RL Global Multi Asset Portfolios (GMAPs)

ROYAL LONDON
ASSET MANAGEMENT

Trevor Greetham
Head of Multi Asset

An active approach

In our view, there's no such thing as passive in multi asset. We keep the broadly diversified asset mix of our Global Multi Asset Portfolios under constant review and we manage exposures actively at the asset class and security level.

Global stock markets continued to advance in 2024, ending the year close to all-time highs after completing a second consecutive year of double-digit returns. Preference towards risk assets, especially stocks, has benefited the funds over recent years. We are still overweight stocks with our Investment Clock remaining in the equity-friendly Recovery quadrant. We are also overweight commodities, with a tilt towards gold as a hedge against tariff uncertainty.

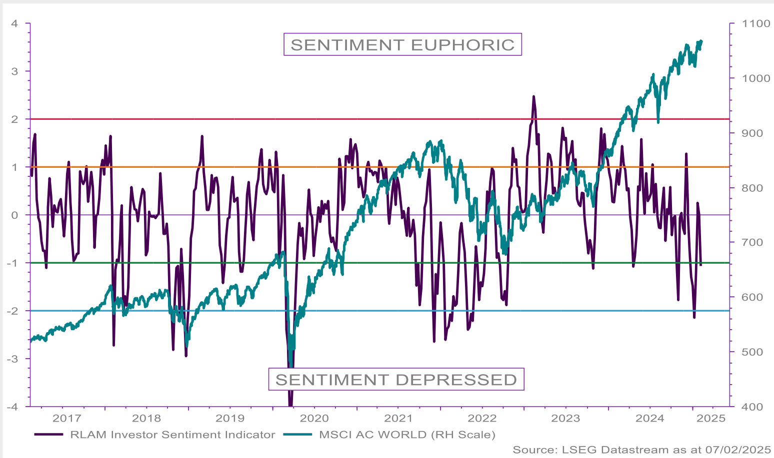
Economics & Trump politics

Stocks have rallied back to all-time highs following the US election with excitement around prospective tax cuts and a looser regulatory environment. Central banks are cutting rates which also has a positive impact.

However, policy uncertainty remains. Tariffs and mass deportation have added to nervousness around tech valuations.

Against this backdrop, our investor sentiment indicator has recently moved to overly depressed levels (Chart 1). This factor is used as a contrarian indicator - it pays to buy when others are fearful.

Chart 1: RLAM Composite Investor Sentiment Indicator

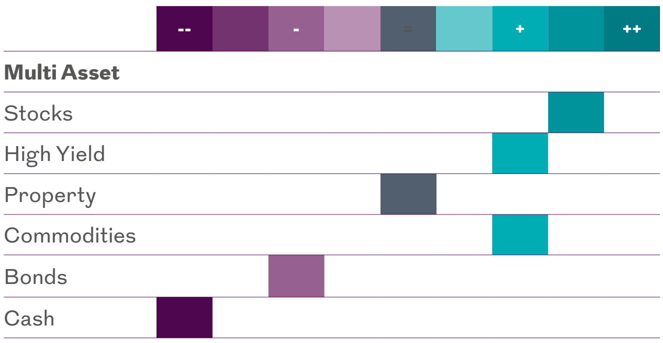


Past performance is not a guide to future performance. The views expressed are the author's own and do not constitute investment advice.

Source: LSEG Datastream, RLAM as at 7 February 2025.

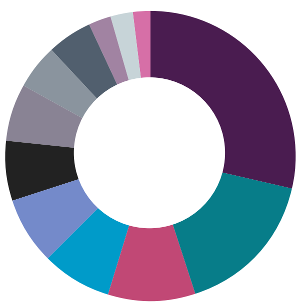
Tactical positioning: Overweight stocks and commodities; underweight bonds

We remain overweight equities given the positive macro and technical backdrop. We remain underweight government bonds, which have struggled as yields have risen globally. Central banks may take longer than previously expected to cut rates from restrictive territory. We continue to hold a separate position in gold as a hedge against policy uncertainty and have also moved overweight broad commodities too. We prefer European equities to other regions and have reduced our overweight to US dollar vs safe havens.



Source: Royal London Asset Management as at 13.02.25.

Asset allocation



North American Equities	28.8%
UK Equities	16.3%
Property	9.8%
Global High Yield	7.7%
Credit	7.4%
European Equities	6.7%
Commodities	6.4%
Government Bonds	5.1%
Emerging Market Equities	5.0%
Asia Pacific Ex Japan Equities	2.6%
Index Linked Bonds	2.4%
Japan Equities	1.8%
Cash	0.0%

Source: Aladdin as at 12.02.25.

Weightings may vary according to tactical asset allocation and the Royal London Multi Asset Growth Fund may invest outside of indicated asset classes as the manager sees fit. The views expressed are the author's own and do not constitute investment advice.

