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Royal London European Sustainable Credit 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 European Sustainable Credit 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 ICE BofAML Euro Corporate & Pfandbrief Total Return EUR Index (the "Benchmark") by 0.50% per annum over rolling three year periods (gross of fees) by investing in bonds that are deemed to make a positive contribution to society. Investments in the Fund will adhere to the Investment Manager's Ethical and Sustainable Investment Policy, as detailed further below and in the "RESPONSIBLE INVESTMENT" section of the Prospectus. 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. For further information on the Fund's index, please refer to the Prospectus.

Fund value

	Total €m
30 June 2026	128.00

Fund analytics

	Fund	Benchmark
Fund launch date	29 July 2021	
Fund base currency	EUR	
Benchmark	ICE BofA Euro Corporate & Pfandbrief Index (Total Return, EUR)	
Duration (years)	4.59	4.52
Redemption yield (FX adjusted) (%)	3.98	
Number of holdings	258	5,035
Number of issuers	150	1,046

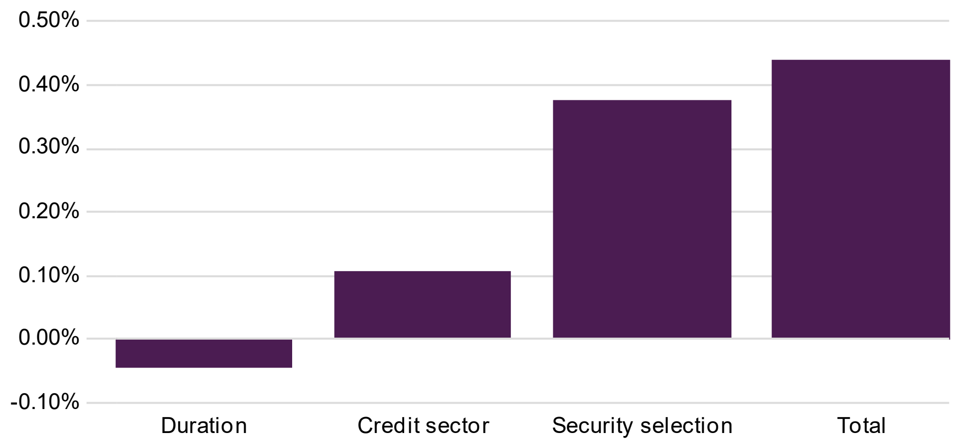
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	2.72	2.28	0.44
YTD	1.63	1.34	0.29
1 Year	3.34	2.49	0.84
3 Years (p.a.)	5.84	4.89	0.95
Since inception (p.a.)	0.47	(0.08)	0.55

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 EUR. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 29 July 2021.

Attribution over the quarter



Performance commentary

The fund saw positive returns over the quarter, also outperforming the index (Z Acc EUR). The second quarter was a tale of two halves: during April and early May, markets were generally risk averse as the factors depressing performance in the first quarter – military action in the Middle East with the knock-on impact on energy prices and global growth – remained in place. However, with a ceasefire agreed, markets moved more risk-on, with yields falling and credit spreads contracting. This was a positive backdrop for credit investors.

Duration was a positive contributor to performance during the quarter. We were generally positioned long duration – driven by bottom-up credit selection, where we have identified better value in medium and long-dated bonds in recent months. This stance meant we benefited from the decline in yields, particularly during May and June.

Stock selection was the main positive for returns. Many of the holdings that struggled in the risk-off environment in Q1 rebounded, notably in banking where our exposure to subordinated and AT1 bonds from high quality issuers such as ABN Amro, NatWest and BNP Paribas performed well, as did subordinated and RT1 bonds from insurers Hanover Ruck, Allianz and AXA.

Outside of financials, we saw strong stock selection effects across a range of sectors, demonstrating the broad diversification of the portfolios, with strong performance from German rail operator Deutsche Bahn, French electricity transmission operator RTE, and UK telecommunications provider Vodafone.

