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Royal London European Sustainable Credit 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 European Sustainable Credit 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 outperform the ICE BofAML Euro Corporate & Pfandbrief Total Return EUR Index (the "Benchmark") by 0.50% per annum over rolling three year periods (gross of fees) by investing in bonds that are deemed to make a positive contribution to society. Investments in the Fund will adhere to the Investment Manager's Ethical and Sustainable Investment Policy, as detailed in the "responsible investment" section of the Prospectus. Investors should note that the Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark. For further information on the Fund's index, please refer to the Prospectus.

Fund value

	Total €m
30 June 2025	151.55

Fund analytics

	Fund	Benchmark
Fund launch date	29 July 2021	
Fund base currency	EUR	
Benchmark	ICE BofAML Euro Corporate & Pfandbrief Total Return EUR Index	
Duration (years)	4.70	4.55
Gross redemption yield (%)	3.36	3.13
Number of holdings	233	4,808
Number of issuers	142	1,016

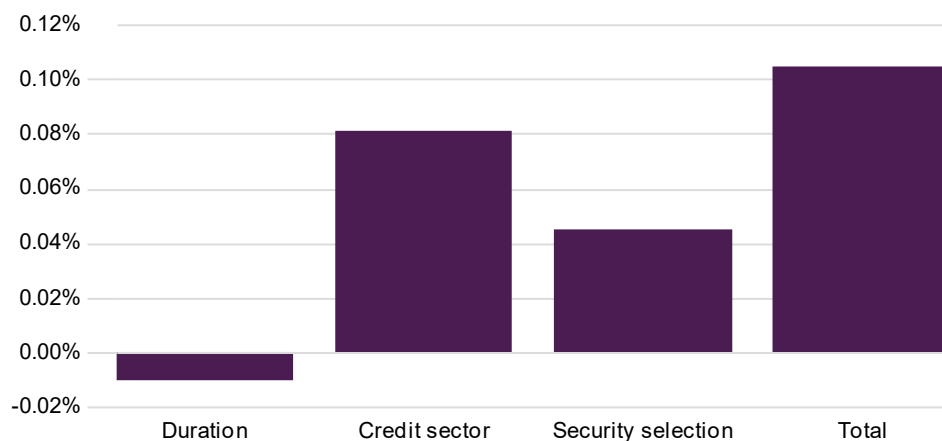
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.76	1.66	0.10
YTD	1.76	1.83	(0.06)
1 Year	6.92	5.95	0.98
3 Years (p.a.)	4.58	3.95	0.63
Since inception (p.a.)	(0.25)	(0.72)	0.48

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 Z Acc EUR. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 29 July 2021.

Attribution over the quarter



Performance commentary

The fund performed broadly in line with the index over the quarter (Z Acc EUR), producing a positive return. As in the first quarter, returns were driven more by the carry in this asset class and the falling government bond yields, with spreads marginally tighter over the period.

Stock selection effects were the main drivers of returns over the quarter. We saw positive effects from holdings in the insurance sector, with exposure to subordinated bonds from Hannover Ruck, Allianz and Munich Re all supportive, while exposure to bank bonds from Caixabank and Nationwide also helped. These effects were partially offset by negative impact from Thames Water, which saw bond prices weaken after US private equity firm KKR pulled out of a potential acquisition of the utility on 3 June.

All issuers within our sustainable holdings offer a net benefit to society through either their products/services or their operations. As well as reducing risk, we seek out opportunities that are under-researched e.g., bonds that do not fall into mainstream indices or benchmarks and/or are unrated by ratings agencies. Importantly, the sustainable credit proposition provides access to critical sectors that most investors can't access via equity markets. Key themes in the funds include social housing, social & environmental infrastructure, community funding (regulated banks and building societies focused on SME and retail lending), financial inclusion & resilience (such as insurers offering products which protect individuals and businesses from unexpected events) and the energy transition. On sustainability grounds, we have no exposure to bonds of oil & gas companies or extractive industries. We are also underweight in the general industrial and consumer goods sectors, and to a lesser extent in consumer services.

