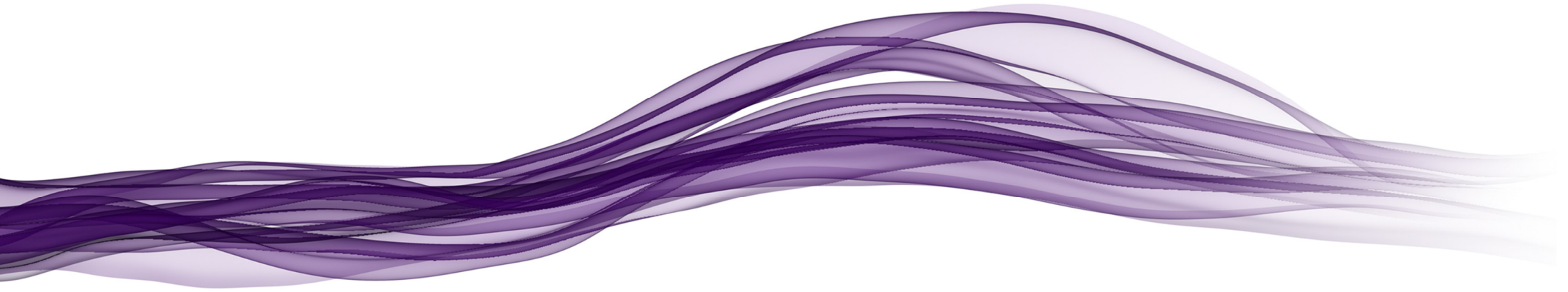


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Royal London Emerging Markets ESG Leaders Equity Tracker

Quarterly Investment Report

31 March 2024



Quarterly Report

The fund as at 31 March 2024

The purpose of this report is to provide an update on the Royal London Emerging Markets ESG Leaders Equity Tracker. 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 deliver over the long term (at least 7 years), the capital growth and income of the MSCI Emerging Markets ESG Leaders Net Return Index (expressed in GBP) (the "Index"). This is carried out principally by matching the performance of the Index, which is made up of companies that have the highest environmental, social and governance (ESG) performance in each sector of the wider MSCI Emerging Markets Net Return Index. In addition to the Index, which the Fund aims largely to replicate, the IA Global Emerging Markets sector is considered an appropriate benchmark for performance comparison.

Fund value

	Total £m
31 March 2024	5,043.41

Fund analytics

	Fund
Fund launch date	12 June 2017
Base currency	GBP
Number of holdings	400

Performance and activity

Performance

	Fund Official 12pm return (%)	Fund End of day return (%)	Benchmark (%)
Quarter	2.85	2.76	3.21
1 Year	0.91	0.78	1.25
3 Years (p.a.)	(5.18)	(5.00)	(4.87)
5 Years (p.a.)	2.43	2.13	2.06
Since inception (p.a.)	1.42	3.04	1.27

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 Emerging Markets ESG Leaders Equity Tracker Fund (Z Acc). Source: Royal London Asset Management; Gross performance; Since inception date of the shareclass is 5 March 2018.

Fund performance has been calculated based on pricing as at 28 March 2024, while the benchmark has been calculated on pricing as at 29 March 2024. This is due a non-dealing day in the UK on 29 March 2024 which may distort comparisons between fund and benchmark returns.

Performance commentary

The Fund aims to track the net total return of MSCI Emerging Markets ESG Leaders GBP Index. The Fund uses an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. It generates efficient rebalancing and cashflow trades and allows flexibility not to trade every index or cashflow event. However, perfect replication can result in unnecessary and costly trading which may outweigh the benefits. In practice, the Fund holds most of its benchmark's names, as well as holding futures and cash.

