For professional clients only, not suitable for retail clients.

Royal London Asset Management

Sustainable Fund Commentary

31 May 2025

Sustainability Focus

Funds that have a Sustainability Focus Label investing mainly in assets that focus on sustainability for people or the planet. Excluding RL European Sustainable Credit Fund, RL Global Sustainable Credit Fund & RL Global Sustainable Equity Fund (IRL).

Fund Commentary

31 May 2025

The purpose of this report is to provide an update on the Royal London Sustainable Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

Contents

Sustainable

Royal London European Sustainable Credit Fund

The fund saw a positive return over the month in euro terms, also beating the benchmark index. Stock selection, notably within banking and insurance sectors, helped performance over the month. We continued to add to holdings using the new issue market, including senior euro-denominated senior bonds from NatWest and HSBC, alongside tier 2 bonds from Credit Agricole.

Credit spreads were generally tighter over the month, with modest decreases in US dollar, euro and sterling investment grade markets, with larger moves seen in higher risk areas such as emerging market and high yield markets. This helped mitigate the impact of rising underlying yields for US and UK government bonds, while euro government bonds were flat.

In a diversified portfolio with an emphasis on security, we believe that we can generate attractive income-supported risk-adjusted returns in an environment of volatile yields and potentially wider spreads.

Royal London Global Sustainable Credit Fund

The fund saw a small positive return over the month in US dollar terms, ahead of the benchmark index. Stock selection, notably within banking and insurance sectors, helped performance over the month. We continued to add to holdings using the new issue market, including senior euro-denominated senior bonds from NatWest and HSBC, alongside tier 2 bonds from Credit Agricole.

Credit spreads were generally tighter over the month, with modest decreases in US dollar, euro and sterling investment grade markets, with larger moves seen in higher risk areas such as emerging market and high yield markets. This helped mitigate the impact of rising underlying yields for US and UK government bonds, while euro government bonds were flat.

In a diversified portfolio with an emphasis on security, we believe that we can generate attractive income-supported risk-adjusted returns in an environment of volatile yields and potentially wider spreads.

Royal London Global Sustainable Equity Fund

Equity markets bounced back in May as better economic data coupled with a dialling down of tariff tensions resulted in a decline in fears of an economic slowdown. The MSCI ACWI rose 3.9% in GBP during the month, technology was the best performing sector and healthcare the worst.

The fund outperformed during the month and was positioned in the 1st quartile. Key contributors to performance include Comfort Systems which benefited from improved investor sentiment on the US economy. Fiserv was a detractor following concerns over merchant payment growth. We initiated a position in Giant Biogene, a Chinese recombinant collagen producer reflecting growing collagen demand in dermatological applications.

Overall, the fund remains well balanced and has performed positively year to date. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Sustainable

Royal London Global Sustainable Equity Fund (IRL)

Equity markets bounced back in May as better economic data coupled with a dialling down of tariff tensions resulted in a decline in fears of an economic slowdown. The MSCI ACWI rose 3.9% in GBP during the month, technology was the best performing sector and healthcare the worst.

The fund outperformed during the month and was positioned in the 1st quartile. Key contributors to performance include Comfort Systems which benefited from improved investor sentiment on the US economy. Fiserv was a detractor following concerns over merchant payment growth. We initiated a position in Giant Biogene, a Chinese recombinant collagen producer reflecting growing collagen demand in dermatological applications.

Overall, the fund remains well balanced and has performed positively year to date. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Royal London Sustainable Corporate Bond Trust

UK government bond yields rose over the month, resulting in corresponding price declines and negative returns across those markets. Credit outperformed government bonds as spreads in the sterling investment grade market compressed in May amid further tariff de-escalation.

The main negative for the fund's relative underperformance during May was security selection. Underweight exposure to supranational and the overweight in insurance bonds was beneficial, while stock selection social housing bonds negatively impacted returns. Longer term outperformance relative to benchmarks remains intact.

Sterling credit still offers attractive sources of value for those prepared to look carefully. In a diversified portfolio with an emphasis on security, we believe that we can generate attractive income-supported risk-adjusted returns in an uncertain environment.

Royal London Sustainable Diversified Trust

Equity markets bounced back in May as better economic data coupled with a dialling down of tariff tensions resulted in a decline in fears of an economic slowdown. The MSCI ACWI rose 3.9% in sterling terms while the sterling credit market declined 0.25%, with falling government bond prices only slightly offset by the outperformance of corporate bonds.

The Trust outperformed in May and was positioned in the first quartile within its peer group. The positives to performance include Microsoft, which reported strong results while Fiserv was a detractor following concerns over its merchant payment business. The Trust took profits from Trane Technologies and added to its position in Tesco and Core & Main.

Overall, the Trust remains well balanced and has performed positively year to date. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Sustainable

Royal London Sustainable Growth Fund

Equity markets bounced back in May as better economic data coupled with a dialling down of tariff tensions resulted in a decline in fears of an economic slowdown. The MSCI ACWI rose 3.9% in sterling terms while the sterling credit market declined 0.25%, with falling government bond prices only slightly offset by the outperformance of corporate bonds.

The Trust outperformed in May and was positioned in the first quartile. Contributors to performance included Broadcom and Comfort Systems, which benefited from improved sentiment on the US economy and AI capex. Fiserv was a detractor following concerns over merchant payment growth. We sold Canadian National Railway and increased exposure to Tesco.