Performance and activity

Top 10 holdings

	Weighting (%)
HANNOVER RUECK SE 1.375 30 Jun 2042	1.70
HSBC HOLDINGS PLC 6.364 16 Nov 2032	1.64
ALLIANZ SE 2.121 08 Jul 2050	1.28
GEWOBA WOHNUNGSBAU AG BERLIN 0.125 24 Jun 2027	1.26
NATWEST GROUP PLC 5.763 28 Feb 2034	1.17
EAST JAPAN RAILWAY COMPANY 4.389 05 Sep 2043	1.09
ABN AMRO BANK NV 5.5 21 Sep 2033	1.08
AXA SA 5.5 11 Jul 2043	1.07
AKELIUS RESIDENTIAL PROPERTY FINAN 1 17 Jan 2028	1.06
BUNZL FINANCE PLC 3.375 09 Apr 2032	1.04
Total	12.40

Fund activity

We continued to invest in bonds that meet both our demanding financial and sustainable criteria, and which fit into the sustainable themes that we think will endure and offer long-term solutions to the challenges that the world faces. We also aim to construct the fund to ensure that it yields more than the benchmark index. We believe that this positioning will be beneficial in the medium term, given the current valuation of credit markets and attractive opportunities we see.

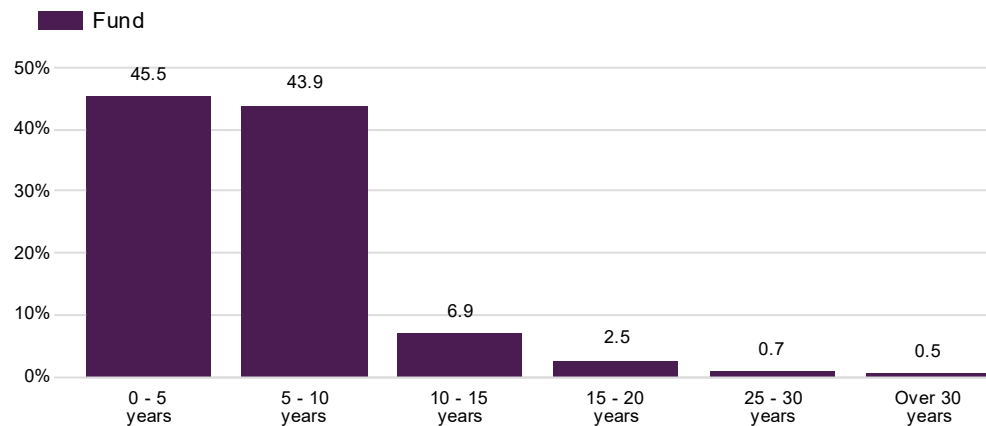
New issue activity was lower than usual during the quarter. This was primarily due to companies being reluctant to come to market during a period of higher volatility. This reluctance was exacerbated by overall yields that are higher than they were a year or so ago, and the expectation that rates are coming down further over the remainder of this year. In addition, many companies were active in locking in funding when rates were more favourable. As a result, this gives them more flexibility as to when they come to market. However, secondary market liquidity was plentiful, and volatility meant that we could find attractive opportunities to add to portfolios.

Financials are a major part of credit indices. We added euro-denominated senior bond new issues from both HSBC and NatWest, both at material yield premium to the market. We had added to subordinated exposure in recent quarters and with this part of the market having performed well, we were happy to take profits in names such as ABN Amro, Credit Agricole and Rabobank.

