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Royal London Ethical Bond Fund

Quarterly Investment Report

31 March 2026

Quarterly Report

The fund as at 31 March 2026

The purpose of this report is to provide an update on the Royal London Ethical Bond 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.

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The fund

Fund performance objective and benchmark

The Fund aims to provide a return greater than that of the Markit iBoxx Sterling Non-Gilts Total Return All Maturities GBP Index over rolling 5-year periods, through a combination of capital growth and income, after the deduction of charges. The Index has been selected as a target benchmark because it is representative of the type of bonds in which the Fund invests, and it is therefore an appropriate measure for the Fund's performance. The performance comparator for the Fund is the IA Sterling Strategic Bond sector (the "IA Sector").

Fund value

| | Total £m |
|---------------|----------|
| 31 March 2026 | 918.08 |

Asset allocation

| | Fund (%) | Benchmark (%) |
|---------------------------------|----------|---------------|
| Conventional credit bonds | 99.20 | 99.40 |
| Index linked credit bonds | 0.80 | - |
| Conventional foreign sovereigns | - | 0.60 |

Fund analytics

| | Fund | Benchmark |
|----------------------|---------------------------------------|-----------|
| Fund launch date | 31 January 2007 | |
| Fund base currency | GBP | |
| Benchmark | iBoxx £ Non-Gilts (Total Return, GBP) | |
| Duration (years) | 5.66 | 5.25 |
| Redemption yield (%) | 6.71 | 5.53 |
| Number of holdings | 317 | 1,222 |
| Number of issuers | 209 | 477 |

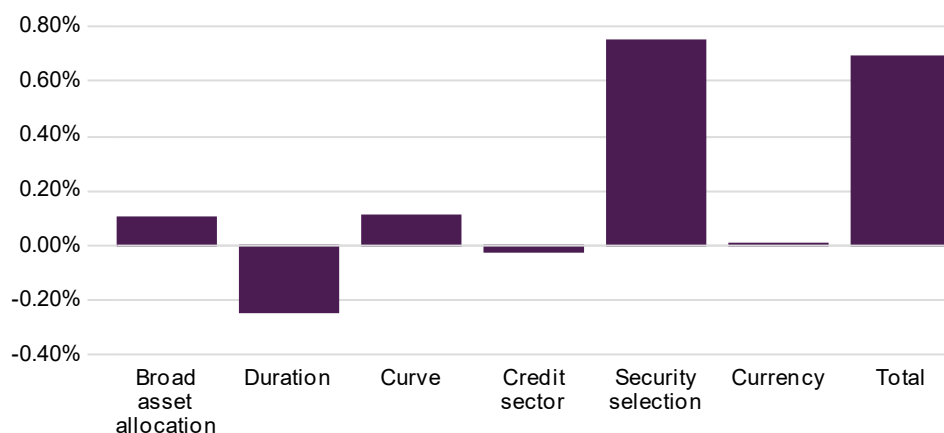
Performance and activity

Performance

| | Fund (%) | Benchmark (%) | Relative (%) |
|------------------------|----------|---------------|--------------|
| Quarter | (0.95) | (1.62) | 0.67 |
| 1 Year | 6.82 | 4.43 | 2.39 |
| 3 Years (p.a.) | 6.93 | 4.29 | 2.64 |
| 5 Years (p.a.) | 1.40 | (0.69) | 2.09 |
| 10 Years (p.a.) | 3.59 | 1.86 | 1.74 |
| Since inception (p.a.) | 5.35 | 3.80 | 1.55 |

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 Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 31 October 2009.

Attribution over the quarter



Performance commentary

Returns from sterling credit investment grade markets (iBoxx) were negative in the first quarter. Against this, the fund outperformed the index.

Our bias towards longer duration was negative for relative performance over the quarter. This stance was driven by bottom-up credit selection, which has led us to have a greater exposure to mid and longer-dated bonds, rather than an outright macro-driven stance.

Stock selection was positive over the quarter. These positive effects were centred in our structured bond exposure. Many of these bonds had rallied less than other sectors in 2025, but more importantly, with the increase in uncertainty generally, the greater confidence around cashflows and payment of coupons and principal from these bonds becomes more attractive. Key holdings such as Coventry & Rugby Hospital, Telereal (backed by rental on BT exchanges), Trafford Centre (shopping centres) all achieved positive returns in a quarter where most bonds delivered negative returns.

Sector allocation was broadly neutral, with the positive impact of our bias towards structured and social housing bonds offset by the negative impact of our underweight in supranationals.

