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Royal London Asset Management

Sustainable Fund Commentary

28 February 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

28 February 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.

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Sustainable

Royal London European Sustainable Credit Fund

The Fund saw a positive return over the month in euro terms, and was broadly in line with the benchmark index. Following a positive start to 2026, February also saw positive returns for global credit markets, although in a reverse of January, sterling and US dollar investment grade markets outperformed euro equivalents. Gains were driven predominantly by falling government bond yields, with credit spreads slightly wider, while the positive carry on the asset class also aided performance.

We continued to add to holdings using the new issue market. Financials remain a key element, with the purchase of senior bonds from Commerzbank and Mizuho, as well as AT1 bonds from BNP Paribas. Outside of banks, we added telecoms providers Vodafone, Verizon and T-Mobile, as well as Swedish social infrastructure provider Hemso.

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. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies.

Royal London Global Sustainable Credit Fund

The Fund saw a positive return over the month in dollar terms, and was broadly in line with the benchmark index. Following a positive start to 2026, February also saw positive returns for global credit markets, although in a reverse of January, sterling and US dollar investment grade markets outperformed euro equivalents. Gains were driven predominantly by falling government bond yields, with credit spreads slightly wider, while the positive carry on the asset class also aided performance.

We continued to add to holdings using the new issue market. Financials remain a key element, with the purchase of senior bonds from BBVA, Commerzbank and Mizuho, as well as AT1 bonds from ING and BNP Paribas. Outside of banks, we added consumer finance company Visa and Swedish social infrastructure provider Hemso. Finally we added recent new issue from Oracle after this weakened noticeably, allowing us to buy at a more attractive spread.

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. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies.

Royal London Global Sustainable Equity Fund

Global equities continued steadily with the MSCI ACWI giving positive returns in sterling terms during February.

The Fund underperformed in February and was positioned in the fourth quartile. Detractors included SLM and MercadoLibre. Shares of US student loan provider SLM fell due to concerns that AI driven disruption could weaken future demand for student loans. MercadoLibre underperformed as it increased investment spending more than expected to support its long-term growth strategy. Positive contributors included Comfort Systems, a US specialist in installing electrical systems for data centres, which continues to benefit from rising AI-related infrastructure spending.

The Fund initiated new positions in Nextpower, a US developer of solar tracking systems, and Japanese bank, Sumitomo Mitsui Financial Group.

Sustainable

Royal London Global Sustainable Equity Fund (IRL)

Global equities continued steadily with the MSCI ACWI giving positive returns in sterling terms during February.

The Fund underperformed in February and was positioned in the fourth quartile. Detractors included SLM and MercadoLibre. Shares of US student loan provider SLM fell due to concerns that AI driven disruption could weaken future demand for student loans. MercadoLibre underperformed as it increased investment spending more than expected to support its long-term growth strategy. Positive contributors included Comfort Systems, a US specialist in installing electrical systems for data centres, which continues to benefit from rising AI related infrastructure spending.

The Fund initiated new positions in Nextpower, a US developer of solar tracking systems, and Japanese bank, Sumitomo Mitsui Financial Group.

Royal London Sustainable Corporate Bond Trust

Following a positive start to 2026, February also saw positive returns for global credit markets, although in a reverse of January, sterling and US dollar investment grade markets outperformed euro equivalents. Gains were driven predominantly by falling government bond yields, offsetting a slight widening in credit spreads.

The Fund saw positive returns for February, outperforming its benchmark. The long duration position of the Fund relative to its benchmark was a positive driver of returns as yields fell during the month. Additional positive contribution came from security selection, with an example being the strong performance from rolling stock provider Eversholt, which is a strong fit to our “clean” sustainability theme as an enabler of lower-carbon transport.

The portfolio continues to offer an attractive all-in yield and as credit becomes increasingly commoditised as an asset class, we continue to see strong opportunity to add value through longstanding credit philosophy that embraces the idiosyncrasies of corporate bonds.

Royal London Sustainable Diversified Trust

Global equities continued rising steadily with the MSCI ACWI rising in sterling terms in February. The sterling credit market also produced positive returns in February, as a fall in gilt yields helped offset the relative underperformance of corporate bonds.

The Trust delivered a positive absolute return in February and was positioned in the fourth quartile. Detractors included US student loan provider SLM, which fell due to concerns that AI driven disruption could weaken future demand for student loans. Mercado Libre underperformed as it increased investment spending more than expected to support its long term growth strategy. Positive contributors included pharmaceutical company Glaxo SmithKline, as investors began to appreciate the credibility of its R&D capabilities and strong performance.