Strategic asset mix is an active choice: Broadly diversified for greater resilience

Seeking inflation-beating returns

The GMAPs are designed to maximise long run return after inflation for a given level of risk (range on page 4).

They share the same asset mix and investment approach as Royal London's Governed Portfolio pension funds.

Different asset classes offer their best returns at different times, as shown below. The purple box shows the performance of the GMAP Growth Fund. We believe that blending asset classes offers a smoother journey over time and, ultimately, a better risk/return trade-off.

We build resilience by diversifying broadly, including real assets and inflation hedges – like equities, commercial property and commodities – and by holding less in fixed income when yields are low.

A smooth journey

The broadly diversified and active asset allocation has seen our multi asset funds continue to outperform less diversified peers over the last three and five years, helped by inflation-hedging commodity exposure in the cost of living crisis and a lower weight to bonds when yields were close to zero.

The same has been true more recently, with commodities acting as a good hedge against tariff uncertainty; having a lower bond exposure than peers has also been helpful as yields have risen amid stronger data.

Tactical asset allocation has also added value over time. The preference towards risk assets and gold, and away from bonds, has benefited performance over 2024 and so far year to date.

Regular strategic review

The strategic asset allocation for each portfolio is kept under constant review to ensure the mix remains appropriate for its specific risk target and to respond to changing valuations.

The most recent change which took place in the third quarter of 2024 was further reducing UK equities in favour of global equities where the earnings trend has been stronger.

The current equity mix of 70% Global, 20% UK and 10% emerging markets still has a greater allocation to UK than its market capitalisation weight, in order to add a value tilt and greater inflation resilience to the mix.

The strategic property exposure has been marginally reduced in some funds, with the target weights now varying from 5% to a maximum of 11.25% across the risk-targeted range.

Year	2020	2021	2022	2023	2024	YTD
1	Global Stocks +14.3%	Commodities +28.3%	Commodities +30.7%	Global Stocks +16.0%	Global Stocks +20.2%	UK Stocks +5.5%
2	EM Stocks +11.9%	Global Stocks +20.0%	Cash +1.0%	**Multi Asset +8.1%**	EM Stocks +14.8%	Commodities +4.8%
3	Gilts +8.3%	Property +19.9%	UK Stocks +0.3%	UK Stocks +7.9%	Multi Asset +10.2%	Global Stocks +4.1 %
4	Cash +0.3%	UK Stocks +18.3%	**Multi Asset -5.2%**	Cash +4.4%	UK Stocks +9.5%	**Multi Asset +3.2%**
5	Property -1.0%	**Multi Asset +14.6%**	EM Stocks -6.4%	Gilts +3.7%	Commodities +7.3%	EM Stocks +1.6%
6	**Multi Asset -1.2%**	EM Stocks +1.0%	Global Stocks -7.8%	EM Stocks +2.9%	Property +7.0%	Gilts +0.8%
7	Commodities -6.1 %	Cash +0.0%	Property -10.1%	Property -0.1 %	Cash +5.3%	Cash +0.4%
8	UK Stocks -9.8%	Gilts -5.2%	Gilts -23.8%	Commodities -13.1%	Gilts -3.3%	Property +0.0%

Past performance is not a guide to future performance. The views expressed are the author's own and do not constitute investment advice.

Source: RLAM, Refinitiv Datastream, total returns in sterling term as at 31 January 2025; property as at 31 December 2024. 'Multi Asset' returns are based on the Royal London Global Multi Asset Portfolio (GMAP) Growth Fund net of 0.60% fund management fee. All other returns are shown gross of fees. Indices used are FTSE All Share, FTSE All World, FTSE Emerging Markets Index, Bloomberg Commodity Index, FTSE British Government All Stock Index, JP Morgan UK 1M Cash Index, UK MSCI Total Return Property Index (NADJ).

An active tactical overlay: Overweight stocks despite the uncertainty

A robust research-led process

Trends and turning points in markets create opportunities for a genuinely active manager. Our tactical process is grounded in research with back-tested models to guide strategies at the cross asset level along with those focused on regional or sector positions within each asset class.

Each model draws on a range of fundamental, valuation or technical factors to help us make good decisions. As an example, the Investment Clock, below, links asset class rotation to the stage of the global business cycle as defined by trends in growth and inflation. Different investments offer their best or worst returns at different times.

Investment Clock in Recovery for now

The geopolitical outlook is uncertain with Trump back in power and wars raging in Eastern Europe and the Middle East. However, the Investment Clock is in equity-friendly Recovery with central banks cutting rates and fiscal stimulus likely in the US and China. We have entered 2025 overweight stocks versus bonds.

Growth indicators continue to paint a positive picture, with a strong shift in the US after the election

Historically, Recovery is the best time for equity market performance relative to other asset classes.

