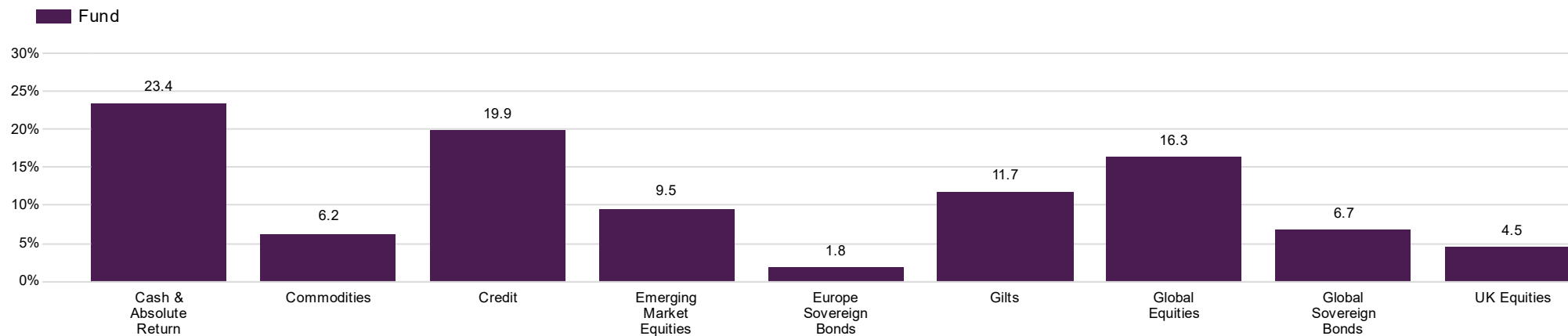
### Equity regions and sectors

US stocks finished the quarter as the best performing region in local currency terms, helped by a 20%+ rally in the tech sector. We started the period underweight the US, driven by valuations, fading US exceptionalism and deteriorating earnings expectations; we moved overweight the region as the earnings outlook materially improved after the delay to reciprocal tariffs. We moved underweight in UK shares that lagged in the recovery, preferring emerging markets that have benefitted from sustained US dollar weakness. We lost value in the sharp reversal around Liberation Day but clawed back most of these losses over the rest of the quarter.

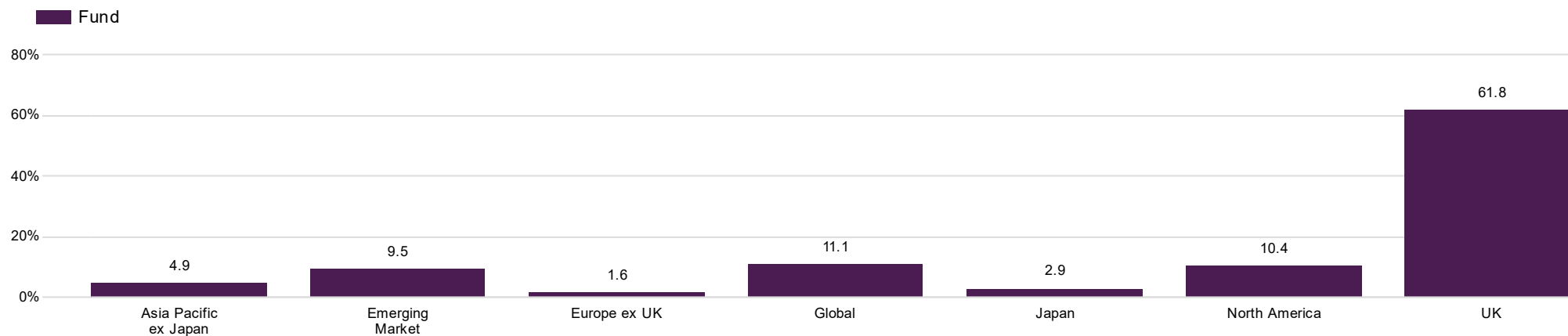
We started the period with a preference towards defensive sectors and value cyclicals, and away from growth sectors, as macro indicators continued to soften amid elevated policy uncertainty. We moved towards a more neutral positioning over the period as recession fears faded and markets recovered following the policy reversal by the US administration, finishing the quarter overweight growth sectors.