We initiated new positions in SABESP, a Brazilian water utility benefitting from a favourable regulatory backdrop, and Nextpower, a US developer of solar tracking systems.

Sustainable

Royal London Sustainable Growth Fund

Global equities continued rising steadily with the MSCI ACWI rising in sterling terms in February. The sterling credit market also produced positive returns in February, as a fall in gilt yields helped offset the relative underperformance of corporate bonds.

The Fund delivered a positive absolute return in February and was positioned in the 4th quartile against its peer group. Detractors included US student loan provider SLM, which fell due to concerns that AI driven disruption could weaken future demand for student loans. MercadoLibre underperformed as it increased investment spending more than expected to support its long term growth strategy. Positive contributors included Comfort Systems, a US specialist in installing electrical systems for data centres, which continues to benefit from rising AI related infrastructure spending.

The Fund initiated new positions in SABESP, a Brazilian water utility benefitting from a favourable regulatory backdrop, and Nextpower, a US developer of solar tracking systems.

Royal London Sustainable Leaders Trust

The FTSE All-Share Index continued its 2026 upward trend in February. There was a rotation into defensive sectors such as healthcare and utilities, as well as the continuation of the trend into physical assets such as mining and energy. This came at the expense of information, data and software companies.

The Trust underperformed the index during the month. Detractors included Amazon, as concerns grew over AI-related spending. Prudential suffered amid a persistently challenging market environment in India. Lack of exposure to oil majors Shell and BP also contributed negatively to performance. Positive contributors included Schneider Electric and SSE. They gained after positive results; both are benefitting from increased demand for power and grid upgrades fuelled by AI's growing energy requirements.

We initiated a position in Broadcom and added to Amazon as part of the overseas holdings, following recent market rotation, and have exited Microsoft and BBVA.

Royal London Sustainable Managed Growth Trust

Following a positive start to 2026, February also saw positive returns for global credit markets, although in a reverse of January, sterling and US dollar investment grade markets outperformed euro equivalents. Gains were driven predominantly by falling government bond yields, offsetting a slight widening in credit spreads.

The Fund saw positive returns for February. The fixed income exposure saw positive performance - helped by our positioning in the social housing and consumer services sectors. In equities, positive contributors included Comfort Systems, a US specialist in installing electrical systems for data centres, which continues to benefit from rising AI-related infrastructure spending.

The portfolio continues to offer an attractive all-in yield and as credit becomes increasingly commoditised as an asset class, we continue to see strong opportunity to add value through our longstanding credit philosophy that embraces the idiosyncrasies of corporate bonds.

Sustainable

Royal London Sustainable Short Duration Corporate Bond Fund

Following a positive start to 2026, February also saw positive returns for global credit markets, although in a reverse of January, sterling and US dollar investment grade markets outperformed euro equivalents. Gains were driven predominantly by falling government bond yields, offsetting a slight widening in credit spreads.

The Fund saw positive returns for February, outperforming its benchmark. The long duration position of the Fund relative to its benchmark was a positive driver of returns as yields fell during the month. Additional positive contribution came from security selection, with an example being the strong performance from rolling stock provider Eversholt, which is a strong fit to our “clean” sustainability theme as an enabler of lower-carbon transport.

The portfolio continues to offer an attractive all-in yield and as credit becomes increasingly commoditised as an asset class, we continue to see strong opportunity to add value through longstanding credit philosophy that embraces the idiosyncrasies of corporate bonds.

Royal London Sustainable World Trust

Global equities continued rising steadily with the MSCI ACWI rising in sterling terms in February. The sterling credit market also produced positive returns in February, as a fall in gilt yields helped offset the relative underperformance of corporate bonds.

The Trust delivered a positive absolute return in February and was positioned in the 4th quartile against its peer group. Detractors included US student loan provider SLM, which fell due to concerns that AI driven disruption could weaken future demand for student loans. MercadoLibre underperformed as it increased investment spending more than expected to support its long term growth strategy. Positive contributors included Comfort Systems, a US specialist in installing electrical systems for data centres, which continues to benefit from rising AI related infrastructure spending.

We initiated a position in Broadcom and added to Amazon as part of the overseas holdings, following recent market rotation, and have exited Microsoft and BBVA.

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 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.

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.

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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.