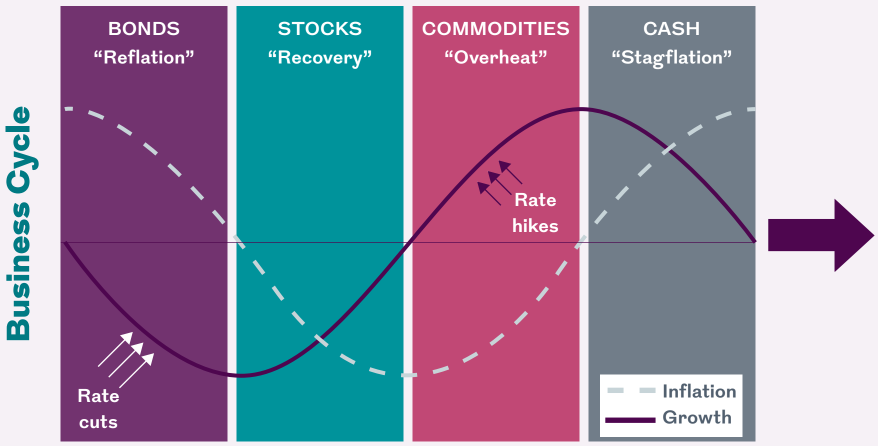
Gold and commodities can go further

More recently, we have moved overweight commodities and hold a separate position in gold.

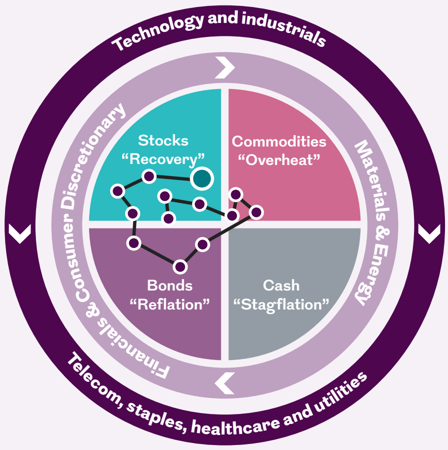
While the Investment Clock is currently in Recovery, it is moving towards Overheat and uncertainty around potential US tariffs is acting as a further tailwind for the commodity complex. Strong central bank buying of gold is also helping the asset class.

We remain underweight bonds which could continue to underperform in the current environment. There is an upside risk to inflation, but the forward path will likely depend on policy and geopolitical developments.

The Investment Clock now in Recovery



Investment Clock



Historic asset class returns through business cycles

	Growth	Inflation	Bonds	Stocks	Commodities	Cash
Reflation	⌄	⌄	7.9%	-1.5%	-29.3%	2.6%
Recovery	⌃	⌄	4.1%	18.2%	-8.4%	1.1%
Overheat	⌃	⌃	-0.4%	8.9%	17.6%	-0.2%
Stagflation	⌄	⌃	-2.7%	-14.3%	37.1%	-1.1.%
	Average return		2.1%	7.0%	1.7%	0.6%

Past performance is not a guide to future performance

Source: RLAM for illustrative purposes only. Investment Clock trail shows the last 12 monthly readings based on global growth and inflation indicators as at February 2025. Teal dot is the current reading. Data in the table is for illustrative purposes only as at 1 January 2025. The table is based on an analysis of business cycles from April 1973. Indices used are ICE BofA US Treasury Index, DataStream US Equity Market Index, S&P Goldman Sachs Commodity Index and 3-month US Treasury bills.

An actively managed fund line-up

Portfolio construction

The multi asset portfolios are built using a blend of actively managed Royal London funds spanning equities, property, bonds and cash. We use index futures, currency forwards and Exchange Traded Funds (ETFs) for exposures like commodities and to implement tactical asset allocation positions efficiently.

The benefits of using in-house funds

Royal London Asset Management's investment team work closely together in one location. We have a deep understanding of the award-winning funds we invest in, direct access to the managers and real time visibility of underlying holdings for risk management purposes. Using in-house funds also keeps costs to a minimum.