All issuers within our sustainable holdings offer a net benefit to society through either their products/services or their operations. As well as reducing risk, we seek out opportunities that are under-researched e.g., bonds that do not fall into mainstream indices or benchmarks and/or are unrated by ratings agencies. Importantly, the sustainable credit proposition provides access to critical sectors that most investors can't access via equity markets. Key themes in the funds include social housing, social & environmental infrastructure, community funding (regulated banks and building societies focused on SME and retail lending), financial inclusion & resilience (such as insurers offering products which protect individuals and businesses from unexpected events) and the energy transition. On sustainability grounds, we have no exposure to bonds of oil & gas companies or extractive industries. We are also underweight in the general industrial and consumer goods sectors (the latter partly due to not holding tobacco or alcohol-related bonds), and to a lesser extent in consumer services.

Performance and activity

Top 10 holdings

	Weighting (%)
Hannover Rueck SE 1.375% VRN 30/06/2042	1.92
NatWest Group PLC 5.763% VRN 28/02/2034	1.28
Akelius Residential Property Financ 1% 17/01/2028	1.21
Allianz SE 2.121% VRN 08/07/2050	1.21
ABN AMRO Bank NV 5.5% VRN 21/09/2033	1.18
AXA SA 5.5% VRN 11/07/2043	1.18
Bunzl Finance PLC 3.375% 09/04/2032	1.17
GEWOBAG Wohnungsbau AG Ber 0.125% 24/06/2027	1.14
Lloyds Banking Group PLC 4.375% VRN 05/04/2034	1.08
Skandinaviska Enskilda Banken A 5% VRN 17/08/2033	1.04
Total	**12.41**

Fund activity

We continued to invest in bonds that meet both our demanding financial and sustainable criteria, and which fit into the sustainable themes that we think will endure and offer long-term solutions to the challenges that the world faces. We also aim to construct the fund to ensure that it yields more than the benchmark index. We believe that this positioning will be beneficial in the medium term, given the current valuation of credit markets and attractive opportunities we see.

New issue activity was very high during the quarter. Demand for credit has been high all year, and with yields and spreads both lower following the ceasefire announcement, companies were happy to come to market – this was true in all major markets, with the US dollar investment grade market most notable, seeing $180 billion of issuance in June, the highest ever for that month, eclipsing the previous best in June 2020.

Banks and financials remain a large part of the index. We continue to favour the sector, as credit spreads provide attractive compensation for the risks taken. We added across the capital structure – looking for value in individual issues rather than a bias towards senior or subordinated bonds. Hence we added senior bonds from Banque Federative du Credit Mutuel, Commerzbank and Intesa SanPaolo, while also adding subordinated bonds from ING and Nationwide. We also added several AT1 new issues, including Netherlands-based mutual Rabobank.

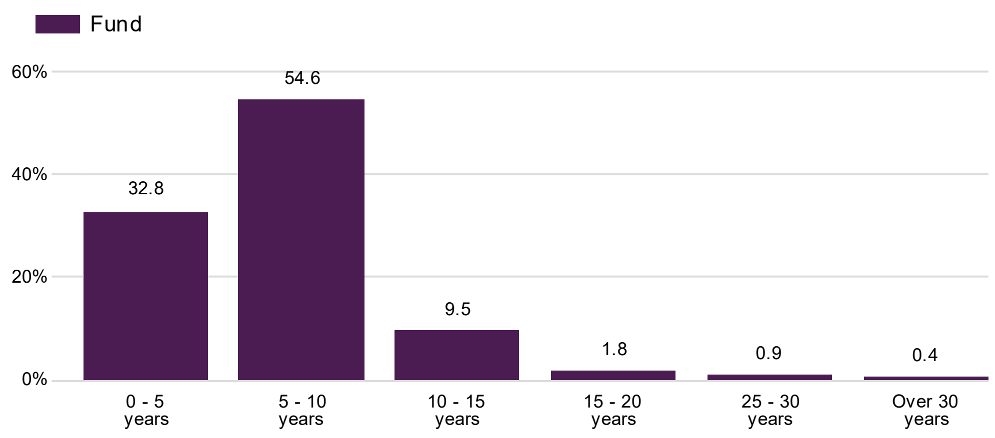
There was a similar focus in the insurance sector. Here we participated in new deals including subordinated bond new issues from BNP Paribas Cardif, an international insurance company based in France and part of the BNP Paribas Group.

In the utility sector, hybrid bond issuance remains popular given its favourable treatment by rating agencies. Given the higher leverage and subordinated lending position of these instruments, we are very selective in this area, but over the quarter added a new euro-denominated hybrid from French telecoms provider Orange, and UK energy provider SSE and German / Belgian transmission operator Elia Group – all three offering very attractive yields.