Performance and activity

Top 10 holdings

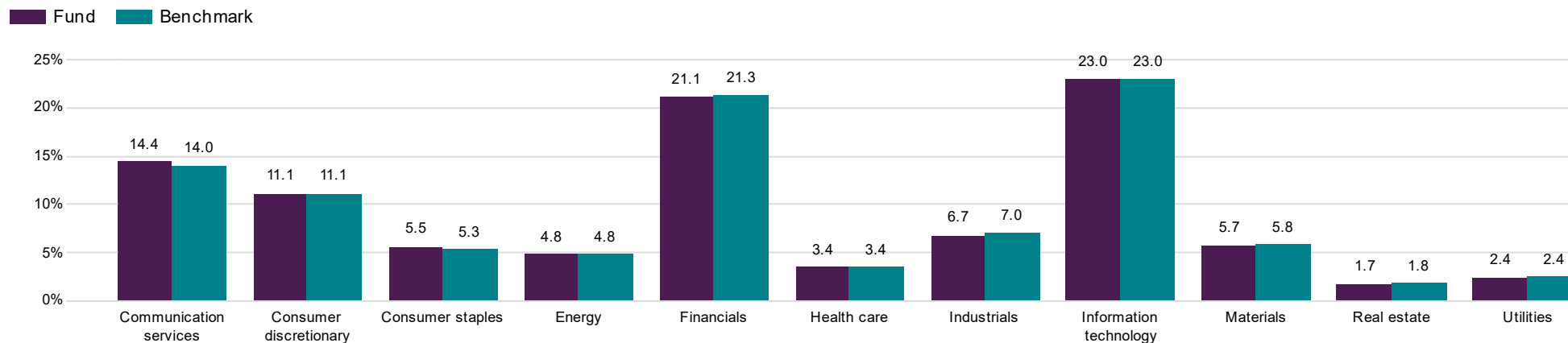
	Weighting (%)
Taiwan Semiconductor Manufacturing Co., Ltd.	15.18
Tencent Holdings Ltd.	6.63
Alibaba Group Holding Limited	3.76
Reliance Industries Limited	2.76
Infosys Limited	1.55
China Construction Bank Corporation Class H	1.50
MediaTek Inc	1.41
Tata Consultancy Services Limited	1.11
Netease Inc	1.04
PT Bank Central Asia Tbk	0.92
Total	35.86

Fund activity

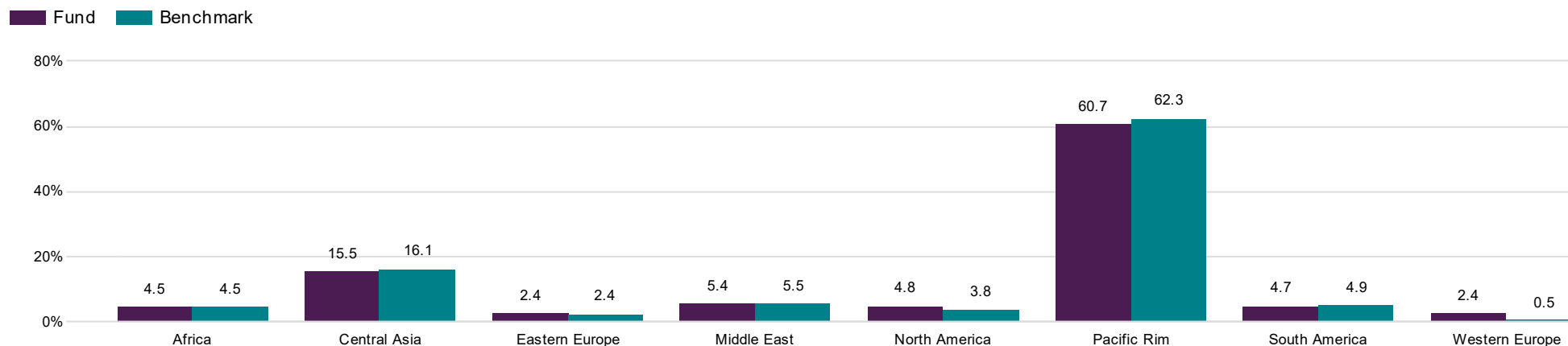
When constructing our portfolio, we manage our exposure relative to the index across a number of dimensions. These include sector, region, country, and size. The fund is constructed with an optimisation algorithm that aims to minimise tracking error to the benchmark and lower transaction costs at the same time.

Fund breakdown

Sector weights



Geographical breakdown



Characteristics and climate

ESG characteristics rationale

The Fund aims largely to replicate the composition of the MSCI Emerging Markets ESG Leaders Net Return Index, which is made up of companies that have the highest environmental, social and governance (ESG) performance in each sector of the wider MSCI Emerging Markets Net Return Index.

