For professional clients only, not suitable for retail clients.

Royal London Global Equity Transitions 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 Global Equity Transitions 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

ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund's investment objective is to outperform the MSCI All Countries World Net Total Return Index USD (the "Benchmark") before fees per annum over rolling three year periods. This is considered an appropriate benchmark for the Fund's performance. In addition to the benchmark for the Fund's performance as noted above, The Equity - International sector is considered an appropriate benchmark for performance comparison.

Fund value

	Total $m
31 March 2025	149.48

Fund analytics

	Fund
Fund launch date	25 October 2022
Fund base currency	USD
Benchmark	MSCI All Countries World Net Total Return Index USD
Number of holdings	40

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(1.17)	(1.32)	0.16
1 Year	2.35	7.15	(4.80)
Since inception (p.a.)	18.90	17.25	1.65

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 USD. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 October 2022.

Performance commentary

The fund outperformed its benchmark index during the first quarter of the year, but it was not immune to the volatility affecting global markets and fell slightly in value. The outperformance was mainly the result of positioning. In particular, the relatively large weighting in healthcare stocks proved beneficial. The healthcare sector rebounded from previous weakness at the tail end of last year and as investors came to appreciate the relatively stable revenues of many companies in the sector. The underweight position in information technology stocks also helped. AI-related growth names suffered particularly heavy losses, as the DeepSeek news has made the market more sceptical about these companies' ability to win in the AI era.

Two of the fund's biggest contributors over the period came from the healthcare sector. First, HCA Healthcare produced strong returns, rebounding from weakness the previous quarter. The company operates US hospitals and clinics and is in the Compounding phase of the corporate Life Cycle. During the quarter, HCA guided volume growth above its previous long-term guidance, based on the strength of markets and the execution of its strategic plan. It also authorised another generous ($10bn) share buyback.

Meanwhile, Roche, which is a leading Swiss multinational pharmaceutical and diagnostics company in the Slowing & Maturing phase of the corporate Life Cycle, performed well. The shares reacted to investors' concerns about the expiration of its drugs patents. However, we believe that its broad R&D pipeline and long-term capital allocation mindset will enable the company to replace and replenish revenue and hence beat the fade. The stock was unloved during 2024, but better operating results and potential positive pipeline in its obesity venture have led to positive share performance in the first quarter.

Safran was another significant contributor. The company is an industry-leading aerospace business currently residing in the Accelerating segment of the corporate Life Cycle. The company has a dominant market position in narrow-body engines against its struggling and smaller peers. Safran has been in a sweet spot of operation. The air travel has picked up strongly after covid which fuelled a strong recovery to Safran's revenue and profit growth. Safran is also entering into a nice harvesting period of profitable cash flow growth from its CF56 engine for next two years. Safran owns a defence business which market clearly got excited about the rise of defence spending among European governments.

On the downside, the holding in Taiwan Semiconductor Manufacturing Co (TSMC) was the biggest negative performer for the fund. The company, which is in the Accelerating phase of the Life Cycle, suffered as investors became more pessimistic about the company's future due to concerns about capital expenditure on AI development. However, the fundamentals of the

Performance and activity

Performance commentary (continued)

business remain very strong, and TSMC is progressing well against our milestones as the leader in chip production necessary for future AI applications.

The holdings in Microsoft and Amazon detracted from returns, as they were caught up in the technology mega-cap sell off following the emergence of China's DeepSeek. Looking at Microsoft, it is currently in the Accelerating phase of the corporate Life Cycle and reported its results at the end of January, which elicited a slight negative reaction from investors due to weaker-than-expected growth from Azure (the cloud division) and lower earnings guidance. Microsoft, however, continues to perform well against our milestones and investment thesis. Meanwhile, Amazon, which is in the Compounding phase of the Life Cycle, was also a victim of the downturn in sentiment towards technology stocks, but also continues to make good progress towards our investment thesis and we retain our position.

Performance and activity

Top 10 holdings

	Weighting (%)
MICROSOFT CORP	7.34
AMAZON COM INC	5.91
UNITEDHEALTH GROUP INC	4.09
SAFRAN SA	3.95
VISA INC CLASS A	3.92
STEEL DYNAMICS INC	3.67
ALPHABET INC CLASS A	3.26
TAIWAN SEMICONDUCTOR MANUFACTURING	3.20
COPART INC	3.16
SHELL PLC	3.07
Total	**41.57**