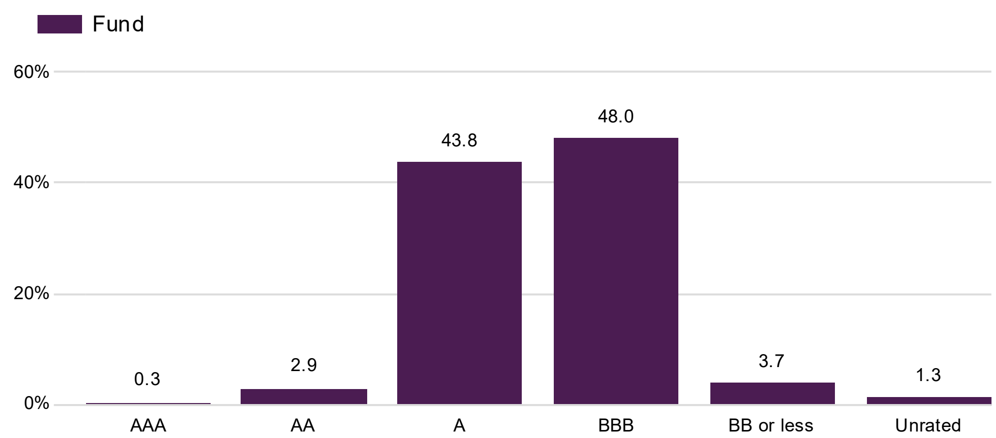
In real estate, Vonovia, one of Europe's largest residential real estate companies headquartered in Germany, came to market with a sterling-denominated 12-year bond. Whilst our preference remains lending to the sector on a secured basis, this new issue offered an attractive spread given the quality of the underlying assets.

Fund breakdown

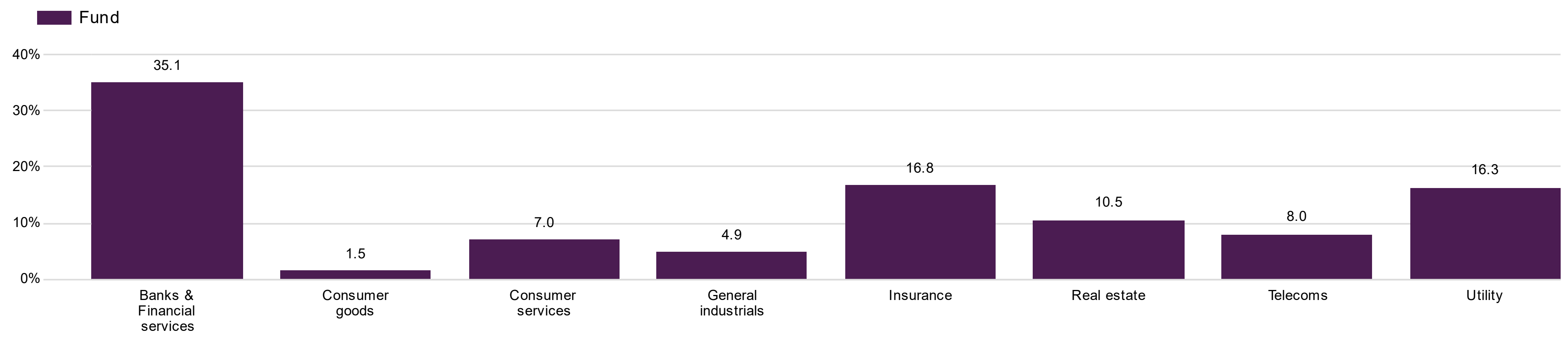
Maturity profile



Credit ratings



Sector breakdown



Characteristics and climate

Sustainable investment rationale

The Fund focuses on the sustainability of the products and services of the companies it invests in, as well as their standards of environmental, social, governance ("ESG") management, alongside financial analysis. The investment approach is fundamentally based on positive screening; identifying companies that are making a positive contribution towards a cleaner, healthier, safer and more inclusive society, through assessing both what a company does and how it does it, and through active engagement to encourage continual improvement. The fund will not invest in companies that undertake business activities deemed to be detrimental to society and that breach our Do No Significant Harm principle. Further details of the Funds Sustainable Investment process can be found in the ethical and sustainable investment policy at
www.rlam.com/uk/individual-investors/policies-and-regulatory/

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.

