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This fund uses the Sustainability Focus label which is for funds that invest mainly in assets that focus on sustainability for people or the planet.



Royal London Sustainable Managed Growth Trust

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 Sustainable Managed Growth Trust. 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.

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The fund

Fund performance objective and benchmark

The Fund's financial objective is to achieve a total return over the medium term, which should be considered as a period of 3-5 years. The Fund's sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the "Sustainability Themes" (Clean, Healthy, Safe, Inclusive), through their products or services as determined by the Investment Adviser using its "Sustainability Standard".

Fund value

	Total £m
30 June 2026	673.61

Asset Mix

	Holdings	Weight
Fixed Income	223	71.39%
Equity	52	27.52%
Cash	57	1.09%

Fund analytics

	Fund
Fund launch date	4 December 2012
Fund base currency	GBP

Performance and activity

Performance

	Fund (%)
Quarter	4.91
YTD	2.48
1 Year	7.68
3 Years (p.a.)	9.06
5 Years (p.a.)	2.78
10 Years (p.a.)	5.37
Since inception (p.a.)	5.88

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 C Acc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 4 December 2012.

Performance commentary

The fund's sustainability objective is to invest in companies that make a positive contribution to one or more of the Sustainability Themes – clean, healthy, safe, and inclusive. Our sustainable credit funds combine our long-standing credit philosophy with our heritage in sustainable investing, and most notably provide access to critical sectors that are not available via equity markets.

These areas can include not-for-profit UK housing associations providing homes at social and affordable rents, building societies providing basic financial services to households, and privately held regulated utilities enabling the transition to a lower-carbon economy. Our sustainable funds have no exposure to bonds of oil & gas companies or extractive industries. We are also underweight in the general industrial and consumer goods sectors, and to a lesser extent in consumer services.

Our credit exposure saw positive returns for the quarter, outperforming broad sterling credit markets. The combination of stock and sector selection was positive over the quarter. Our longstanding underweight position in supranationals was the largest positive allocation effect, while overweight positioning in insurance also added value. Looking at security selection, there were strong contributions across the portfolio. Within banks, we have a bias towards high quality, well capitalised issuers that better align to our inclusive sustainability theme through the provision of basic financial services. There were strong contributions from AT1 holdings in Lloyds, Nationwide, and Coventry Building Society as financial subordinated debt rallied in the second quarter in the spread tightening environment. In insurance, performance was driven primarily by subordinated holdings such as Aviva.

Away from financials, a strong contributor to performance during the quarter was rolling stock leasing company Eversholt. Following its acquisition by Beacon Rail earlier in the year, the company announced that by the end of 2026, all existing debt would be repaid early at a significant premium to market pricing. Rolling stock companies are well-aligned to our clean sustainability theme, due to their role in enabling lower-carbon transport and the fund continues to hold Great Rolling Stock (Angel Trains).

The fund's equity exposure produced positive returns over the period. Holdings in ASML, Taiwan Semiconductor Manufacturing and Infineon produced strong returns over the quarter, benefiting from accelerating AI-driven demand for semiconductors. Among the main detractors over the period was Intuit. The small business accounting software company reported slightly disappointing results, particularly related to their tax division which gave the market concern that that part of their business was facing disruption from AI.

Performance and activity

Top 10 holdings

	Weighting (%)
United Kingdom Gilt 3.75% 22/10/2053	1.56
Aviva 6.875% VRN 20/05/2058	1.33
M&G Plc 5.7% VRN 19/12/2063	1.33
HSBC Bank Fund 5.844% VRN Perp	1.11
ASML Holding NV	0.98
British Land 5.357% 31/03/2028	0.98
Rothesay Life PLC 3.375% 12/07/2026	0.98
British Land Co 5.264% 24/9/2035	0.90
HSBC Holdings Plc	0.89
Standard Chartered PLC	0.89
Total	10.95

Fund activity

New primary market issuers were active but moderate through the quarter. Investment grade sterling issuance totalled £12.7bn during the second quarter, led primarily by financials supply. This was slightly above last year's issuance during the same period (£10.3bn).

Over the quarter added a new bond from Scottish Hydro Electric Transmission, the company responsible for maintaining and operating the electricity transmission network across the north of Scotland – therefore playing a key role as an enabler of the clean energy transition.

In the social housing sector, we added a new securitisation from Sage Housing, England's largest for-profit registered provider of social housing. This issue is a floating rate ABS, paying a very attractive spread over SONIA, and is backed by a strong portfolio of nearly 3,000 newly built, highly energy-efficient affordable rent homes across England.

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. While the company is an important contributor to addressing the fundamental social need for access to housing – and demonstrates a focus towards maintaining affordability in its portfolio and providing high quality homes to tenants. The issue came at an attractive spread for fundamental risks.

