

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



Royal London Asset Management

Sustainable Fund Commentary

31 August 2026



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 August 2026

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

[Royal London European Sustainable Credit Fund](#)

[Royal London Global Sustainable Credit Fund](#)

[Royal London Global Sustainable Equity Fund](#)

[Royal London Global Sustainable Equity Fund \(IRL\)](#)

[Royal London Sustainable Corporate Bond Trust](#)

[Royal London Sustainable Diversified Trust](#)

[Royal London Sustainable Growth Fund](#)

[Royal London Sustainable Leaders Trust](#)

[Royal London Sustainable Managed Growth Trust](#)

[Royal London Sustainable Short Duration Corporate Bond Fund](#)

[Royal London Sustainable World Trust](#)

[Disclaimers](#)

Sustainable

Royal London European Sustainable Credit Fund

The fund saw a small negative return over the month in euro terms, slightly ahead of the benchmark index. Governments around the world felt growing pressure from bond markets as government bond yields continued to edge higher in August. Investors remained focused on the inflationary impact of rising energy prices, with evidence that economic growth was moderating. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand with heavy technology-sector issuance. Corporate credit was a notable outperformer during the month.

New issuance remained low during the traditional slower summer period, but still provided opportunities to add attractive bonds across a range of sectors. Examples included UK pharmaceutical giants GSK and AstraZeneca, senior bonds from French bank Crédit Agricole, German energy utility Eurogrid and Swiss multinational specialty chemical company Sika.

At a fundamental level, we still believe that credit spreads over-compensate investors for default risk, and that the all-in yield on credit remains attractive. While near-term absolute performance is likely to continue to be heavily influenced by movements in the yields of underlying government bond markets, we believe that continued emphasis on income generation will continue to support returns as has been the case through the present environment of volatile yields.

Royal London Global Sustainable Credit Fund

The fund saw a positive return over the month in dollar terms, ahead of the benchmark index. Governments around the world felt growing pressure from bond markets as government bond yields continued to edge higher in August. Investors remained focused on the inflationary impact of rising energy prices, with evidence that economic growth was moderating. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand with heavy technology-sector issuance. Corporate credit was a notable outperformer during the month.

New issuance remained low during the traditional slower summer period, but still provided opportunities to add attractive bonds across a range of sectors. Examples included UK pharmaceutical giants GSK and AstraZeneca, senior bonds from French bank Crédit Agricole, German energy utility Eurogrid and Swiss multinational specialty chemical company Sika.

At a fundamental level, we still believe that credit spreads over-compensate investors for default risk, and that the all-in yield on credit remains attractive. While near-term absolute performance is likely to continue to be heavily influenced by movements in the yields of underlying government bond markets, we believe that continued emphasis on income generation will continue to support returns as has been the case through the present environment of volatile yields.

Sustainable

Royal London Global Sustainable Equity Fund

The MSCI ACWI advanced in August. Market performance was initially supported by a strong H1 earnings season, led by Big Tech, but ongoing uncertainty around the Iran conflict fuelled inflation concerns and drove US yields higher.

The fund underperformed in August. Negative contributors included Texas Instruments, a broad-based analog semiconductor manufacturer, which declined along with the broader semiconductor sector, and Comfort Systems, a leading provider of skilled labour in the US, as the shares retraced following exceptionally strong year-to-date gains on concerns that the US data centre build-out was slowing. Positive contributors included BayCurrent, a Japanese consulting firm, as demand for AI and cybersecurity consulting remained strong.

The fund started positions in Epiroc, a mining equipment provider set to benefit from a multi-year mining investment cycle driven by electrification and AI, and Medline, the largest US medical-surgical products supplier, well positioned to gain share through its scale, pricing and distribution advantages.

Royal London Global Sustainable Equity Fund (IRL)

The MSCI ACWI advanced in August. Market performance was initially supported by a strong H1 earnings season, led by Big Tech, but ongoing uncertainty around the Iran conflict fuelled inflation concerns and drove US yields higher.

The fund underperformed in August. Negative contributors included Texas Instruments, a broad-based analog semiconductor manufacturer, which declined along with the broader semiconductor sector, and Comfort Systems, a leading provider of skilled labour in the US, as the shares retraced following exceptionally strong year-to-date gains on concerns that the US data centre build-out was slowing. Positive contributors included BayCurrent, a Japanese consulting firm, as demand for AI and cybersecurity consulting remained strong.

The fund started positions in Epiroc, a mining equipment provider set to benefit from a multi-year mining investment cycle driven by electrification and AI, and Medline, the largest US medical-surgical products supplier, well positioned to gain share through its scale, pricing and distribution advantages.

Royal London Sustainable Corporate Bond Trust

Government bond yields broadly continued to edge higher in August. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand despite heavy technology-sector issuance. Corporate credit was a notable outperformer during the month, and high yield spreads narrowed to their lowest level over the past 12 months.

The fund saw positive returns for August but marginally underperformed its benchmark. Overall, our overweight in the structured sector and underweight in supranationals contributed positively, although relative performance was dampened by the fund's modest long duration stance as yields edged higher.