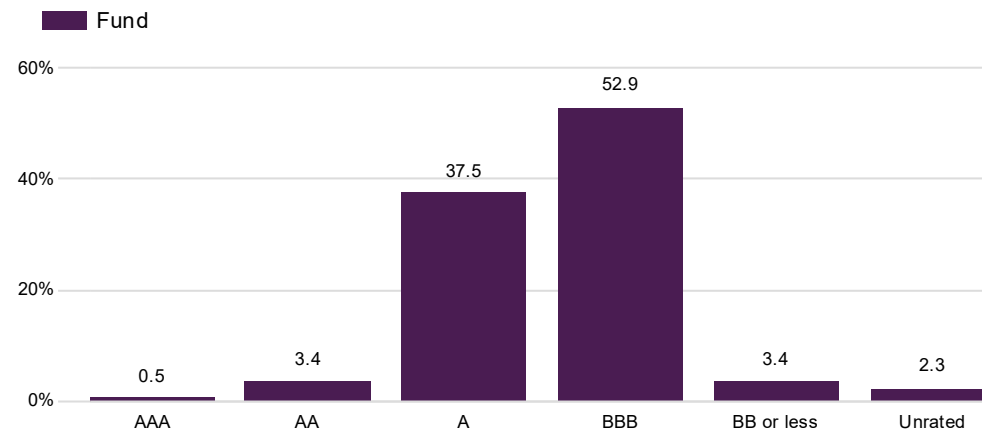
Other activity was across diversified sectors, including participating adding a euro new issue from Google parent company Alphabet, a euro new issue from Tesco and adding German electronics company Siemens in the secondary market.

Fund breakdown

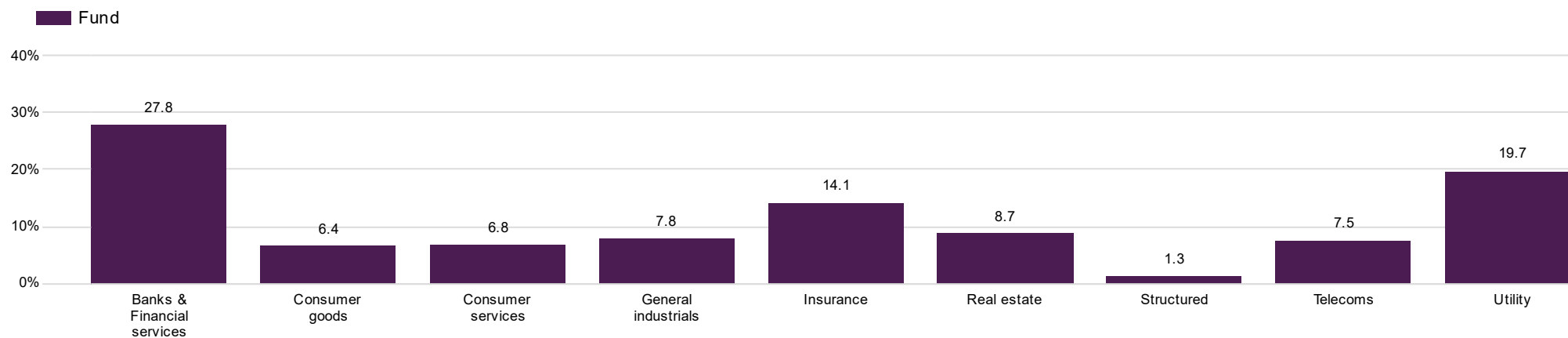
Maturity profile



Credit ratings



Sector breakdown



Characteristics and climate













Sustainable investment rationale

The Fund focuses on the sustainability of the products and services of the companies it invests in, as well as their standards of environmental, social, governance ("ESG") management, alongside financial analysis. The investment approach is fundamentally based on positive screening; identifying companies that are making a positive contribution towards a cleaner, healthier, safer and more inclusive society, through assessing both what a company does and how it does it, and through active engagement to encourage continual improvement. The fund will not invest in companies that undertake business activities deemed to be detrimental to society and that breach our Do No Significant Harm principle. Further details of the Funds Sustainable Investment process can be found in the ethical and sustainable investment policy at

www.rlam.com/uk/individual-investors/policies-and-regulatory/

Fund 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.

 Adult entertainment	✓	 High environmental impact	✓
 Alcohol	✓	 Human rights issues	✓
 Animal welfare	✓	 Nuclear power	✓
 Armaments	✓	 Nuclear weapons	✓
 Fossil fuels	✓	 Tobacco	✓
 Gambling	✓	 UNGC / OECD violators	✓

Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	4,585	n/a	n/a
Financed emissions coverage	94.88%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	26.11	53.05	(50.78)
Carbon footprint coverage	94.88%	95.00%	(0.13)
Weighted average carbon intensity (tCO2e/\$M sales)	77.61	90.51	(14.25)
Weighted average carbon intensity coverage	95.79%	95.23%	0.59