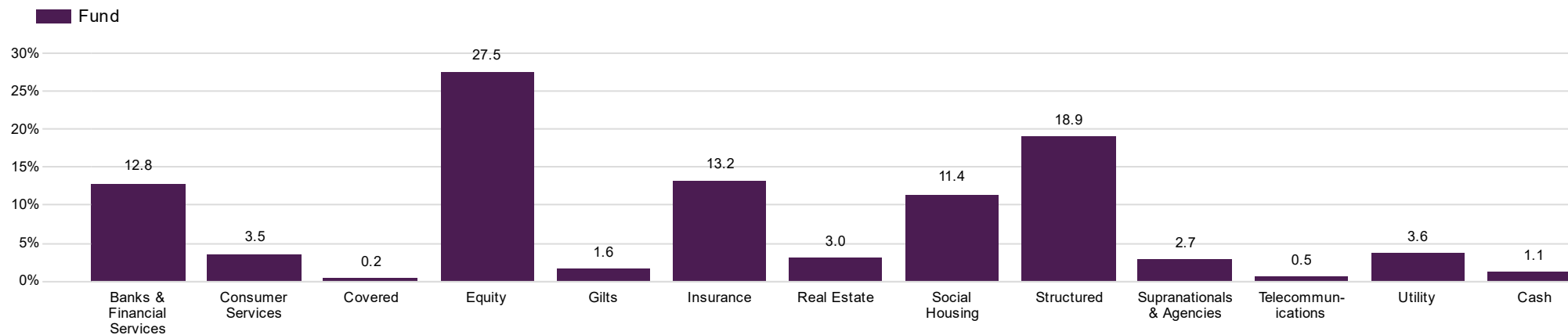
We also bought a new issue for London-based shopping centre Westfield Stratford City following the early repayment of existing bonds at par, which represented a premium to existing market pricing. The asset holds a BREEAM In-Use rating of "Excellent", reflecting high standards of operational management and environmental efficiency. Beyond this headline rating, Westfield Stratford reported a 30% reduction in energy use and a 29% reduction in carbon emissions since 2019, achieved through ongoing optimisation and energy efficiency initiatives. Given tenants' own sustainability ambitions, we view these initiatives as key to ensuring that Westfield Stratford remains a key destination for retailers – ultimately mitigating potential risks to cash flow stability and the value of the underlying security.

We continue to seek to diversify the portfolio when we believe that attractive opportunities arise. One of these was education publisher Pearson, issued with a yield premium which we felt more than compensated for the perceived AI disruption risk.

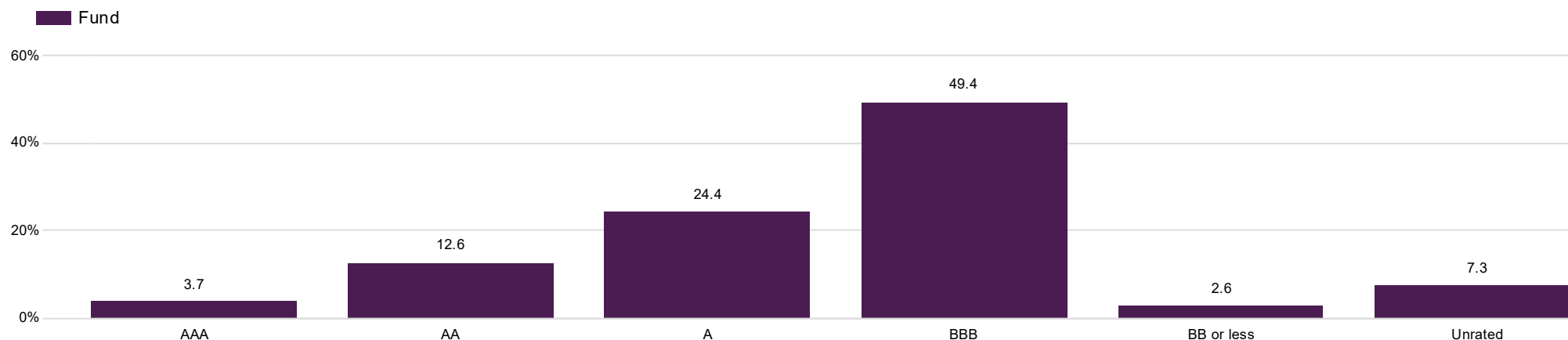
In the equity exposure of the fund, we increased exposure to companies that are benefiting from demand for semiconductors due to the boom in AI-related spending. We added to Comfort Systems, an electrical and mechanical contractor specialising in complex projects such as data centres. Over the quarter we exited positions in Sunbelt Rentals, GSK and Haleon in favour of better uses of capital elsewhere in the portfolio.

