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# Royal London Multi Asset Strategies Fund

Quarterly Investment Report

30 September 2024



# Quarterly Report

## The fund as at 30 September 2024

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 September 2024	901.46
Fund launch date	23 November 2018

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.67	2.55	(1.88)
YTD	6.10	5.05	1.06
1 Year	10.25	10.89	(0.65)
3 Years (p.a.)	2.86	0.54	2.32
5 Years (p.a.)	2.18	1.74	0.44
Since inception (p.a.)	2.77	2.71	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 RL Multi Asset Strategies Fund (M Acc). 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 third 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.

The aggregate allocation to equities fluctuated over the quarter. We took profits on our overweight equity position and moved to neutral in July, flagging the softening macro backdrop and seasonally weak period for risk assets. However, extreme pessimism in markets saw us buy the dip in August and move back overweight.

## Multi Asset Core strategies

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

The fund started the quarter with a core equity exposure at 30%. Equity market volatility rose in August to the highest level since the Covid sell-off in 2020, as weaker than expected employment data sparked recession fears in the US. This saw us reduce the core exposure down to 28%, we then moved gradually back to 30% as volatility eased.

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

# Performance and activity

## Top 10 holdings

	Weighting (%)
RL Short Term Fixed Income Fund	12.27
RL Investment Grade Short Dated Credit Fund	9.89
RL UK Government Bond Fund	9.84
RL Short Duration Global High Yield Bond Fund	5.62
RL Emerging Markets ESG Leaders Eq Tracker R Acc	5.10
Royal London Asia Pacific Ex Japan Equity Tilt Fund R Acc GBP	5.02
RL Japan Equity Tilt Fund	4.99
Royal London US Equity Tilt R Acc	4.99
RL Europe Ex UK Equity Tilt Fund	4.94
RL International Government Bond Fund	4.93
<b>Total</b>	<b>67.59</b>

## Fund activity

### Tactical asset allocation strategies

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.

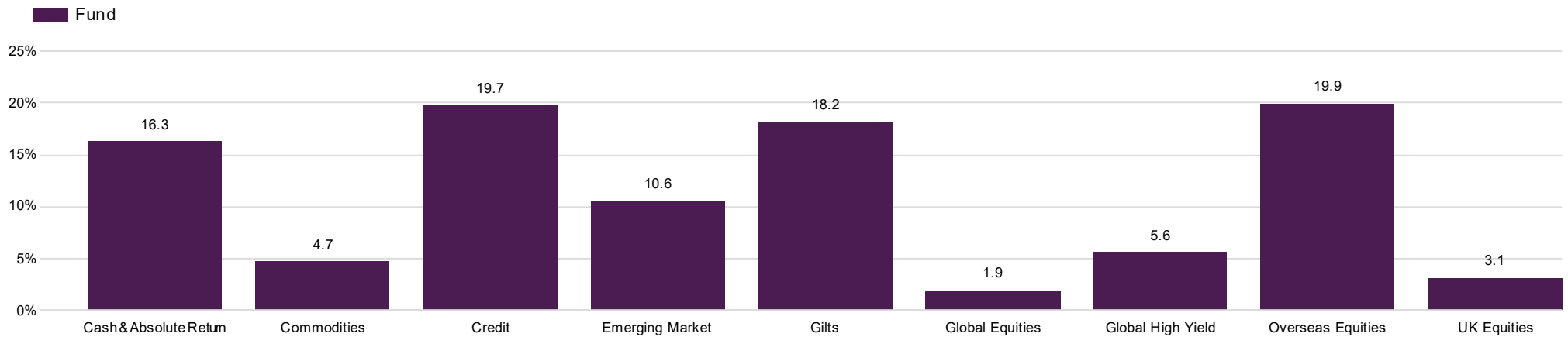
Global stocks continued higher over the quarter, recovering swiftly from the declines made in early August when equity market volatility rose to the highest level since the Covid sell-off in March 2020. Having taken profits into the summer period where volatility tends to be higher and equity market performance relatively soft, we are now turning more positive again. The Investment Clock remains in Reflation for now, but we expect the central bank rate cuts to have a positive impact on economic activity, which could see us move into the equity-friendly Recovery quadrant. Our equity positioning had a neutral impact on performance.

Emerging market shares outperformed, driven by a sharp rally of Chinese equities into month-end. Japan struggled as BoJ hiked interest rates by 0.15% and signalled more to come.