Adult entertainment	✓	High environmental impact	✓
Alcohol	✓	Human rights issues	✓
Animal welfare	✓	Nuclear power	✓
Armaments	✓	Nuclear weapons	✓
Fossil fuels	✓	Tobacco	✓
Gambling	✓	UNGC / OECD violators	✓

Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	2,967	n/a	n/a
Financed emissions coverage	95.82%	n/a	n/a
Carbon footprint (tCO2e/$M invested)	20.61	37.59	(45.17)
Carbon footprint coverage	95.82%	96.27%	(0.46)
Weighted average carbon intensity (tCO2e/$M sales)	59.67	82.81	(27.94)
Weighted average carbon intensity coverage	97.39%	97.72%	(0.34)

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	86.50	92.96	(6.95)
% of portfolio below 2°C ITR	63.96	53.04	20.60
% of portfolio below 1.5°C ITR	36.27	21.38	69.69

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	13.63	17.62	(22.61)
SBTi Near-Term committed	7.76	4.09	90.02
SBTi Near-Term targets set	25.83	31.85	(18.91)

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	9	25
Number of engagements	11	75

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	8
Climate - Physical Risk	2
Climate - Transition Risk	6
Governance	2
Corporate Governance	2
Social & Financial Inclusion	3
Just transition	1
Labour & Human Rights	2
Technology, Innovation & Society	5
Technology & Society	5

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

Barclays PLC - Climate - Transition Risk

Purpose:

We engaged Barclays PLC, a global banking and financial services company, as part of Royal London Asset Management's Net Zero Stewardship Programme to assess its progress on climate strategy ahead of its Annual General Meeting (AGM).

Outcome:

We attended an online investor event with Barclays' Climate and Investor Relations teams, at which the company reiterated its commitment to becoming a net zero bank by 2050, underpinned by 2030 sectoral targets aligned to a 1.5 degrees Celsius pathway. The bank highlighted that it has already achieved approximately a 90% reduction in market-based Scope 1 and 2 emissions - covering its own direct and energy-related emissions - through full renewable electricity sourcing. Barclays positioned its Climate Transition Framework as the central tool for assessing the transition quality of its clients, governing engagement and informing lending decisions, noting that coverage has expanded five-fold and is supported by artificial intelligence (AI) analytics.

The bank reported a record year for transition finance in 2025, with £500 million of balance-sheet equity investment committed to support transition activity. It acknowledged, however, that progress across sectors and regions remains uneven, and that some material exposures still lack explicit targets due to data and benchmark gaps. Barclays also confirmed it maintains no formal commitment to the Science Based Targets initiative (SBTi). We will continue to monitor whether the bank translates its framework commitments into broader, measurable financed-emissions targets across its full balance sheet.

Electricite de France SA - Climate - Transition Risk

Purpose:

We engaged Electricite de France SA, a French state-owned energy and utilities company, as part of Royal London Asset Management's Net Zero Stewardship Programme to better understand its approach to managing climate-related transition risks within its long-term business strategy.

Outcome:

During our engagement, we sought to understand how Electricité de France SA (EDF) is positioning itself for the transition to a lower-carbon economy, given the significant investment required across its nuclear, renewable energy and network infrastructure portfolio. The company acknowledged our concerns as a serious matter and engaged constructively with the questions we raised.

EDF highlighted several areas of progress, including achieving its lowest-ever carbon intensity of 26.5 gCO2/kWh in 2025, supported by increased nuclear generation and lower thermal gas production. The company also reported a reduction in Scope 3 emissions, while recognising that gas sales continue to present challenges. We discussed EDF's role in supporting electrification and were encouraged to hear about a recently announced €240 million programme to support low-income households and SMEs with measures including heat pumps and electric vehicle adoption.

We explored the opportunities and challenges associated with increased electrification, including the need for substantial investment in electricity networks to support renewable energy integration, electric vehicle charging and evolving patterns of electricity demand. EDF also provided an update on its climate adaptation strategy, highlighting the importance of water resources to its hydroelectric, nuclear and thermal generation assets. The company outlined how it assesses climate-related vulnerabilities and develops resilience measures to manage the potential impact of changing weather patterns on future generation. We were encouraged by EDF's continued focus on decarbonisation, electrification and climate resilience, and will continue to monitor progress in these areas.

