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Royal London Multi Asset Strategies Fund

Quarterly Investment Report

31 March 2025

Quarterly Report

The fund as at 31 March 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.

Contents

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
31 March 2025	892.80
Fund launch date	23 November 2018
Benchmark	Morningstar GBP Allocation 20-40% Equity category

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.31	0.39	(0.08)
1 Year	2.08	3.50	(1.43)
3 Years (p.a.)	3.09	1.31	1.77
5 Years (p.a.)	4.82	3.52	1.31
Since inception (p.a.)	2.59	2.53	0.06

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) slightly underperformed the benchmark during the first quarter of this year.

MAST aims to capture upside in positive market trends, while limiting downside during periods of market turbulence through diversification, active positioning, and volatility management.

Equities

Global equities started the period with continued strength but ended up underperforming other asset classes over the quarter amid heightened volatility. Having benefitted from the initial equity market strength, we took profits over the second half and reduced our equity overweight towards neutral, driven by rising volatility and the deteriorating soft data in the US. Our positioning in global equities added value over the period.

Bonds

Bond yields were mixed over the quarter. UK yields ended broadly unchanged, while yields in the US fell as forward-looking data started to soften amid rising policy uncertainty. Meanwhile, the larger-than-expected fiscal support announcement in the euro area saw German 10-year bund yields record the largest weekly rise since the 1990 reunification period. We remained underweight government bonds, with our Investment Clock moving into the overheat quadrant – historically the phase where bond yields rise on inflationary pressures. Choppiness and regional divergence saw us lose some value from our positioning.

Equity regions

US equities led the losses at the regional level, with the Magnificent 7 index entering bear market territory, as lofty valuations were questioned amid fears of slowing growth and rising competition from China's AI model DeepSeek. European stocks rallied on hopes of positive developments around fiscal spending. Having been overweight US and underweight Europe in late 2024, we turned neutral earlier in the year as earnings expectations started to turn, and benefitted from the underperformance of the US market against rest of the world.

Performance and activity

Performance commentary (continued)

Equity sectors

Growth stocks that had been leading the way higher last year came under pressure in the first quarter. We started the year overweight growth and cyclical sectors against an underweight in defensives, flagging the resilient macro backdrop as our Investment Clock remained in the recovery quadrant. However, as data started to turn and equity market volatility rose, we started to move towards a more defensive positioning. We lost some value in the initial tech-led sell-off, and then as the market recovered briefly in the middle of March.

Performance and activity

Top 10 holdings

	Weighting (%)
Royal London Short Term Fixed Inc	12.16
Royal London Investment Grade Short Dated Credit Fund R Acc	10.06
Royal London UK Government Bond R Acc	10.06
Royal London Sterling Lqd Money Mkt R	8.78
CBT BCOM Comdty Ind Jun25	7.07
Royal London International Governm	5.10
Royal London Sust Short Duration Corp Bond R Acc	5.02
RL Emerging Markets EQ Tilt Fund	4.95
Royal London Japan Equity Tilt R Acc	4.92
Royal London UK Core Equity Tilt R Acc	4.89
Total	**73.02**

Fund activity

The aggregate allocation to equities was near maximum overweight in the beginning of the period, driven by the Investment Clock that started the year in the equity-friendly Recovery quadrant, coupled with positive technical backdrop. As volatility started to rise amid elevated policy uncertainty in the US, the aggregate allocation was trimmed towards neutral over the second half of the period under review.

Multi Asset Core strategies aim to benefit from positive market trends, while reducing exposure to risk assets during market turbulence.

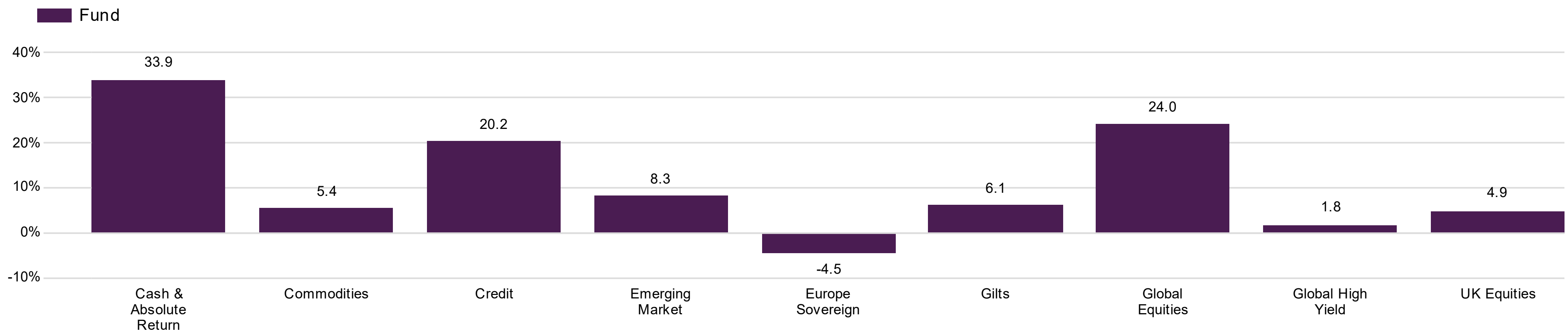
The core equity exposure within the fund remained constant at 30% over the quarter.