ESG characteristics

	Yes	No
ESG integration	✓	
Promotes environmental or social characteristics		✓
Sustainable fund objective		✓
Additional exclusions	✓	

Additional exclusions

Exclusion criteria that make sure a fund does not invest into a specific service or product. Royal London Asset Management has a controversial weapons exclusion across all investments.

Controversial weapons	✓
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Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	607,816	n/a	n/a
Financed emissions coverage	99.80%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	97.61	97.94	(0.33)
Carbon footprint coverage	99.80%	99.78%	0.02
Weighted average carbon intensity (tCO2e/\$M sales)	247.29	244.14	1.29
Weighted average carbon intensity coverage	99.91%	99.90%	0.01

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

Implied temperature rise

	Fund (%)	Benchmark (%)	Difference (%)
Implied temperature rise (ITR) coverage	99.56	99.50	0.06
% of portfolio below 2°C ITR	31.06	31.00	0.19
% of portfolio below 1.5°C ITR	5.70	5.61	1.70

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	23.86	23.61	1.04
SBTi Near-Term committed	10.42	10.52	(0.99)
SBTi Near-Term targets set	20.61	20.26	1.74

Fund Engagement

Engagement definition

Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	1	6
Number of engagements	2	11

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

Total engagements by theme and topic



Governance	3
Corporate Governance	1
Remuneration	1
Strategy	1

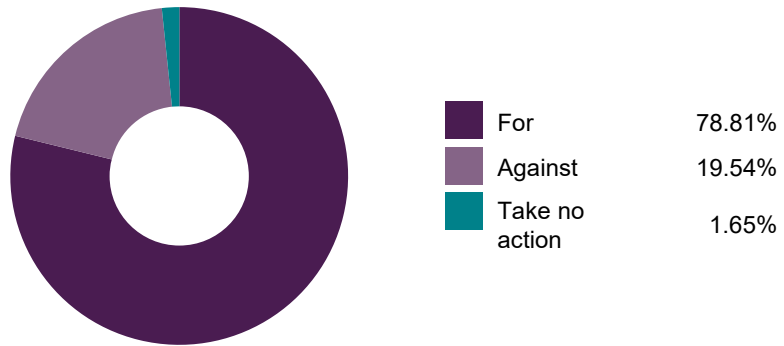
Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

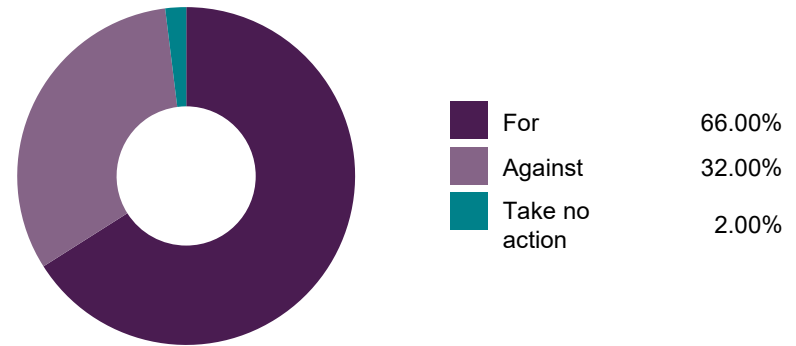
Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

Fund Voting

Total proxy voting activity



Executive remuneration voting activity



Market commentary

A key theme to emerge during the quarter was indication of a more favourable global macro backdrop. Despite some mixed signals, the US economy remains resilient, while Europe and the UK show signs of gradually exiting their recessions. Activity in China also seems to be stabilising. At the same time, core central banks are still confident that the disinflation trend remains intact, despite some recent setbacks in inflation prints. Policymakers have often highlighted that they are in no rush to cut rates – with markets now generally pricing the start of the easing cycles to begin this summer. The Federal Reserve, European Central Bank and Bank of England all left interest rates unchanged over the quarter.

One major development over the quarter is that markets have recalibrated their pricing for expected central bank cuts over this year. At the end of last year, markets were pricing in an aggressive rate cutting cycle, but then swiftly move to temper those forecasts. This re-pricing contributed to negative returns for global government bond markets over the quarter. Despite the belief of many that it was the anticipation of a 'Fed-pivot' that contributed to the rally in equity markets in late 2023, equity markets proved to be immune to this bond market sell-off as global growth and business confidence showed signs of resilience and investors focused on the potential offered by AI.

