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# Royal London Global Equity Transitions Fund

## Quarterly Investment Report

## 30 June 2026

# Quarterly Report

## The fund as at 30 June 2026

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. Investors should note that the Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track the Benchmark. While the Fund may invest in investments which are constituents of the Benchmark, the Fund will be actively managed and its portfolio will not be constrained by reference to any index.

## Fund value

| | Total $m |
|---|---|
| 30 June 2026 | 199.43 |

## Fund analytics

| | Fund |
|---|---|
| Fund launch date | 25 October 2022 |
| Fund base currency | USD |
| Benchmark | MSCI All Country World Index (MSCI ACWI) (Net Total Return, USD) |
| Number of holdings | 45 |

# Performance and activity

## Performance

| | Fund (%) | Benchmark (%) | Relative (%) |
|---|---|---|---|
| Quarter | 16.26 | 14.93 | 1.34 |
| YTD | 11.19 | 11.25 | (0.06) |
| 1 Year | 21.38 | 23.67 | (2.29) |
| 3 Years (p.a.) | 19.23 | 19.68 | (0.45) |
| Since inception (p.a.) | 21.64 | 21.22 | 0.42 |

Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment. 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 over the quarter. This was the result of positive stock selection. Holdings within communications services and industrials performed particularly well and enhanced relative returns.

Some of the best performers were stocks benefiting from investors' increasingly positive view on the semiconductor cycle and AI-related demand. Holdings in the Intel, Samsung and TSMC were among the fund's strongest contributors.

Other top contributors included Alphabet, which rose following the release of encouraging results, which also gave investors confidence about its direction of AI integration. The holding in Steel Dynamics performed well. The company primarily uses electric arc furnaces fed by scrap steel, rather than traditional coal-fired blast furnaces. This gives it lower production costs and a lower-carbon footprint than many competitors. It is benefiting from stronger US steel demand, improving steel prices and infrastructure spending in sectors such as construction and data centres.

On the downside, much of the negative attribution over the quarter came from stocks that we do not own, especially those related to the AI-memory boom. Not holding Micron Technology or SK Hynix had a negative impact on relative returns.

The holdings in late Life Cycle energy positions, Shell and TotalEnergies, gave back some gains from the previous quarter, after agreement appeared to have been struck to end the US conflict with Iran and the 'war premium' in commodity prices faded.

Alibaba was a key detractor, which was linked to weaker Chinese consumer spending and concerns around the size of their recent investments in e-commerce.

# Performance and activity

## Top 10 holdings

| | Weighting (%) |
|---|---|
| Alphabet Inc. Class A | 6.01 |
| Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR | 5.13 |
| NVIDIA Corporation | 5.07 |
| Apple Inc. | 3.98 |
| Amazon.com, Inc. | 3.84 |
| Samsung Electronics Co., Ltd. Sponsored GDR | 3.52 |
| Visa Inc. Class A | 3.08 |
| Safran SA | 3.07 |
| Steel Dynamics, Inc. | 2.89 |
| Shell Plc | 2.76 |
| **Total** | **39.35** |

## Fund activity

Looking at transactions, in June we conducted a review of our AI positioning which led to the initiation of two new positions, where we continue to see attractive potential rewards, even with the strong buoyancy of AI as an investment theme over the course of 2026 thus far.

Nebius is an emerging AI infrastructure and AI cloud business, which sits in the Accelerating phase of the Corporate Life Cycle. The investment thesis is that Nebius is building a full-stack solution for the AI era which remains underappreciated by the market. Nebius has signed multibillion deals with Microsoft and Meta which validates its technological capabilities, alongside providing the cash flow to build out a platform for customers to run AI workloads at scale and at low cost. This platform is already being used by multiple blue-chip customers (e.g. Mastercard, Revolut) with the total addressable market clearly very significant.

The Transitions thesis is that Nebius is a Climate Stability Improver, showing the intention to improve energy efficiency of its data centres and ultimately maximise the AI output per unit of energy.

Qualcomm is a leading chip manufacturer and in the Slowing & Maturing phase of the Corporate Life Cycle. The investment thesis is that Qualcomm is transforming away from a business focused on chips for mobile phones towards new growth areas in autos and data centres. The market is overly concerned with the company’s fading revenues from Apple and underappreciating the numerous growth avenues that the company can benefit from.