Fund Engagement

Engagement outcomes

NatWest Group PLC - Climate - Transition Risk

Purpose:

We engaged NatWest Group PLC, a retail and commercial banking group, as part of Royal London Asset Management's Net Zero Stewardship Programme to clarify its climate strategy, fossil fuel policy changes, and revised financed-emissions targets following the publication of its latest climate disclosures.

Outcome:

At a pre-AGM meeting with the Chairman and a follow-up call with Investor Relations, NatWest explained its recent revisions to its financing policies and climate targets as pragmatic and risk-based, rather than a weakening of ambition and reaffirmed its commitment to halving financed emissions by 2030. It explained that a shift from sector-level targets to activity-based targets was intended to improve materiality and influence, though we noted this has reduced overall balance-sheet coverage and left some sectors outside scope. NatWest confirmed that capital limits for oil and gas remain unchanged, with exposure below one percent of total lending, and stated there is no appetite to finance fracking despite changes in how this is described in its reporting. The removal of blanket client transition assessment requirements was framed as enabling more nuanced, case-by-case decision-making and the bank highlighted strengthened board-level oversight and internal climate governance frameworks. We noted that further transparency is needed on target coverage, guardrails as applied in practice, and portfolio limits. We agreed to re-share our expectations on responsible lobbying, and NatWest committed to providing further information on its governance around cybersecurity and the use of artificial intelligence.

Market commentary

Market overview

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. Although a ceasefire was announced towards the end of the period, causing prices to ease, these remain above pre-crisis levels.

From a macroeconomic perspective, growth forecasts remain subdued, and inflation remains 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 the key driver of markets over the quarter.

Higher oil and gas prices pushed up headline inflation across most economies, primarily via fuel and energy-related components. Business surveys also pointed to a squeeze on input costs and a deterioration in delivery times, reflecting supply chain disruptions. By June, however, there were signs of easing supply chain disruptions following increased shipping flows through the Strait of Hormuz.

The US Federal Reserve kept rates on hold in both April and June. The June participant projections, however, showed nine out of 18 participants pencilling in a 2026 rate hike alongside upward revisions to the median inflation forecast, although the projections would not have fully reflected the fall in the oil price seen later in the quarter. Kevin Warsh replaced Jerome Powell as chairman of the US Federal Reserve and in June held his first press conference, striking a more hawkish tone than many anticipated.

The European Central Bank (ECB) raised rates by 25bps in June as the inflation impact of higher energy prices showed signs of broadening. Euro area GDP fell 0.2% quarter-on-quarter in Q1, although the fall was exaggerated by GDP volatility in Ireland. The Bank of England (BoE) kept rates on hold with two members voting for a rate hike. By the end of the quarter, given lower oil prices, markets had lowered expectations of future rate hikes from both the ECB and BoE from levels seen earlier in the quarter.

Government bond markets remained volatile during the second quarter as markets balanced persistent inflation pressures, shifting central bank expectations and ongoing geopolitical uncertainty. However, markets moved away from the sharp repricing seen in the first quarter, with some support returning to duration by quarter end as energy prices retreated, and fears of a prolonged supply shock eased. Yield movements were driven less by expectations of imminent rate cuts and more by concerns that policy rates may need to remain higher for longer. Short-dated bonds experienced the largest swings as markets reassessed monetary policy paths, while longer-dated yields reflected uncertainty around inflation, growth and fiscal borrowing requirements, particularly, in the UK, in view of the potential change of UK prime minister and policy changes that this might also bring. In the UK, 10-year gilt yields rose above 5% during May before retracing some of those gains, ending June at 4.76%. US treasury yields also moved higher over the quarter, with the 10-year Treasury yield ending June at 4.44%. Across Europe, government bond markets experienced similar volatility as markets adjusted expectations for the pace of future policy easing. The German 10-year bund yield was 2.87% at the end of the second quarter, down from 2.98% three months prior.

Global investment grade credit markets saw positive returns over the quarter. Credit spreads were tighter over the period – reflecting the rebound from the widening initiated by the breakout of conflict in Iran. US dollar, euro and sterling markets all saw positive returns, with sterling the relative outperformer.