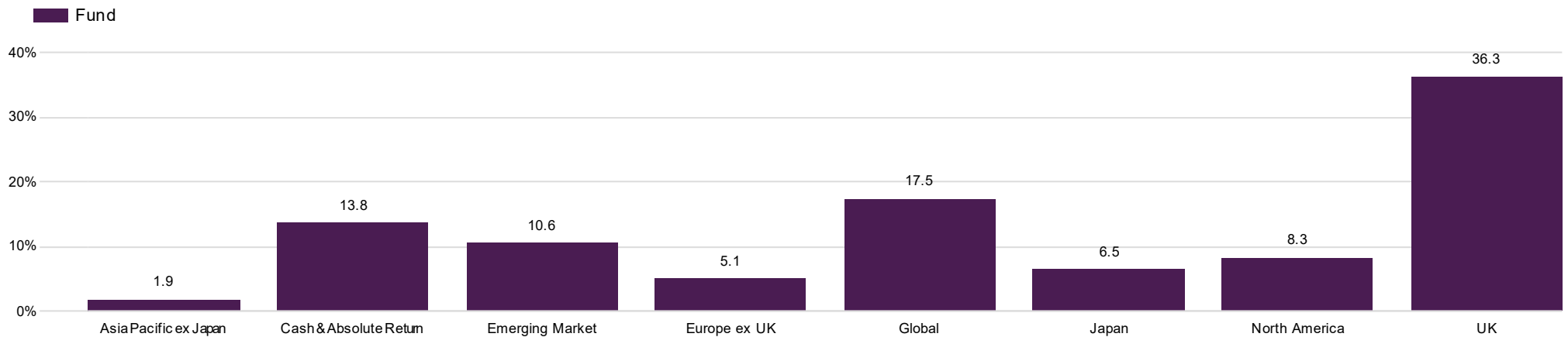
The Information Technology sector underperformed, as the market rally broadened to wider sectors. We benefitted from this through our preference to value cyclical sectors such as materials and industrials. We also gained from an underweight position in the energy sector which in relative terms as oil prices fell to year-to-date lows amid soft physical demand and expectations of large supply increases as we move into 2025.

# Fund breakdown

## Asset split



## Geographical breakdown



# Market commentary

## Market overview

Markets continued to focus on central bank actions during the quarter, as both the Federal Reserve (Fed) and Bank of England (BoE) followed the European Central Bank in making the first rate cuts this cycle. This follows the significant rises through 2022 and 2023 as part of efforts to reduce inflation. Along with a significant stimulus package in China, this policy shift generally helped fixed income markets to perform positively over the quarter as yields fell to reflect lower central bank interest rates. After initial weakness, equity markets started to rise once more, reflecting the hope that the policy easing would result in a soft landing for the economy with the US S&P 500 index hitting an all-time high. Despite guidance from central banks that further cuts will be measured, markets are still pricing in material rate cuts over the next year or so.

After elections in the UK and France grabbed headlines in the second quarter, attention moved firmly to the forthcoming US elections. Markets believe that a Trump presidency would see looser fiscal policy and higher tariffs and protectionism. Sentiment has swung on the fortunes of the early days of the race, first following the Trump assassination attempt and debate against President Biden, which appeared to favour Trump, but then swung back as Kamala Harris emerged as a credible candidate and performed strongly in her debate with the former president. Somewhat remarkably, markets have remained sanguine about rising geopolitical tensions in the Middle East.

Global equities were volatile during the third quarter amid heightened geopolitical tensions in the Middle East and ongoing inflationary pressures on the global economy. However, global equities have still posted gains on a year-to-date basis.

During the third quarter, the MSCI All Country World Index posted gains of 4.89% in local currency terms.

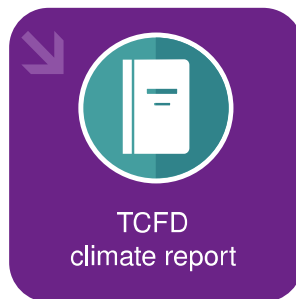
The price of WTI crude oil lost 8.6% over the quarter to \$68.2 a barrel, while copper futures meanwhile gained 3.2% in US dollar terms.

## Outlook

The pandemic ushered in a new era of 'spikeflation' characterised by periodic spikes in inflation and shorter boom-bust cycles. Stronger than expected US growth and trouble in the middle east could challenge the consensus view that inflation will drop quickly to target levels, creating two-way risk for bonds. We've been overweight equities most of the time since 2022. We neutralised ahead of the summer and added back amid recent market volatility with our Investment Clock moving into Reflation and the Fed starting to ease policy. We see a soft landing in the world economy, which should benefit stocks, but geopolitical risk could create volatility along the way, and we've moved commodities back to overweight as a hedge.

## 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

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls may be recorded. For further information please see the Privacy Policy at [www.rlam.com](http://www.rlam.com).

Issued in October 2024 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.

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 September 2024

## Cumulative (%)

## Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	0.67	1.80	10.25	8.84	11.40	2.86	2.18
<b>Fund (net)</b>	0.53	1.52	9.64	7.06	8.39	2.30	1.62

## Year on year performance (%)

	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021	30/09/2019 - 30/09/2020
<b>Fund (gross)</b>	10.25	4.94	(5.93)	10.22	(7.14)
<b>Fund (net)</b>	9.64	4.37	(6.44)	9.62	(7.65)

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 September 2024. All figures are mid-price to mid-price in GBP for the RL Multi Asset Strategies Fund (M Acc).

# 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.