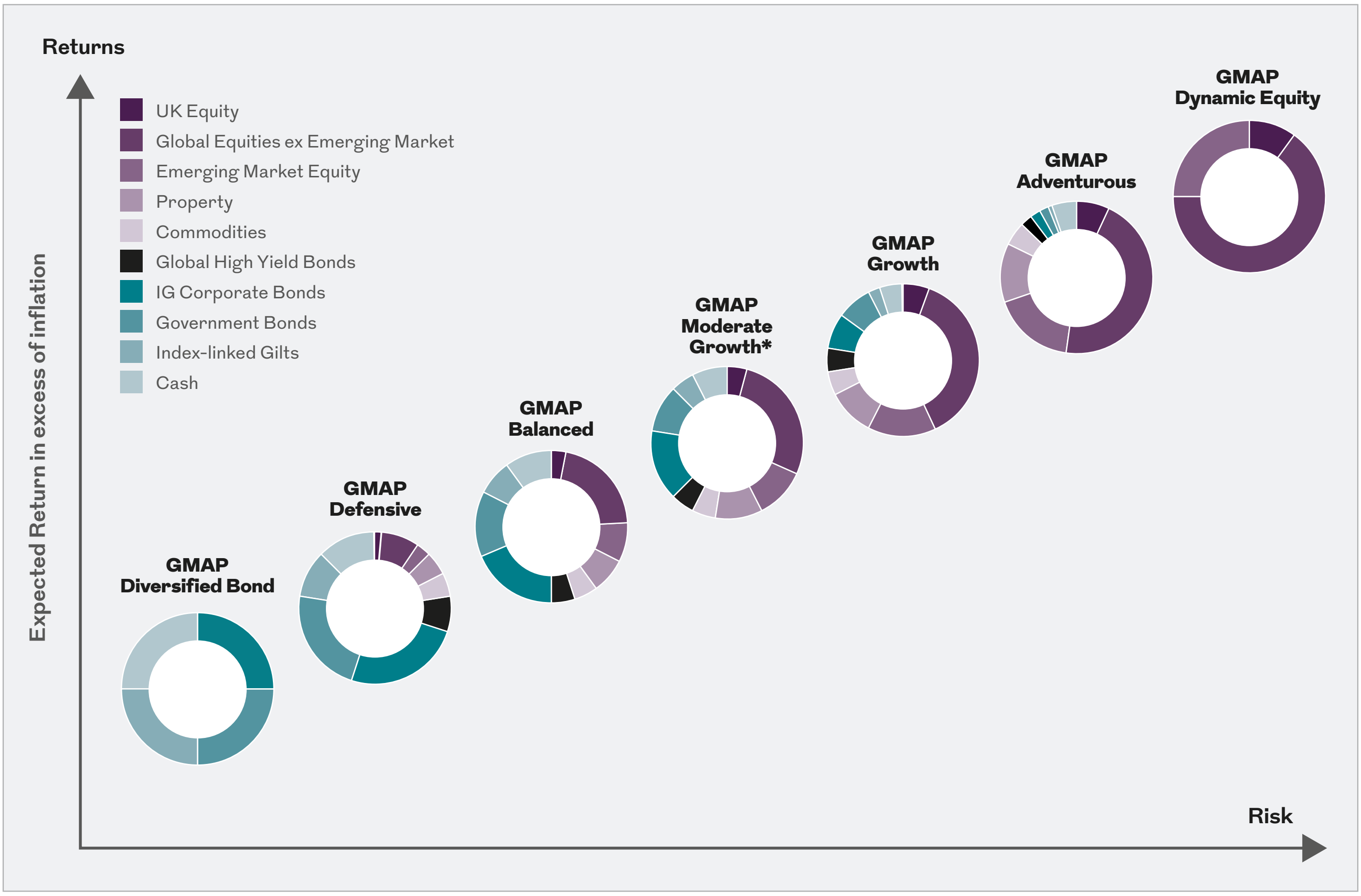
New fund launch: GMAP Moderate Growth

We expanded our multi asset range for sterling-based investors in the third quarter of 2024 with the launch of GMAP Moderate Growth.

Our aim is to help advisors wishing to use the GMAPs as a Centralised Investment Proposition by ensuring we have all of the most popular customer risk buckets covered. The new fund sits at the centre of the range, between GMAP Balanced and GMAP Growth.

Our range: Global Multi Asset Portfolios

We offer seven diversified portfolios with different risk/return profiles to suit different clients' investment objectives.



* Royal London GMAP Moderate Growth Fund launched on 25 July 2024.
Source: Royal London Asset Management, for illustrative purposes only.

Risk 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.

Exchange rate risk: Changes in currency exchange rates may affect the value of your investment.

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.

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.

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.

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.

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.

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 stock market 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.

Contact us

For more information about our range of products and services, please contact us.

Royal London Asset Management
80 Fenchurch Street,
London EC3M 4BY

For advisers and wealth managers
bdsupport@rlam.co.uk
+44 (0)20 3272 5950

For institutional client queries
institutional@rlam.co.uk
+44 (0)20 7506 6500

For further information, please visit **www.rlam.com**
investmentclock.co.uk

We are happy to provide this document in braille, large print and audio.

Important information

For Professional Clients only, not suitable for Retail Clients. This is a financial promotion and is not investment advice. The views expressed are those of Royal London Asset Management at the date of publication as at 31 January 2025 unless otherwise indicated, which are subject to change, and is not investment advice. Telephone calls may be recorded. For further information please see the Privacy policy at **www.rlam.com**.

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**.

Issued in March 2025 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.

Ref: F RLAM PD 1010