Fund activity

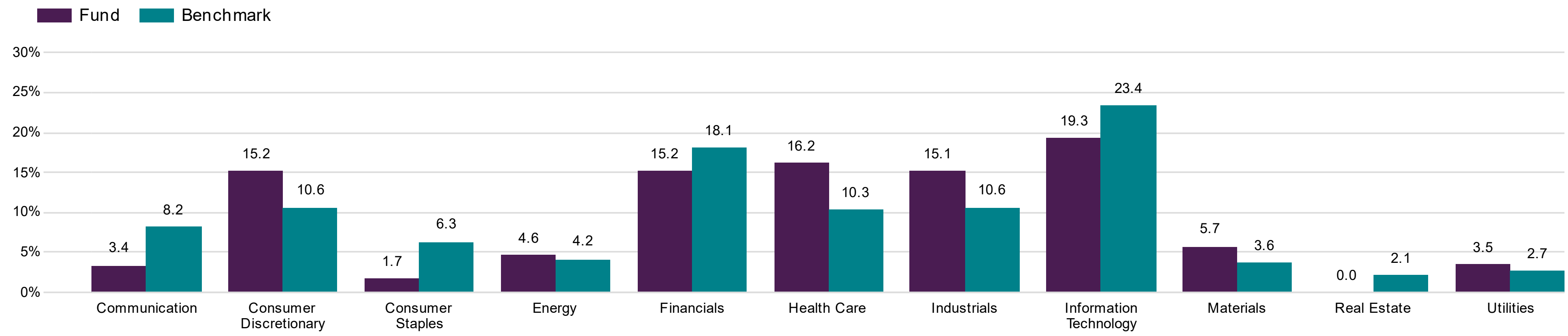
Transactions included the purchase of a new position in the Chinese internet company Alibaba. If the company is successful in enabling smaller businesses to embrace the AI application, it has the potential to become an Accelerator through its cloud business. The valuation payoff remains positively skewed.

We also initiated a new position in Halozyme, a Slowing & Maturing health and wellbeing business. With its unique drug delivery platform Halozyme provides an economic solution to deliver drugs much faster with lower side effect to different therapies. The company also has the potential to reinvest its growing cash pile into some meaningful assets or return to shareholders.

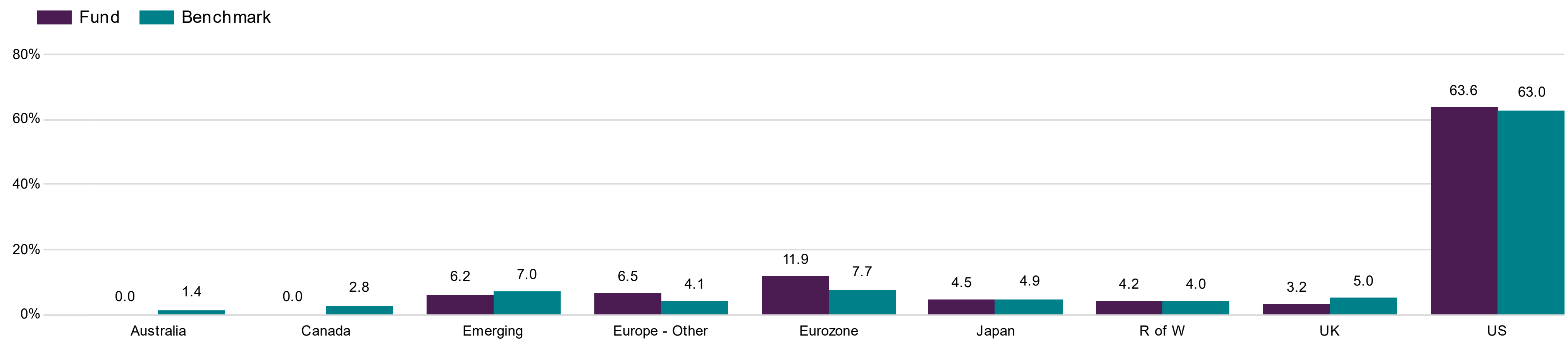
Overall, we continue to focus on allocating capital to companies that are doing well by doing good. These ‘improvers’ and ‘enablers’ are wealth creators with attractive valuations. We also remain focused on creating a portfolio that is balanced across the Life Cycle and has high idiosyncratic risk.

Fund breakdown

Sector weights



Regional weights



Characteristics and climate

ESG characteristics rationale

The Fund seeks to promote environmental and social characteristics by investing in companies that are either transitioning their business to a sustainable path, enabling the transition of others, or both. For each portfolio holding a principles-based approach is taken to evaluate a company's willingness and ability, emphasising qualitative forward-looking analysis supported by rigorous quantitative datasets. The Fund will include environmentally sustainable investments as defined in the EU Taxonomy Regulation. The Fund also promotes good governance using a principles based approach.