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	84.79	92.05	(7.89)
% of portfolio below 2°C ITR	57.23	48.44	18.13
% of portfolio below 1.5°C ITR	36.27	19.78	83.38

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	16.10	16.39	(1.80)
SBTi Near-Term committed	8.65	4.89	76.94
SBTi Near-Term targets set	25.36	30.63	(17.20)

Fund Engagement

Engagement definition

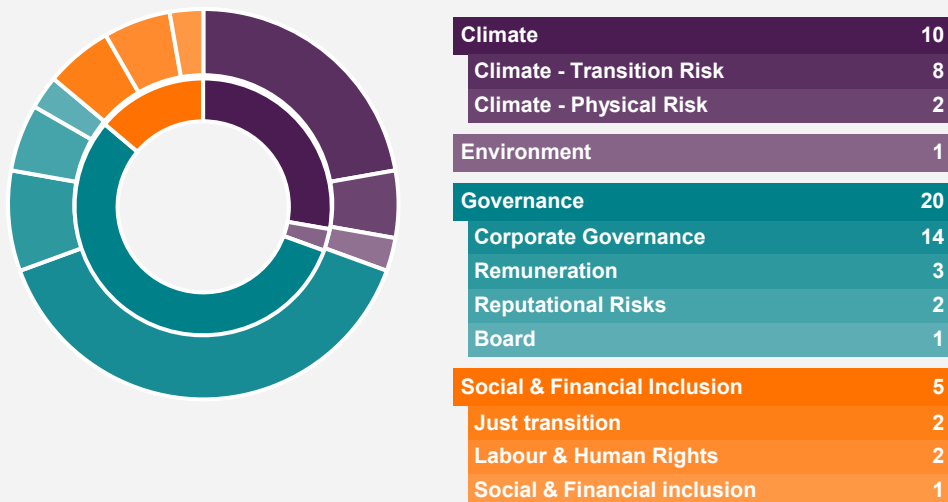
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	21	43
Number of engagements	27	110

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



The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and 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 Engagement

Engagement outcomes

E.ON SE - Net zero

Purpose:

As co-lead of the Climate Action 100+ investor group, the engagement focused on reviewing recent developments in the sustainability strategy of E.ON, a leading European utility company. The discussion focused on climate transition planning, emissions targets, and regulatory challenges.

Outcome:

E.ON is making steady progress on its climate transition, with a product mix that supports decarbonisation and a sharpened 2030 Scope 1 & 2 emissions target of 50% reduction. Scope 3 emissions fell 8% year-on-year, aided by a warmer winter and customer shifts to heat pumps. However, emissions rose in Scope 1 & 2 due to regulatory-mandated replacement of grid losses with grey electricity in Germany. The company is not expanding gas infrastructure and considers emissions in merger and acquisition decisions, though its approach lacks the clarity and ambition of leading peers. Hydrogen trials remain small-scale, with the company sharing that large-scale residential uptake is less likely than previously thought of. E.ON will provide further responses in a follow-up meeting or in writing. We will continue to monitor the company's progress against the CA100+ benchmark and support improvements where possible.

Natwest Group Plc - Net zero

Purpose:

We met with NatWest's Climate team and Investor Relations to discuss the bank's latest climate-related disclosures and transition strategy. The engagement aimed to understand how NatWest, a UK based banking group, is implementing its sustainability ambitions and responding to external policy and sector-specific challenges.

Outcome:

The meeting clarified NatWest's current climate strategy and highlighted areas of progress and ongoing challenge. The bank reaffirmed its commitment to aligning sustainability with customer needs and embedding it into day-to-day decision-making. It plans to review its climate ambition and sectoral financed emissions targets in 2025, using the UK's 7th Carbon Budget as a reference point. While NatWest has taken steps to support residential decarbonisation-such as green mortgages, EPC targets, and its Home Energy Hub-it acknowledged barriers like skills shortages and low retrofit uptake. The bank is also reviewing its oil and gas risk acceptance criteria and welcomed feedback on the sector. We will continue to monitor NatWest's disclosures and progress.