# Fund breakdown

## Asset split



## Geographical breakdown



# Market commentary

## Market Overview

The second quarter of 2025 was mixed: geopolitical news and US policy contributed to a spike in volatility in many markets, but over the quarter as a whole, major equity and credit markets shook off a weak start to grind into positive territory for the period as a whole.

The quarter started with 'Liberation Day' – the US announced a broad range of materially higher tariffs that it would be imposing on almost all countries it traded with. However, these were rapidly postponed for 90 days, partly due to the adverse market reaction to the announcement. Updates on tariffs and whether these would or would not be implemented for one country or another generally had a more muted impact than that initial shock. Geopolitical factors also added to uncertainty, as Israel and the US launched air strikes on Iran.

Macro uncertainty about tariffs, whether these would be implemented, and if so, what impact these would have on global growth and inflation created a difficult backdrop for monetary policymakers in central banks. The Federal Reserve therefore left rates unchanged, while the European Central Bank remained on its modest rate cutting cycle, trimming rates at its April and June meetings. The Bank of England cut rates at its May meeting, leaving these unchanged in June.

The tariff announcements saw equity market volatility spike to levels last seen during the Covid-19 sell-off. The S&P 500 index recorded its fifth-worst 2-day decline since World War II and even moved into bear market territory over the month (down 20% from its highs). However, since mid-April, stocks have been climbing the wall of worry and rising steadily higher, supported by a 90-day pause to reciprocal tariffs and a US-China trade deal that eased fears of a trade embargo between the world's two largest economies.

Government bond markets also saw heightened volatility over the quarter, generally seeing yields increase early on before edging lower over the rest of the period. In the US, 10-year treasury yields ended marginally higher, starting the period at 4.21% and ending at 4.23%, while German 10-year bunds yields fell from 2.75% to 2.61%. Benchmark 10-year gilt yields fell from 4.69% to 4.49%.

Broad commodities fell, led by the energy complex. Oil drifted lower as OPEC+ added further supply to the market. Middle East tensions briefly lifted prices before a US-brokered ceasefire reversed gains. The US dollar recorded its worst H1 since 1973 as demand for the greenback remained weak given elevated policy uncertainty. Meanwhile, the Swiss franc held onto most of its 'Liberation Day' gains on safe haven demand.

## Outlook

These are uncertain times. Our strategic asset mix diversifies broadly across real assets, inflation hedges and more defensive fixed income and cash holdings. We seek to add value on a day-to-day basis through tactical asset allocation and active security selection.

We are close to neutral at the broad asset class level with the impact of the trade war still unclear. The Investment Clock is making its way from Stagflation to Reflation, while technical backdrop for risk assets has been supportive of late. Relative earnings trends justify a short-term overweight to the US versus Europe, but we are tactically underweight the dollar.

## Further Information

Please click on the links below for further information:



### Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of [www.rlam.com](http://www.rlam.com), including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.



# Disclaimers

## Important information

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This is a financial promotion and is not investment advice.

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The Fund is a sub-fund 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](http://www.rlam.com).

# Risks 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.

## 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

This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

## EPM techniques risk

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. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

## 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.

## 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.

## 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.

## 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.

# Performance to 30 June 2025

## Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	(0.04)	0.27	0.90	13.90	22.42	4.43	4.13
<b>Fund (net)</b>	(0.18)	0.00	0.35	12.04	19.11	3.86	3.56

## Annualised (%)

## Year on year performance (%)

	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021
<b>Fund (gross)</b>	0.90	11.17	1.54	(3.45)	11.32
<b>Fund (net)</b>	0.35	10.56	0.99	(3.98)	10.71

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 30 June 2025. All figures are mid-price to mid-price for the Royal London Multi Asset Strategies Fund M Acc GBP share class.

# Glossary

## Asset allocation

Based on RLAM's holistic approach to fixed income management and fund weights relative to their respective benchmarks. May not reflect tactical exposures.

## Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

## Geographical breakdown

Breakdown of assets by geographical regions. 'Global' region includes global fixed income and overseas securities exposures, which are sterling hedged and commodity exposures.

## Performance

Performance is calculated using the signed off NAV per share. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces the return.

## Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.