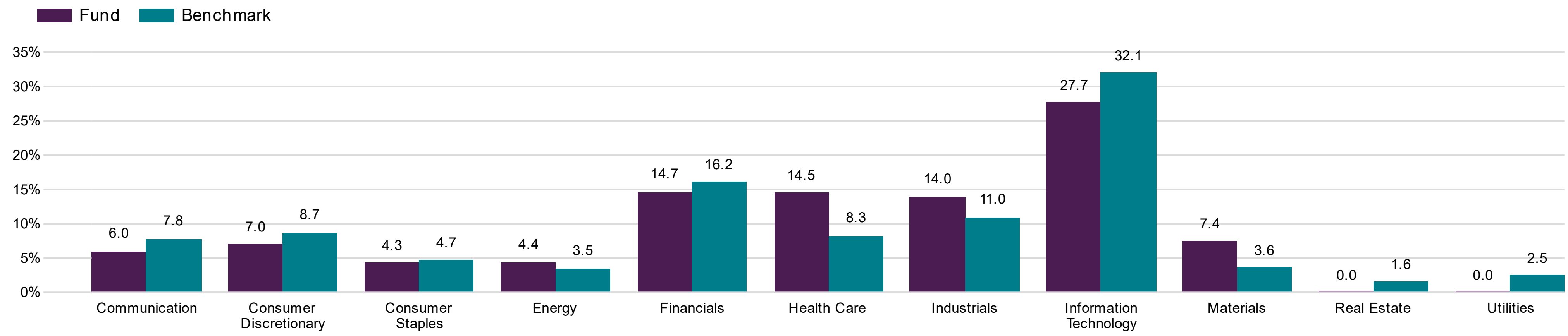
The Transitions thesis is that Qualcomm is a Climate Stability Enabler focused on embedding energy efficiency into digital infrastructure - for instance by enabling the running GenAI on devices which has huge potential energy savings versus the cloud.

These purchases were funded through the reduction of our positions in Analog Devices, Broadcom and KB Financial, following strong performance.

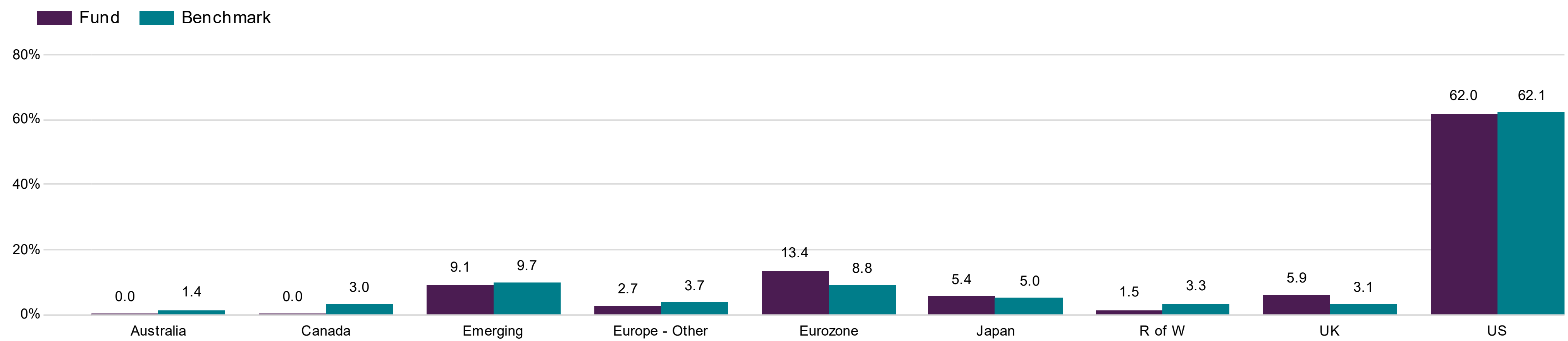
We continue to focus on enhancing the long-term Wealth Creation/valuation in the portfolio. The result is a highly idiosyncratic portfolio aiming to be Life Cycle balanced alongside identifying Improvers and Enablers aligned with our four Transitions themes.

# 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.

## Fund exclusions

Exclusion criteria that make sure a Fund does not invest into a specific service or product. Royal London Asset Management has a controversial weapons exclusion across all investments.

| | |
|---|---|
| Tobacco | ✓ |
| UNGC / OECD violators | ✓ |

## Climate metrics

| | Fund | Benchmark | Difference (%) |
|---|---|---|---|
| Financed emissions (tCO2e) | 6,501 | n/a | n/a |
| Financed emissions coverage | 100.00% | n/a | n/a |
| Carbon footprint (tCO2e/$M invested) | 32.73 | 34.29 | (4.57) |
| Carbon footprint coverage | 100.00% | 99.60% | 0.41 |
| Weighted average carbon intensity (tCO2e/$M sales) | 58.29 | 115.24 | (49.42) |
| Weighted average carbon intensity coverage | 100.00% | 99.72% | 0.28 |

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 | 99.49 | 0.52 |
| % of portfolio below 2°C ITR | 36.85 | 46.08 | (20.03) |
| % of portfolio below 1.5°C ITR | 19.32 | 22.86 | (15.51) |