Fund Engagement

Engagement outcomes

Siemens AG - Workplace culture

Purpose:

We issued an engagement letter to Siemens AG, a global technology company, to promote stronger workforce engagement and improvements in corporate culture. Building on previous years' dialogue, this engagement focused on enhancing transparency and disclosure around workplace harassment and discrimination, encouraging Siemens to adopt best practices.

Outcome:

Siemens provided a detailed update on its evolving sustainability framework, highlighting a shift toward people-centric metrics. The company shared that 90% of its business aims to deliver positive sustainable outcomes and is now tracking key performance indicators (KPIs) such as Inclusion Level and Work Well-being Score-both currently above 80%. These metrics, grounded in academic research and benchmarked with data from the University of Oxford, reflect employee feedback on purpose, satisfaction, stress, and belonging. Siemens aggregates this data at the team level to identify trends and drive cultural improvements. While whistleblowing data is not publicly disaggregated by gender or outcome, Siemens confirmed that more detailed internal data is used to inform leadership and HR practices. Most reported cases relate to leadership and HR issues, and the company maintains structured internal processes for analysis and escalation. We will continue to monitor Siemens' progress against its stated KPIs and assess future disclosures for alignment with investor expectations-particularly around whistleblowing and grievance data.

Market commentary

Market overview

The second quarter of 2025 continued the extraordinary series of events that impacted the first quarter. The quarter began with geopolitical news and US policy contributing to a huge spike in volatility across many markets. Somewhat surprisingly, over the quarter the major equity and credit markets shook off this weak start to grind into positive territory for the period as a whole.

The quarter started with 'Liberation day', when 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 global reaction to the announcement. The rest of the period saw further updates on tariffs, including the emergence of new bilateral trade agreements with the US, but the confirmation of a new regime of US trade tariffs generally had a more muted impact than the initial shock. Geopolitical factors also added to uncertainty, as Israel and the US launched air strikes on Iran leading to concerns of renewed regional warfare in the Middle East and entry of the US into another 'forever war'.

Macro uncertainty about tariffs and the progress of President Trump's 'Big beautiful bill', 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. Faced with the large number of policy unknowns the Federal Reserve therefore left its main policy rate 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.

Government bond markets were not immune to the heightened volatility. A sign of the extraordinary nature of events was the rise in US treasury yields, and the value of the US dollar falling as uncertainty mounted. For many, this combination of rising yields and falling currency is normally reserved for emerging markets, not for the world's largest economy. As the US President stepped back from some of the more extreme policies and tariffs, government bond yields edged lower. In a quarter of remarkable turmoil, the US, 10-year treasury yields ended almost unchanged, rising just 1bp from 4.21% and ending at 4.22%. Having jumped in the first quarter on the back of the extraordinary easing in German fiscal policy, 10-year bunds yields fell over the period from 2.70% to 2.60%. Benchmark 10-year gilt yields fell from 4.68% to 4.48%, having bounced within the year-to-date range of c4.5-4.8%.

Contrary to the expectations of many when set against the events of the quarter, global investment grade credit markets saw positive returns. Tighter credit spreads and attractive yields supported returns, as did falling government bond yields in euro and sterling markets.

Outlook

It is notable that after three months that created a lot of news headlines and uncertainty, markets largely appeared to shrug off 'noise'. Despite considerable uncertainty in the outlook, markets have returned to become driven more by current fundamentals. On an underlying basis, our credit analysis and company meetings have generally remained cautiously positive: companies are not experiencing the same volatility in their earnings that market moves would imply, and as yet, few are guiding to a major impact from tariffs. In the short term, further announcements on tariffs and US fiscal policy will undoubtedly have an impact on markets, but we believe that markets are becoming less easily spooked after a roller coaster first few months of the new administration.

In recent quarters we have reminded investors in our credit strategies of the attractive all-in yields available in the asset class. We believe that will remain the case. While short-dated yields could easily fall due to lower interest rates and speculation about whether President Trump will announce a 'White House friendly' chair of the Federal Reserve, factors such as the 'Big Beautiful Bill' and increased EU defence spending will weigh on US and EU government bonds medium and longer-dated yields. In the UK, ongoing concerns over the fiscal position and the government's inability to rein in spending, as well as a potential slowing in quantitative tightening could impact gilts.