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.

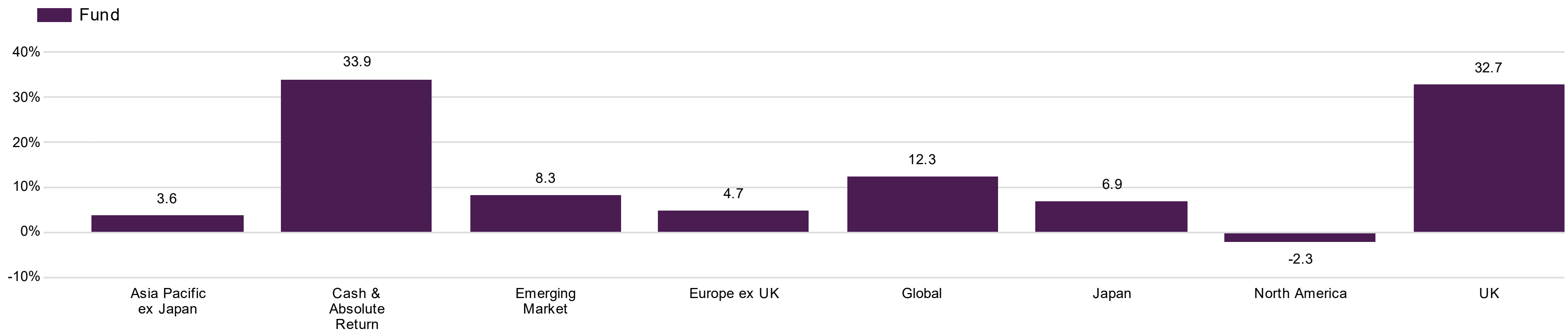
On a tactical level, we have trimmed our equity overweight position closer to neutral, with a preference towards Europe and away from the US. Our Investment Clock has moved into overheat, which historically has seen commodities outperform bonds. While US hard data remains resilient, forward-looking indicators are starting to flash warning signs, with business and consumer confidence being challenged by policy uncertainty – we continue to closely monitor the damage from tariffs, both for the US and globally.

Fund breakdown

Asset split



Geographical breakdown



Market commentary

Market Overview

Following two consecutive years of double digit returns, global equities posted a much weaker start to the year, with the MSCI All Country World Index posting a return of -2.15% in local currency terms. Volatility surged over the quarter as investors turned their attention from President Trump's promised tax cuts and deregulation to tariffs, DOGE lay-offs and deportation. With megacap stocks entering the year at lofty valuations, worries of a new Artificial Intelligence (AI) model from DeepSeek, that is far cheaper than US alternatives, saw the S&P 500 index witness its eleventh quickest correction since 1928. Meanwhile, European shares put in stellar performance on the back of a larger-than-expected fiscal package, including a debt break reform and a €500bn infrastructure fund to rearm Europe. This underperformance of US stocks versus rest of the world was the most in any quarter since 2009.

One asset which has benefitted significantly from the currently elevated global uncertainty is gold. The asset class has been a standout performer in commodity markets, both last year and so far in 2025. Central bank demand for physical metal has been very strong over recent years and consumers have stepped up purchases as well more recently. Gold has historically acted as a good hedge in equity drawdowns, as we are seeing now, and expectations of large-scale US tariffs have led to additional upside pressure.

A very uncertain US policy backdrop and related disruptions to global trade seem likely to weigh on growth in the US and beyond. Fiscal stimulus may provide something of a shield in economies like the euro area and China. A few more rate cuts seem likely in major economies (except in Japan), albeit more gradual, careful ones, but the US inflation outlook is uncertain enough that US rate hikes can't be ruled out either.

Most major central banks are running with interest rates above neutral, but increasingly not by much. If growth remains positive but unimpressive and if inflation reassures somewhat then central banks can continue to cut towards neutral. But stickier than expected inflation, substantial policy uncertainty, and rates being closer to neutral suggests that at least some slowing of the pace makes sense beyond just the US.

Outlook

The geopolitical outlook is uncertain, with Trump back in power and wars continuing in Eastern Europe and the Middle East. The macro backdrop remains supportive for now, but the US-led post-election boom looks to be reversing. Risk of tariffs and other policy changes have started to weigh on business and consumer confidence. We have taken profits on global equities and moved underweight US equities; we prefer Europe where company earnings have been stronger and fiscal policy is likely to support growth.

We believe the pandemic ushered in a new regime of 'spikeflation' characterised by periodic price level shocks and shorter boom-bust cycles. A global trade war reminiscent of the 1930s could raise the cost of imports for the world over and challenge the low inflation consensus. Commodities, as always, are a useful hedge.

Further Information

Please click on the links below for further information:

- Stewardship and responsible investment at RLAM
- The investment clock
- TCFD climate report

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, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

Disclaimers

Important information

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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.

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 31 March 2025

Cumulative (%) / Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	0.31	0.27	2.08	9.56	26.57	3.09	4.82
Fund (net)	0.18	0.00	1.52	7.77	23.15	2.52	4.25

Year on year performance (%)

	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022	31/03/2020 - 31/03/2021
Fund (gross)	2.08	11.50	(3.74)	2.99	12.17
Fund (net)	1.52	10.89	(4.27)	2.43	11.56

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 31 March 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.