Outlook

While the easing in US-Iran tensions in June helped reduce near-term pressure on oil prices and inflation expectations, the global macro environment is likely to remain unsettled. We expect swings in government bond interest rate volatility to remain an important driver of returns, with markets continuing to reassess the balance between sticky inflation, slowing growth and the extent to which central banks can ease policy. The geopolitical situation that has been a major impact on performance in the first half of 2026 is far from resolved, and further volatility can be expected.

Corporate bond markets enter the third quarter with spreads having retraced some of the widening seen earlier in the year. We continue to view credit spreads compensating for downgrade risk and that all-in yields remain attractive. While headlines in the next few months will undoubtedly lead to swings in prices, we believe that the long-term outlook for the asset class remains positive.

We continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies. By focusing on bottom-up analysis, we continue to build overall portfolios that we believe offer attractive risk / return profiles.

While near-term absolute performance is likely 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.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

Royal London Credit & ESG Activity Report

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.

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.

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.

Responsible investment 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.

Performance to 30 June 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception
Fund (gross)	2.72	1.63	3.34	18.57	2.33
Fund (net)	2.64	1.47	3.01	17.44	0.73

Annualised (%)

3 Years (p.a.)	Since Inception (p.a.)
5.84	0.47
5.50	0.15

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)	3.34	6.92	7.32	(0.30)	-
Fund (net)	3.01	6.58	6.97	(0.61)	-

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 European Sustainable Credit Fund Z Acc EUR share class. Since inception date 29 July 2021.

Glossary

Asset allocation

Breakdown of the assets by asset classes. Based on RLAM asset classification scheme.

Attribution

Attribution is shown for the most recent quarter. Attribution figures are based on close of business returns for both the fund and the index whereas performance figures are based on midday returns for the fund and close of business for the index. Therefore the performance will not include market moves between midday when the fund is priced, and close of business when the index is calculated. This may result in a different figure being shown for the quarterly performance vs attribution data.

Bonds

Securities that represent an obligation to repay a debt, with interest. Investment grade bonds are high quality bonds that are viewed as being highly likely to make all scheduled payments of interest and principal. Low quality bonds carry higher risk but also typically pay higher rates of interest. Corporate bonds are those issued by companies to raise finance.

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.

Credit ratings

Credit ratings are based on RLAM composite ratings which uses a hierarchy of S&P, Moody's and then the Fitch rating.

Currency hedged share classes

Currency Hedged Share Classes aim to provide investors with a return highly correlated to the return of the base currency share class by minimising the impact of exchange rate fluctuations between the base currency of the Fund and the investor's chosen currency. Derivatives are typically used to hedge the relevant share classes.

Derivatives

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

Duration

Measure of sensitivity of a Fixed Income instrument to changes in interest rates, indicating the potential impact of interest rate fluctuations on the value of the investment.

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.

Environmental, social and governance

A list of predefined criteria that determines how a company operates in terms of sustainability and overall corporate governance.

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 analytics

All figures exclude cash. Credit bonds include non-sterling bonds and CDs where held within the fund or benchmark.
This is applicable to the following sections: fund Asset Allocation, Duration, Yield curve, Sector breakdown, Financial holdings, Credit ratings.

Fund restrictions definitions

Adult Entertainment: Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

Armaments: Companies who manufacture armaments or nuclear weapons or associated products.

Glossary

Fund restrictions definitions

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.

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).

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.

Number of issuers

Number of unique issuers of all assets held by 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.

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.

Redemption yield

The weighted average rate of discount at which the future obligations of interest and capital payments of each of the fund's holdings excluding cash, in each case calculated to the point in time at which each is expected to redeem, equates to its current price, gross of relevant fund management costs and gross of tax. For funds that are sold in various hedged currency share classes, yield is adjusted to reflect the impact of FX hedging and excludes the impact of cash.

SBTi

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

Sector breakdown

Breakdown of the fixed income assets, excluding derivatives and cash by RLAM's internal industry sector classification scheme. Figures are subject to rounding.

Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

Weighted Average Carbon Intensity (WACI)

In line with our bespoke and targeted approach to credit analysis, we have developed an in-house carbon data tool that addresses coverage and mapping issues with third party systems. The development of this tool has been a critical element of RLAM's ESG integration into our credit process, addressing coverage and mapping issues with third party systems. This enhanced coverage is reflected in the WACI figures provided in this report, with all other metrics instead being based on data from MSCI.

Glossary

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.