Some of the same trends that were driving markets during the fourth quarter continued into the first quarter of 2024. The tech sector continues to benefit from the excitement around AI and industrials continued to experience a tailwind from a resilient macro backdrop combined with government stimulus towards infrastructure spending. The energy sector benefitted from higher oil prices though the quarter.

For the first quarter, the MSCI World and MSCI All Countries World Index (ACWI – which also includes 26 emerging markets) produced positive returns for the quarter. Looking at national MSCI indices, the strongest market was Ireland, while the weakest was Portugal. In terms of larger markets, Japan and the US were the best performing, followed by Europe and the UK. Emerging markets and Asia ex Japan were the worst performing.

The price of WTI crude oil gained 17.5% over the quarter to \$83.71 a barrel, reversing the losses of the prior quarter amid attacks on Russian refineries and OPEC signalling production cuts. The US dollar appreciated by 6.85% against the yen, by 2.23% against the euro, and by almost 1% against sterling.

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, 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.

Issued in May 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 Equity Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000807.

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 Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

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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.

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.

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.

Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

Performance to 31 March 2024

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	2.85	5.76	0.91	(14.77)	12.79	(5.18)	2.43
Fund (net)	2.79	5.63	0.66	(15.48)	11.09	(5.45)	2.12

Year on year performance (%)

	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022	31/03/2020 - 31/03/2021	31/03/2019 - 31/03/2020
Fund (gross)	0.91	(7.49)	(8.70)	47.47	(10.26)
Fund (net)	0.66	(7.73)	(9.00)	46.95	(10.56)

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 2024. All figures are mid-price to mid-price in GBP for the RL Emerging Markets ESG Leaders Equity Tracker Fund (Z Acc).

Glossary

Carbon footprint

Exposure to high emitters in the portfolio, expressed in tCO₂e/\$M invested. Financed emissions are divided by the portfolio value, the same approach for listed companies and private issuers is applied in this metric.

ESG Integration

The systematic and explicit inclusion of environmental, social and governance (ESG) factors into investment analysis and investment decisions.

Exclusions

Explicitly prohibits investing in a particular company, sector, business activity, country or region.

Financed emissions

The emissions from activities in the real economy that are financed through lending and investment portfolios, expressed in tCO₂e. Emissions are attributed to a portfolio based on the portion of the company's value the portfolio holds, and using different accounting values for public and private corporates. We provide financed emissions for scope 1 and 2 emissions.

Fund restrictions definitions

Adult Entertainment: Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

Alcohol: Companies which have involvement in brewing, distillation or sale of alcoholic drinks.

Animal Welfare: Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation).

Armaments: Companies who manufacture armaments or nuclear weapons or associated products.

Controversial Weapons: Weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties.

Fossil Fuels: Companies involved in the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

Gambling: Companies who promote irresponsible gambling which includes betting shops, casinos or amusement arcades.

High Environmental Impact: Companies which have a high environmental impact, and which have 'no evidence' of appropriate environmental management systems.

Human Rights Risks: Companies with a strategic presence operating in countries of concern and which have 'no evidence' of policies or systems to manage human rights risks.

Nuclear Power: Companies who generate energy from Nuclear Power.

Nuclear Weapons: Companies that manufacture, nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

Tobacco: Companies which are growing, processing or selling tobacco products.

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.

Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Performance

Official Fund performance is shown on a mid-to-mid price basis, gross of fees and taxes, with gross income reinvested unless otherwise stated. Supplementary end of day performance has also been provided at fund level in order to show a comparison vs the benchmark which is also priced at end of day.

Promotes environmental or social factors

An ESG Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

SBTi

The Science-Based Targets initiative is a consortium of organisations that set up the definition and promotion of science-based target setting.

Glossary

Sector weights

Breakdown of holdings by GICS (Global Industry Classification Standard) sector relative to the benchmark index.

Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

Top 10 holdings

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

Weighted Average Carbon Intensity (WACI)

Portfolio's exposure to carbon-intensive companies, expressed in tCO₂e / \$M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.