## SBTi net - zero

| | Fund (%) | Benchmark (%) | Difference (%) |
|---|---|---|---|
| SBTi Net-Zero committed | 13.14 | 17.64 | (25.50) |
| SBTi Near-Term committed | 4.07 | 1.22 | 232.28 |
| SBTi Near-Term targets set | 42.69 | 51.33 | (16.83) |

# 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 | 7 | 22 |
| Number of engagements | 11 | 68 |

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** | **6** |
| Climate - Physical Risk | 1 |
| Climate - Transition Risk | 5 |
| **Diversity** | **1** |
| Gender Diversity | 1 |
| **Governance** | **1** |
| Corporate Governance | 1 |
| **Social & Financial Inclusion** | **2** |
| Labour & Human Rights | 2 |
| **Technology, Innovation & Society** | **3** |
| Technology & Society | 3 |

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

### TotalEnergies SE - Climate - Transition Risk

Purpose:

We engaged TotalEnergies SE, an integrated energy company, as part of Royal London Asset Management's Net Zero Stewardship Programme to understand management's views on the Middle East conflict and its implications for oil, gas and liquefied natural gas (LNG) markets, alongside updates on capital allocation, upstream growth and transition strategy.

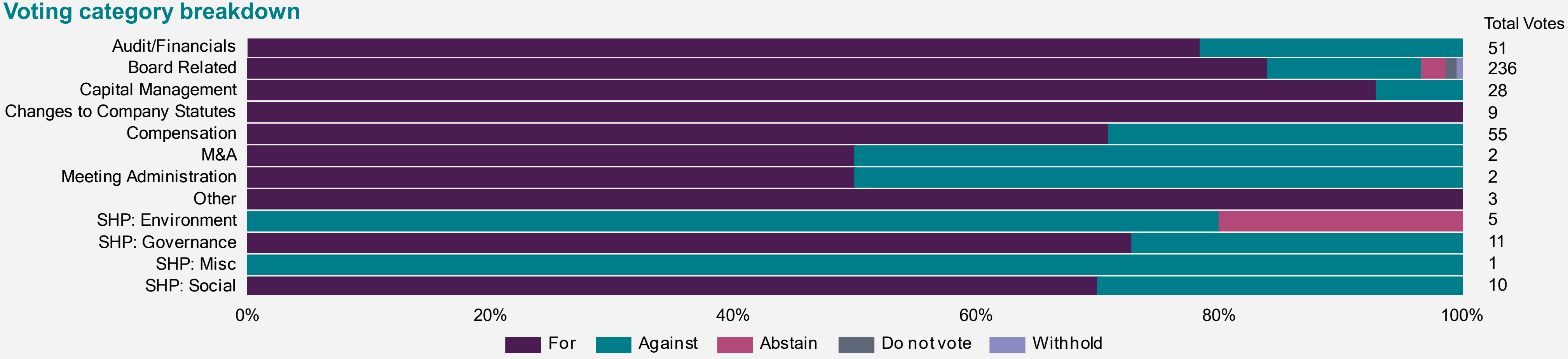
Outcome:

The meeting provided an update on the implications of the ongoing conflict in the Middle East, with management highlighting disruption to energy markets and broader uncertainty across the sector. TotalEnergies expressed confidence in the resilience of its business and long-term strategy.

We also discussed the company's transition strategy and recent changes to climate-related terminology. TotalEnergies clarified that the reframing of its "net zero" target to a "neutrality" target reflects regulatory considerations rather than a change in strategic direction. The company reaffirmed its long-term decarbonisation strategy and confirmed that its two-pillar growth model across oil and gas and electricity remains unchanged. We will continue to monitor how the company delivers against its long-term decarbonisation commitments and wider transition strategy.

# Fund Voting

## Voting category breakdown




## Notable votes

**Amazon.com Inc.**

Elect Jonathan J. Rubinstein - against:
We voted against as the nominee serves as incumbent Chair of the E&S Committee. Our primary concern this year relates to Amazon's oversight of human rights risks associated with AWS, particularly in higher risk government and defence contexts. Amazon provides limited disclosure on how it monitors, enforces and escalates compliance with its AWS Acceptable Use Policy at a customer level, despite credible and ongoing concerns raised by external stakeholders, including the UN.
While the company references high level policies and past examples of human rights due diligence, it has not demonstrated how these translate into systematic customer level due diligence, oversight, or escalation in practice. This includes unresolved governance and transparency gaps relating to AWS contracts under Project Nimbus, which have previously been raised by shareholders and employees. We would therefore encourage Amazon to conduct and disclose a Human Rights Impact Assessment covering AWS contracts, in a manner comparable to the Devices Supply Chain HIRA. In addition, we remain supportive of the request to commission an independent, third party assessment of Amazon's adherence to its stated commitments on workers' freedom of association and collective bargaining, and the Board's oversight of these issues. While we continue to appreciate the company's disclosures to date, given the ongoing issues raised over the company's labour practices and legal action in the UK, we would welcome an independent assessment in this area to provide valuable assurance given persistent concerns regarding labour practices.