Fund breakdown

Sector weights



Credit ratings



Characteristics and climate

Sustainability approach

The Fund's sustainability objective is to invest in companies or issuers that make a positive contribution to one or more of the "Sustainability Themes" (Clean, Healthy, Safe, Inclusive), through their products or services as determined by the Investment Manager using its "Sustainability Standard". The Sustainability Standard requires 50% of a company or issuer's revenues to be derived from product or services aligned to one or more of the four Sustainability themes.

Overall, at least 70% of the Fund is invested in sustainable companies or issuers. Up to 30% may be held in non-sustainable companies or issuers that do not conflict with the sustainability objective for any of the four sustainability themes of the Fund.

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.

 Pornography production	✓	 Nuclear-power generation	✓
 Non-health animal testing	✓	 Tobacco manufacturing	✓
 Armament manufacturing	✓		
 Fossil fuel extraction	✓		
 Gambling establishments	✓		

Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	7,706	n/a	n/a
Financed emissions coverage	66.10%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	8.88	22.25	(60.08)
Carbon footprint coverage	66.10%	87.11%	(24.12)
Weighted average carbon intensity (tCO2e/\$M sales)	33.80	58.52	(42.24)
Weighted average carbon intensity coverage	93.16%	95.29%	(2.23)

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	65.09	70.97	(8.28)
% of portfolio below 2°C ITR	36.11	41.71	(13.43)
% of portfolio below 1.5°C ITR	20.52	21.02	(2.42)

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	13.37	12.92	3.49
SBTi Near-Term committed	2.14	3.20	(33.36)
SBTi Near-Term targets set	23.00	25.79	(10.79)

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	17	48
Number of engagements	21	127

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



Biodiversity	2
Climate	8
Climate - Physical Risk	3
Climate - Transition Risk	5
Diversity	1
Gender Diversity	1
Governance	6
Corporate Governance	6
Social & Financial Inclusion	4
Labour & Human Rights	4
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.

John Lewis Partnership PLC - Climate - Transition Risk

Purpose:

We engaged John Lewis Partnership PLC, a retail company to understand its current climate strategy, with a particular focus on scope 3 emissions, agricultural supply chains and its approach to decarbonisation.

Outcome:

The engagement provided an update on John Lewis Partnership's approach to decarbonisation, with a particular focus on supply chain emissions, nature and transition planning. We discussed the company's progress against its science-based targets and its approach to supplier engagement, with John Lewis confirming that more than 50% of Scope 3 emissions are now linked to suppliers with Science Based Targets initiative (SBTi)-approved targets. We also explored how programmes such as Farm Metrics and Farming for Nature are being used to improve emissions data, support lower-carbon farming practices and strengthen understanding of emissions across the value chain.

We encouraged the company to continue developing its approach to transition planning and welcomed plans to publish a climate transition plan aligned with Transition Plan Taskforce (TPT) guidance. The discussion also explored the interaction between climate, nature and animal welfare objectives, with the company acknowledging the practical trade-offs involved in delivering its transition strategy.

Fund Engagement

Engagement outcomes

NatWest Group PLC - Climate - Transition Risk

Purpose:

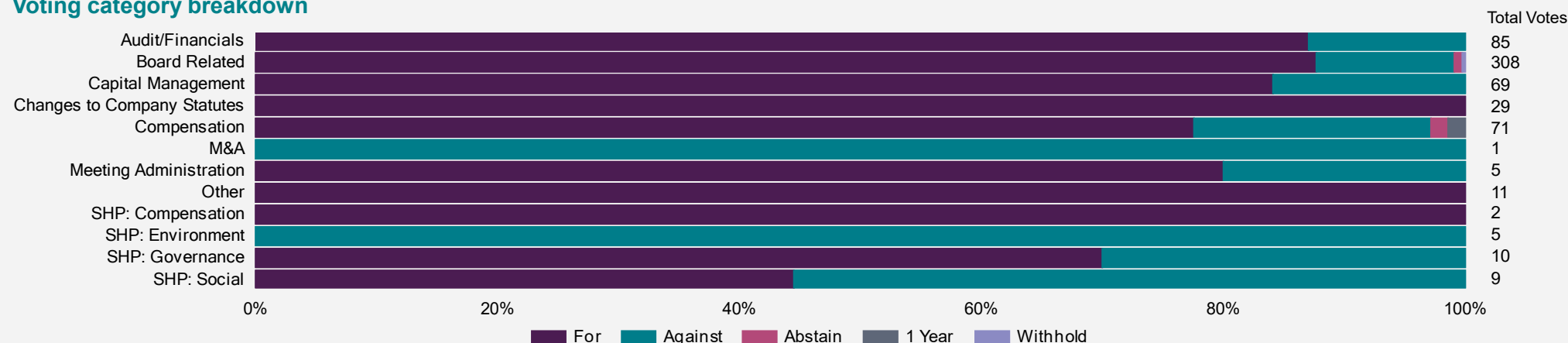
We engaged NatWest Group PLC, a retail and commercial banking group, as part of Royal London Asset Management's Net Zero Stewardship Programme to clarify its climate strategy, fossil fuel policy changes, and revised financed-emissions targets following the publication of its latest climate disclosures.