Driven by our longstanding credit philosophy, we remain confident in our ability to achieve an attractive yield premium in the portfolio while delivering on the fund's sustainability objective, maintaining a high degree of diversification across both sectors and issuers, and retaining a bias towards secured debt that provides additional downside protection.

Sustainable

Royal London Sustainable Diversified Trust

Market performance was initially supported by a strong earnings season, led by large technology companies, but ongoing uncertainty around the Iran conflict fuelled inflation concerns and drove US yields higher. The sterling credit market saw modest positive returns in August, with the spread in yield over government bonds tightening. This offset the effect of a slight fall in gilt prices.

The Trust delivered a positive absolute return in August. Negative contributors included Comfort Systems and Prudential. Positive contributors included BayCurrent, a Japanese consulting firm, as demand for AI and cybersecurity consulting remained strong.

We started a position in Epiroc, a mining equipment provider set to benefit from a multi-year mining investment cycle driven by electrification and AI.

Royal London Sustainable Growth Fund

Market performance was initially supported by a strong earnings season, led by large technology companies, but ongoing uncertainty around the Iran conflict fuelled inflation concerns and drove US yields higher. The sterling credit market saw modest positive returns in August, with the spread in yield over government bonds tightening. This offset the effect of a slight fall in gilt prices.

The Fund delivered a positive absolute return in August. Negative contributors included Comfort Systems and Prudential. Positive contributors included BayCurrent, a Japanese consulting firm, as demand for AI and cybersecurity consulting remained strong.

We started a position in Epiroc, a mining equipment provider set to benefit from a multi-year mining investment cycle driven by electrification and AI.

Royal London Sustainable Leaders Trust

The FTSE All-Share Index saw modest gains in August, driven by strength in the healthcare and mining sectors, despite a mixed macroeconomic backdrop marked by inflation, rising UK bond yields, and ongoing geopolitical tensions in Iran that continued to support energy and commodity prices.

The Trust underperformed the index. Negative contributors included Prudential, an Asian-focussed life and health insurer, driven by changes to the Chinese tax regime affecting returns from Hong Kong offshore insurance policies. Meanwhile, Amazon continued to face investor concerns over the returns on its AI investments. Top contributors included London Stock Exchange, as investors gained confidence in the resilience of its business to AI disruption following strong results and an increase in revenue guidance.

The Trust continued to build its position in Metso, a mining equipment provider that is set to benefit from a multi-year mining investment cycle driven by electrification and AI.

Sustainable

Royal London Sustainable Managed Growth Trust

Government bond yields broadly continued to edge higher in August. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand despite heavy technology-sector issuance. Corporate credit was a notable outperformer during the month, and high yield spreads narrowed to their lowest level over the past 12 months.

The fund saw positive returns for August. The credit exposure outperformed the wider sterling investment grade credit market, driven by both sector allocation and stock selection. In equities, our exposure had a negative impact on returns, with positive contributions from Microsoft and NVIDIA offset by negative returns from holdings in Infineon Technologies, Comfort Systems and Broadcom.

The all-in yield available in the sterling credit market remains attractive and, despite tighter credit spreads, continues to provide adequate compensation for default risk. Driven by our longstanding credit philosophy, we remain confident in our ability to achieve an attractive yield premium in the portfolio while delivering on the fund's sustainability objective, maintaining a high degree of diversification across both sectors and issuers, and retaining a bias towards secured debt that provides additional downside protection.

Royal London Sustainable Short Duration Corporate Bond Fund

Government bond yields broadly continued to edge higher in August. Global credit markets strengthened during the month, with stable investment grade spreads supported by good demand despite heavy technology-sector issuance. Corporate credit was a notable outperformer during the month, and high yield spreads narrowed to their lowest level over the past 12 months.

The fund saw positive returns for August and outperformed its benchmark, with relative performance primarily driven by our overweight in the structured sector, offsetting the negative impact of the fund's modest long duration stance as yields edged higher.

The all-in yield available in the sterling credit market remains attractive and, despite tighter credit spreads, continues to provide adequate compensation for default risk. Driven by our longstanding credit philosophy, we remain confident in our ability to achieve an attractive yield premium in the portfolio while delivering on the fund's sustainability objective, maintaining a high degree of diversification across both sectors and issuers, and retaining a bias towards secured debt that provides additional downside protection.

Royal London Sustainable World Trust

Market performance was initially supported by a strong earnings season, led by large technology companies, but ongoing uncertainty around the Iran conflict fuelled inflation concerns and drove US yields higher. The sterling credit market saw modest positive returns in August, with the spread in yield over government bonds tightening. This offset the effect of a slight fall in gilt prices.

The Trust delivered a positive absolute return in August. Negative contributors included Comfort Systems and Prudential. Positive contributors included BayCurrent, a Japanese consulting firm, as demand for AI and cybersecurity consulting remained strong.

The Trust started a position in Epiroc, a mining equipment provider set to benefit from a multi-year mining investment cycle driven by electrification and AI.

Disclaimers

Important information

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

The views expressed are those of Royal London Asset Management at the date of publication unless otherwise indicated, which are subject to change, and is not 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 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. A summary of investor rights is also available in English. RLAM may terminate the arrangements made for marketing of the Fund pursuant to Article 93a of Directive 2009/65/EC.

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 September 2026 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 EM 0131 GV

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

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.