# Market commentary

## Market review

Headlines and markets were dominated by the US and Iran during the past quarter. The disruption to oil supply via the Strait of Hormuz pushed oil prices to levels last seen following the Russian invasion of Ukraine in 2022. However, a ceasefire was announced towards the end of the period, causing prices to fall back towards pre-crisis levels.

The effect on equities was to cause some volatility, though it was not enough to prevent a positive quarter for most markets. In the US, the main positive driver was further progress among large-cap technology and semiconductor stocks, as investors responded to another solid earnings season, evidence of sustained AI infrastructure spending, and relief that growth momentum remains intact. Strong earnings and technology leadership pushed both the S&P 500 and Nasdaq to fresh highs. However, these gains were tempered towards the end of the quarter, amid significant volatility. There were signs that investors have become increasingly concerned about the narrow nature of the rally, and that valuations among large AI-related technology stocks could have risen too far.

Elsewhere, Asia and emerging markets delivered some prolific returns, driven in particular by Korean and Taiwanese indices, which hit record highs. This reflected the performance of AI-related hardware stocks, including SK Hynix, Samsung and Taiwan Semiconductor Manufacturing Co (TSMC). Demand for advanced microchips and increased memory to boost AI infrastructure is coming from so-called hyperscalers, such as Microsoft, Google and Amazon, which are using these products in their data centres and to enhance their AI capabilities.

Given the relatively low weighting of AI-related technology stocks in European indices, returns from markets in the region were more subdued. However, sectors such as financials, defence and industrials continued to attract investor attention, resulting in positive returns overall.

From a macroeconomic perspective, growth forecasts remain subdued, while inflation is still above central bank target levels. The major change over the quarter was central bank rate expectations. At the start of the period, markets were pricing in multiple hikes in the US, euro zone and UK, but these expectations were tempered as the period progressed – with the changing outlook proving a key driver of markets over the quarter.

## Outlook

The next couple of months will test whether markets can look past a complicated macroeconomic backdrop. Investor focus will be on the second quarter earnings season to see if corporate profits can justify elevated valuations among AI-related stocks. Concurrently, markets will monitor whether energy-driven price hikes are bleeding into core inflation.

On the geopolitical front, energy markets took comfort from a Middle East memorandum of understanding and the stabilisation of shipping activity in the Strait of Hormuz. While markets currently favour resilient earnings over geopolitical risks, this balance remains fragile. Any reversal in diplomatic progress could quickly affect oil prices, inflation expectations, and equity valuations.

# 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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Notice for UK Investors

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

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

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

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

The Investment Manager is Royal London Asset Management Limited.

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

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

For more information on the Fund or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

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# Risks and Warnings

**Investment risk**

The value of investments and any income from them may go down as well as up and is not guaranteed. Investors may not get back the amount invested.

**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**

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.

**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 30 June 2026

## Cumulative (%)

| | 3 Month | 6 Month | 1 Year | 3 Years | Since Inception |
|---|---|---|---|---|---|
| **Fund (gross)** | 16.26 | 11.19 | 21.38 | 69.53 | 105.74 |
| **Fund (net)** | 16.08 | 10.82 | 20.57 | 66.11 | 100.66 |

## Annualised (%)

| 3 Years (p.a.) | Since Inception (p.a.) |
|---|---|
| 19.23 | 21.64 |
| 18.41 | 20.82 |

## Year on year performance (%)

| | 30/06/2025 - 30/06/2026 | 30/06/2024 - 30/06/2025 | 30/06/2023 - 30/06/2024 | 30/06/2022 - 30/06/2023 | 30/06/2021 - 30/06/2022 |
|---|---|---|---|---|---|
| **Fund (gross)** | 21.38 | 10.21 | 26.70 | - | - |
| **Fund (net)** | 20.57 | 9.47 | 25.85 | - | - |

**Past performance is not a guarantee or reliable indicator of future returns. The impact of fees or other charges, including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces your investment.**

Source: RLAM as at 30 June 2026. 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.

### Derivatives

A financial instrument whose price is dependent upon or derived from one or more underlying asset.

### 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.

### Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

### 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.

### Fund restrictions definitions

**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.

### 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

Both the Fund and Index performance are based on close of business prices.

### Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

# Glossary

### 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.

### 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 tCO2e / $M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.