Near-term absolute performance is likely to be largely influenced by movements in the yields of underlying government bond markets, and news flow will continue to impact on all credit sectors but potentially ore on those such as economically sensitive or cyclical industrial and consumer sectors. However, we believe that continued emphasis on diversification and targeted exposure towards secured and collateralised debt to help mitigate default risk, as well as our focus on income, will continue to support returns as has been the case through the present environment of volatile yields.

For a wider view on prospects for the rest of 2025, and how Royal London Asset Management approaches volatile markets, read the thoughts of Piers Hillier, Chief Investment Officer, Mike Fox, Head of Equities, Trevor Greetham, Head of Multi Asset, and Will Nicoll, Head of Fixed Income in our mid-year outlook at www.rlam.com.

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

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Notice for UK Investors

The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

The Fund is a sub-fund of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds.

Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme under the Financial Services and Markets Act 2000.

The Management Company is FundRock Management Company SA, Registered office: Airport Center Building, 5 Heienhaff, L-1736 Senningerberg, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

The Investment Manager is Royal London Asset Management Limited.

The Prospectus and Key Investor Information Document (KIID) are available in English via the relevant Fund Information page on www.rlam.com. A summary of investor rights is also available in English, and can be accessed at www.rlam.com/uk/policies-and-regulatory

RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

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.

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.

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.

Responsible investment style risk

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

Performance to 30 June 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
Fund (gross)	1.76	1.76	6.92	14.41	(0.98)	4.58	(0.25)
Fund (net)	1.67	1.60	6.58	13.31	(2.21)	4.25	(0.57)

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
Fund (gross)	6.92	7.32	(0.30)	-	-
Fund (net)	6.58	6.97	(0.61)	-	-

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 European Sustainable Credit Fund Z Acc EUR share class. Since inception date 29 July 2021.

Glossary

Asset allocation

Breakdown of the assets by asset classes. Based on RLAM asset classification scheme.

Attribution

Attribution is shown for the most recent quarter. Attribution figures are based on end of business returns for both the fund and the index whereas performance figures are based on midday returns for the fund and end of business for the index. Therefore the performance will not include market moves between midday when the fund is priced, and end of business when the index is calculated. This may result in a different figure being shown for the quarterly performance vs attribution data.

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.

Credit ratings

Credit ratings are based on RLAM composite ratings which uses a hierarchy of S&P, Moody's and then the Fitch rating.

Duration

Measure of sensitivity of a Fixed Income instrument to changes in interest rates, indicating the potential impact of interest rate fluctuations on the value of the investment.

ESG Integration

The consideration of environmental, social and governance (ESG) risk as part of the investment process. ESG integration does not mean the fund is trying to achieve a particular positive ESG outcome. Please check prospectus documentation for details on specific fund-level objectives.

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 analytics

All figures exclude cash. Credit bonds include non-sterling bonds and CDs where held within the fund or benchmark. This is applicable to the following sections: fund Asset Allocation, Duration, Yield curve, Sector breakdown, Financial holdings, Credit ratings.

Fund restrictions definitions

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

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

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.

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).

Glossary

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.

Gross redemption yield

Gross redemption yield is the rate of discount at which a bond's future obligations of interest and capital payments equates to its current price. The gross redemption yield shown for the fund is the average for its individual holdings, weighted by their current value, gross of relevant fund management costs and gross of tax.

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.

Number of issuers

Number of unique issuers of all assets held by the Fund, excluding cash, currency and derivatives.

Performance

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

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.

Sector breakdown

Breakdown of the fixed income assets, excluding derivatives and cash by RLAM's internal industry sector classification scheme. Figures are subject to rounding.

Sustainable fund objective

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

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.

In line with our bespoke and targeted approach to credit analysis, we have developed an in-house carbon data tool that addresses coverage and mapping issues with third party systems. The development of this tool has been a critical element of RLAM's ESG integration into our credit process, addressing coverage and mapping issues with third party systems. This enhanced coverage is reflected in the WACI figures provided in this report, with all other metrics instead being based on data from MSCI.