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.

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.

HSBC Holdings plc

To re-elect Geraldine Buckingham as a Director - against:

Fund Voting

Notable votes

HSBC Holdings plc

We voted against this nominee who serves as Chair of the Sustainability Working Group. We have some concerns that the company's updated Net Zero Transition Plan seems to weaken prior climate ambition through diluted coal, oil and gas policies and less robust financed-emissions targets, resulting in the bank no longer aligning with a net zero pathway and lagging key UK and European peers. We would welcome an engagement opportunity to discuss.

To re-elect James Forese as a Director - against:

We voted against this nominee who serves as Chair of the Group Risk Committee. We have some concerns that the company's updated Net Zero Transition Plan seems to weaken prior climate ambition through diluted coal, oil and gas policies and less robust financed-emissions targets, resulting in the bank no longer aligning with a net zero pathway and lagging key UK and European peers. We would welcome an engagement opportunity to discuss.

Texas Instruments Inc.

Elect Todd M. Bluedorn - against:

We voted against as this nominee serves as chair of the governance and stockholder relations committee and we have some concerns that the board adopted an exclusive forum provision during the year under review without shareholder approval.

Elect Haviv Ilan - against:

We voted against this nominee who serves as both Chair and CEO. We would prefer to see these roles separated. We would also welcome an engagement opportunity to discuss human rights risks and disclosures.

Advisory Vote on Executive Compensation - against:

We continue to have concerns that the awards granted under the long-term incentive plan are not sufficiently performance based, and that certain bonus awards are discretionary and without clear disclosure of the maximum limits.

Market commentary

Market

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 to pre-crisis levels.

The effect on equities was significant volatility, though this 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.

Fixed income markets were volatile during the second quarter as investors 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. Sterling credit markets produced positive returns, with the spread in yield over equivalent government bonds narrowing over the quarter.

Outlook

While AI is clearly driving a large share of equity market and economic optimism, we believe that current market moves do not yet match the late-stage excesses of 1999 and the internet boom. More importantly, the lesson from the internet era is that investors often correctly identify a transformative technology but misjudge its economics and eventual winners: early leaders can fade, while overlooked incumbents or later movers may prove more successful. In that sense, AI may well reshape the economy profoundly, but uncertainty remains around which business models will generate durable profits and whether today's apparent winners will still lead in the long run.

Recent events in the Middle East have increased uncertainty, but we believe they are more likely to reinforce the inflationary and more fragmented investment environment that has existed since 2021 than fundamentally alter it. In that context, the key determinant of market outcomes over the next year is still likely to be the pace and direction of AI adoption, and whether current fears around disruption create opportunities in durable, high-quality businesses whose long-term competitive positions remain intact.

Sustainable companies may stand to relatively benefit from recent market events. Companies that have proactively improved energy efficiency and reduced reliance on fossil fuels should be relatively better placed if energy prices remain elevated, while renewable technologies that support localised and renewable energy production are also becoming increasingly important.

We are not complacent, however, and have used periods of market weakness to add selectively to quality companies at more attractive valuations. As always, we will keep an open mind as events evolve, but we continue to believe that periods of uncertainty and volatility can create attractive opportunities for long-term investors.

Further Information

Please click on the links below for further information:



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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This is a financial promotion and is not investment advice.

Telephone calls and written communications may be recorded and monitored. For further information please see the Privacy Policy at www.rlam.com.

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The Trust is an authorised unit trust scheme. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032.

For more information on the Trust 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.

The portfolio has no index as a comparison.

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.

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

This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

EPM techniques risk

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.

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	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	4.91	2.48	7.68	29.74	14.71	9.06	2.78
Fund (net)	4.74	2.16	6.99	27.24	11.05	8.35	2.12

Annualised (%)

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)	7.68	6.43	13.20	0.78	(12.27)
Fund (net)	6.99	5.74	12.47	0.13	(12.83)

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 Sustainable Managed Growth Trust C Acc GBP share class.

Glossary

Asset allocation

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

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.

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.

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

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.

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.

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

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.

Glossary

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Performance

The Fund price is taken at mid-day using swing prices where applicable.

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.

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.

Total return

A total return is a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.

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.

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.