ESG characteristics

Royal London Asset Management has a controversial weapons exclusion across all investments. Our full policy can be found on our website:

www.rlam.com/globalassets/media/literature/policies/controversial-weapons-policy.pdf

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

Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	7,548	n/a	n/a
Financed emissions coverage	100.00%	n/a	n/a
Carbon footprint (tCO2e/$M invested)	51.36	42.39	21.18
Carbon footprint coverage	100.00%	98.34%	1.69
Weighted average carbon intensity (tCO2e/$M sales)	107.19	121.85	(12.03)
Weighted average carbon intensity coverage	96.76%	98.22%	(1.49)

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	100.00	98.16	1.87
% of portfolio below 2°C ITR	50.19	52.10	(3.67)
% of portfolio below 1.5°C ITR	23.06	22.45	2.73

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	19.09	18.54	2.97
SBTi Near-Term committed	7.56	7.64	(1.10)

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	13	26
Number of engagements	16	74

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

Climate	3
Climate - Transition Risk	3
Environment	1
Governance	9
Corporate Governance	4
Remuneration	3
Strategy	2
Social & Financial Inclusion	1
Social & Financial inclusion	1
Technology, Innovation & Society	2
Technology & Society	2
Other	1

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

Nvidia Corporation – Ethical and sustainable AI

Purpose:

We participated in an ESG investor call hosted by Nvidia, an accelerated computing and AI technology company. Our goal was to gain insights into Nvidia's approach to sustainable and ethical AI. In late November 2024, we had sent an engagement letter to the company, enquiring about its practices and strategies.

Outcome:

Nvidia highlighted the energy efficiency of its accelerated computing platform, which achieves a 96% reduction in energy inference costs. The company is on track to achieve 100% renewable energy by 2025, with renewables increasing from 44% to 76% in 2024. Nvidia plans to publish a Scope 3 GHG protocol-aligned disclosure. The company is collaborating with customers and suppliers on decarbonisation. Additionally, Nvidia is developing a Climate Transition Plan and conducting double materiality assessments to inform its sustainability strategy. The company also discussed the safety measures within its AI Foundry platform, its collaboration with customers on responsible AI practices and its governance strategies, including the AI ethics committee. The company's sustainability reporting includes human rights compliance and audits by the Responsible Business Alliance (RBA).

Nvidia is part of our wider Sustainable and Ethical AI engagement programme. We will be working on identifying best practices to drive companies to implement, demonstrate and publicly disclose ethical AI principles and its environmental impact.

Safran SA – Net zero

Purpose:

As part of our Net Zero Stewardship Programme (NZSP), we have committed to engaging with our top 50% financed emissions. We met with Safran, an aerospace company, to discuss its climate strategy and provide feedback based on our Climate Transition Assessment.

Outcome:

Safran's next report will be Corporate Sustainability Reporting Directive (CSRD)-compliant, detailing capital allocation for climate goals and emissions reduction targets. While the company engages suppliers to improve climate strategies, switching suppliers is difficult due to long certification times, limiting the effectiveness of these engagements. Disappointed with the current supply of Sustainable Aviation Fuel (SAF), the company is advocating for supportive policies through industry associations. During the meeting, we asked how defence policy might impact the company's approach to climate. Safran confirmed that although the defence segment is included in climate commitments, national security will take precedence over carbon emissions when necessary.

Fund Engagement

Engagement outcomes

Visa Inc – Ethical and sustainable AI

Purpose:

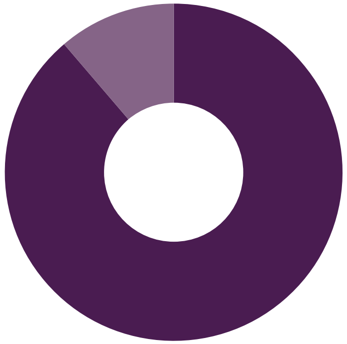
We initiated an engagement with Visa, a global payments company, to better understand its approach to sustainable and ethical AI. This meeting was in response to a questionnaire we sent to the company.

Outcome:

From the meeting, we gained confidence in Visa's approach to sustainable and ethical AI. Visa demonstrated its expertise in AI governance, aligning with the EU AI Act and US National Institute of Standards and Technology (NIST) standards. Since 2017, the company has tracked generative AI and enhanced its governance to ensure safety and compliance. The company's AI systems undergo thorough reviews and encourage experimentation within secure zones. Its governance process includes regular assessments and a dedicated model risk management team. Visa also regularly tests AI system security and robustness. The company is committed to transparency and fairness, conducting safety testing for bias and ensuring compliance with ethical standards. Additionally, Visa aims to achieve net zero targets by 2040, using clean electricity for data centres and partnering with suppliers to meet sustainability goals and monitor its environmental footprint.