Overall, the fund remains well balanced and has performed positively year to date. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Royal London Sustainable Leaders Trust

Equity markets bounced back in May as better economic data coupled with a dialling down of tariff tensions resulted in a decline in fears of an economic slowdown. In the UK the FTSE All-Share rose by 4.1% during the month.

The Trust outperformed the index during the month and was positioned in the 2nd quartile. The positives included the performance of Diploma and Convatec, who both announced very strong trading updates, whilst the worst performer was Experian which suffered from concerns over changes to the US credit bureau regulatory environment. The Trust exited Thermo Fisher due to concerns over the health of its pharmaceutical end markets.

Overall, the fund remains well balanced and positioned to benefit from attractive structural trends. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Royal London Sustainable Managed Growth Trust

UK government bond yields rose over the month, as did government bond yields in Europe and the US, resulting in corresponding price declines and negative returns across those markets. Credit outperformed government bonds as spreads in the sterling investment grade market compressed in May amid further tariff de-escalation.

The fund posted positive net returns for May. The fixed income exposure saw smaller loss than broad sterling corporate bond markets – mainly due to our underweight exposure to supranational bonds, while stock selection in insurance and bank bonds proved beneficial, in addition to positive returns from our equity positions in Broadcom and HCA Healthcare.

In a diversified portfolio with an emphasis on security, we believe that we can generate attractive income-supported risk-adjusted returns in an uncertain environment.

Sustainable

Royal London Sustainable Short Duration Corporate Bond Fund

Credit outperformed government bonds as spreads in the sterling investment grade market compressed in May amid further tariff de-escalation, with overall returns from credit negative at all but the shortest maturities and lowest ratings.

The fund posted positive net returns for May and outperformed the benchmark. Key drivers for the fund's relative outperformance during May were credit allocation and security selection. Underweight exposure to supranational bonds and overweight exposure to insurance and structured bonds boosted returns over the month. Stock selection also contributed to outperformance with retirement solutions provider L&G being a strong contributor.

Sterling credit still offers attractive sources of value for those prepared to look carefully. In a diversified portfolio with an emphasis on security, we believe that we can generate attractive income-supported risk-adjusted returns in an uncertain environment.

Royal London Sustainable World Trust

The Trust outperformed in May and was positioned in the 1st quartile. Contributors to performance included Broadcom and Comfort Systems, which benefited from improved sentiment on the US economy and AI capex. Fiserv was a detractor following concerns over merchant payment growth. The Trust sold Canadian National Railway and increased its Tesco position.

The Trust outperformed in May and was positioned in the first quartile in its peer group. Contributors to performance included Broadcom and Comfort Systems, which benefited from improved sentiment on the US economy and AI capex. Fiserv was a detractor following concerns over merchant payment growth. The Trust sold Canadian National Railway and increased its Tesco position.

Overall, the Trust remains well balanced and has performed positively year to date. The outlook remains uncertain as always with tariffs continuing to make the headlines, however we continue to focus on corporates and their ability to grow profits.

Disclaimers

Important information

For professional clients only, not suitable for retail clients. This is a financial promotion and is not investment advice.

The views expressed are the presenter's own and do not constitute investment advice. Telephone calls may be recorded. For further information please see the privacy policy at www.rlam.com.

RL Sustainable Leaders Trust, RL Sustainable World Trust, RL Sustainable Diversified Trust, RL Sustainable Managed Growth Trust, RL Sustainable Corporate Bond Trust.

The Trusts are authorised unit trust schemes. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032.

RL Global Sustainable Equity Fund, RL Sustainable Growth Fund

The Funds are sub-funds 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.

RL European Sustainable Credit, RL Global Sustainable Credit Fund, RL Global Sustainable Equity (IRL):

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 Fund Rock 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.

RL Sustainable Short Duration Corporate Bond Fund

The Fund is a sub-fund of Royal London Bond Funds II ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001128. 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.

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.

FTSE indexes and data are an intellectual property of FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Index is calculated by FTSE or its agent. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

MSCI indexes and data are the intellectual property of MSCI Inc. MSCI has no liability to any person for any loss, damage, cost, or expense suffered as a result of any use of or reliance on any of the information.

Disclaimers

Important information

Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. (collectively with its affiliates, “Bloomberg”). Barclays® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”), used under license. Bloomberg or Bloomberg’s licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approve or endorse this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

ICE indexes and data are the intellectual property of ICE Data Indices, LLC, its affiliates (“ICE Data”) and/or its Third-Party Suppliers and has been licensed for use by Royal London Asset Management. ICE Data and its Third-Party Suppliers accept no liability in connection with its use. See https://www.theice.com/market-data/disclaimer for a full copy of the Disclaimer.

iBoxx indexes and data are an intellectual property of Markit North America, Inc., Markit Indices GmbH, Markit Equities Limited and/ or its affiliates iBoxx and has been licensed for use in connection with the fund (or other investment vehicle) or securities referenced herein. The Index provided by IHS Markit is subject to disclaimer currently available here (and as updated by IHS Markit from time to time): https://ihsmarkit.com/Legal/disclaimers.html and/or in the prospectus for the Fund.

Issued in June 2025 by Royal London Asset Management Limited, 80 Fenchurch Street, London, EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

FC RLAM PD 0087 RH

Risk 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 stock market and therefore more volatile.

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

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.

Efficient portfolio management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the Fund to increased price volatility.

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.

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.

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.

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.

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 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.

Charges from capital risk

Charges are taken from the capital of the Fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.