Fund Voting

Total proxy voting activity



For	88.73%
Against	11.27%

Executive remuneration voting activity

For	66.67%
Against	33.33%

Notable votes

Visa Inc

Advisory Vote on Executive Compensation - against: There are long-standing concerns over the discretionary nature of the bonus plan, which can call into question the link between pay and performance. We would also prefer to see longer performance periods for performance share awards.
Elect Denise M. Morrison - against: The nominee serves as Chair of the Remuneration Committee, and we have long-standing concerns with remuneration at the company.
Shareholder proposal regarding mandatory director resignation policy - for: The adoption of this proposal would benefit shareholders by promoting board accountability and ensuring responsiveness to shareholder concerns.

Market commentary

Market review

The year kicked off with relative stability following a turbulent fourth quarter of 2024, with the global economy seeing modest growth and central banks easing monetary policy. As the quarter progressed, however, volatility became heightened, primarily due to elevated policy uncertainty in the US, with President Donald Trump pivoting away from Europe; the spectre of aggressive tit-for-tat tariffs; and Europe's fiscal regime change, led by Germany looking to alter decades of fiscal policy stability and ramp up spending.

The result of this uncertainty was global equity indices succumbing to weakness, led by the US market, which posted a torrid quarter as technology stocks experienced a dramatic sell-off following news of a new competitor in the AI industry: China's DeepSeek.

From a sector perspective, most of the unwind has happened in AI-related growth names. These companies face slowing rates of expansion, rising competition from China and were the most at risk from a downturn in sentiment given how well loved these stocks have been over the past two years. Consumer discretionary stocks also suffered from concerns that stubborn inflation and declining growth prospects would hit spending.

European and UK stocks fared much better, posting positive total returns for the three months. In Asia, markets were negatively affected by concerns about the effects of US tariffs and a potential trade war. During the fourth quarter, the MSCI World Growth Index posted a loss of 8.71% while the MSCI World Value Index posted a gain of 3.87%.

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.

The price of WTI crude oil rose 0.87% over the quarter to $71.71 a barrel, while copper futures rose 22.23% in US dollar terms.

Outlook

Investors have had to come to terms with an increasingly uncertain US policy backdrop. Related disruptions to global trade seem likely to weigh on growth in the US and beyond, though there are hopes that fiscal stimulus could provide something of a shield in economies like the euro area and Chin. And a few more rate cuts seem likely in major economies (except in Japan), albeit more gradual, careful ones. In the US, inflation outlook is uncertain enough that US rate hikes can't be ruled out either.

Within the US, growth concerns have become more pronounced. Investors had expected President Trump's rhetoric to exceed his actions, but this has not always been the case. For example, he threatened an additional hike to 50% on Aluminium imports on Canda the day 25% hike came into effect. Tarriff announcements and negotiations are likely to continue dominating financial headlines in coming weeks and months.

We've also seen a growing rhetoric from various members of the Republican administration around being more focussed on the bond market than the equity market. Compared to Donald Trump's first term, where he led with tax cuts and de-regulation and later shifted to China and tariffs, the opposite is currently happening. The interest rate and inflation backdrop was very different in 2016.

Within Europe, the public humiliation of Ukraine's President Zelensky in the White House has been a catalyst to galvanise policy makers across Europe. While the policy focus has been on defence for now, the broader implications for fiscal spending could be a structural boost to European growth, which could benefit equities.

While this are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate alpha through bottom-up stock picking. With this volatile background, we believe in our approach of diversifying the strategies across a broad range of companies from different sectors and stages of their Life Cycle. We continually hunt for superior shareholder wealth creating companies with undervalued long-term cash flows, which strongly drive and influence performance, rather than the prevailing winds of the macroeconomy, or factors such as growth and value styles being in vogue.

Further Information

Please click on the links below for further information:

Stewardship and responsible investment at RLAM

Royal London voting and engagement

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 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.

Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

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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.

Concentration risk
The price of Funds that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

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.

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.

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 31 March 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception
Fund (gross)	(1.17)	(4.43)	2.35	-	52.36
Fund (net)	(1.34)	(4.75)	1.66	-	49.86

Annualised (%)

3 Years (p.a.)	Since Inception (p.a.)
-	18.90
-	18.09

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)	2.35	32.26	-	-	-
Fund (net)	1.66	31.38	-	-	-

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 Global Equity Transitions Fund Z Acc USD share class. Since inception date 25 October 2022.

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 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 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.

Regional weights

Breakdown of holdings by country of risk relative to the benchmark index and grouped using RLAM's proprietary regional classification scheme.

Glossary

SBTi

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

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 tCO_2e / $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.