Performance and activity

Top 10 holdings

| | Weighting (%) |
|--|---------------|
| SANTANDER UK % NON CUM PREF PLC | 1.50 |
| CO-OPERATIVE GROUP HOLDINGS (2011) 7.5 08 Jul 2026 | 1.21 |
| INTULN_13-11 8.75 16 Jan 2029 | 1.12 |
| PROGRESS HEALTH 5.58 02 Oct 2042 | 1.11 |
| AVIVA PLC 6.875 20 May 2058 | 1.07 |
| HARB_03-08 5.28 31 Mar 2044 | 1.00 |
| ECCLESIASTICAL INSURANCE OFFICE .6 | 0.98 |
| PLACES FOR PEOPLE TREASURY PLC 2.5 26 Jan 2036 | 0.91 |
| HSBC HOLDINGS PLC 8.201 16 Nov 2034 | 0.87 |
| FRESHWATER FINANCE PLC 4.556 03 Apr 2036 | 0.80 |
| Total | 10.57 |

Fund activity

New issue activity is typically high in the first quarter of the year, with this one no exception, despite the pace of overall issuance falling sharply in March. We continued to find attractive opportunities across the market – both in established, larger sectors such as financials, areas that we have historically favoured such as structured bonds, and newer areas that add diversification in terms of sector and geographic exposure outside of the UK.

Banks and financials remain a large part of the index. Our portfolios have a long-standing high level of exposure to the sector as we believe that credit spreads looked very attractive for the risk taken. At the margin, however, we have been reducing exposure, leaving the fund underweight the sector, but we also continue to be active in this area. Examples of purchases over the quarter included senior bonds from BPCE and Danske Bank, as well as subordinated bonds from Investec and Credit Agricole. We also added AT1 bonds – these lower down in the capital structure but offering a higher yield – from UK specialist bank Paragon Banking.

We also added selectively to new issues in the insurance sector – another area of focus in our portfolios, again taking a selective approach to both issuer and capital structure. We added GICS (Guaranteed Investment Contracts) bonds from Pacific Life. These bonds are ranked alongside policyholders, therefore offering lower risk than from other parts of the capital structure.

Technology and the growth in AI has been the trend of note in the past few years. One significant change in the past few months has been US hyperscalers looking beyond the US dollar market to raise finance. We added a new issue of 100-year bonds from Google parent company Alphabet at an attractive yield.

Structured bonds remain a key element in our portfolios. We believe that the market continues to undervalue these attractive issues that give investors greater certainty over cashflows and a higher yield. During the quarter we added an AAA rated new issue from Sirius – backed by a portfolio of UK logistics assets at a material spread premium to the market with a floating rate structure that helps manage overall interest rate risk. We also added a new issue from Telereal – backed by BT telephone exchange rental income – whose bonds offered an attractive above-market average spread.

Other new issues also included names in the real estate sector, notably Akelius Residential and Hemso Fastighets. Akelius owns and manages metropolitan apartments in a number of European cities, while Hemso, a new issuer in the portfolio, is a largely publicly owned Swedish organisation that owns properties for public use – such as nursing homes, education and healthcare – in Sweden, Germany and Finland.

Performance and activity

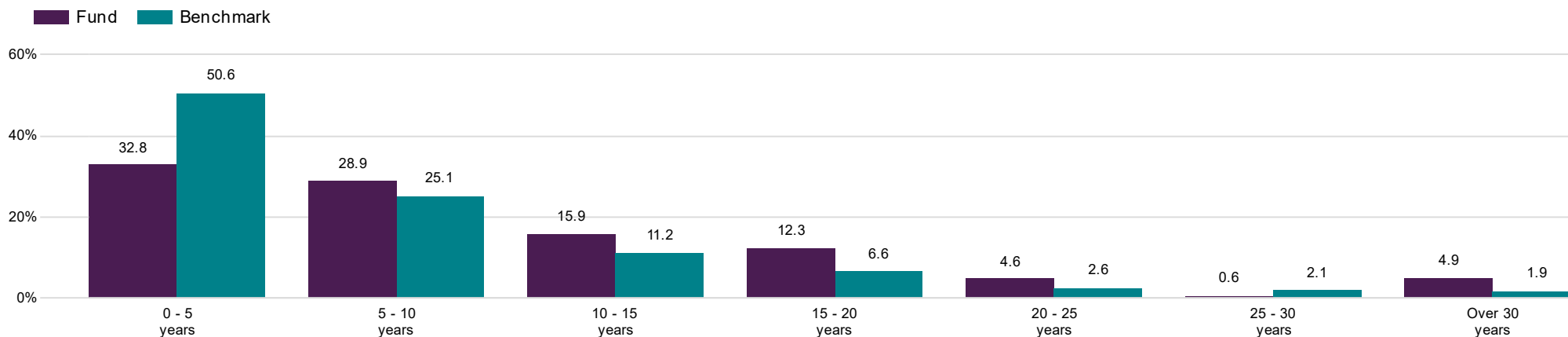
Fund activity (continued)

In the UK social housing sector we added Blend, a housing association aggregator issuer that helps smaller housing associations access debt markets efficiently. The bonds are secured and offer an attractive spread over gilts.

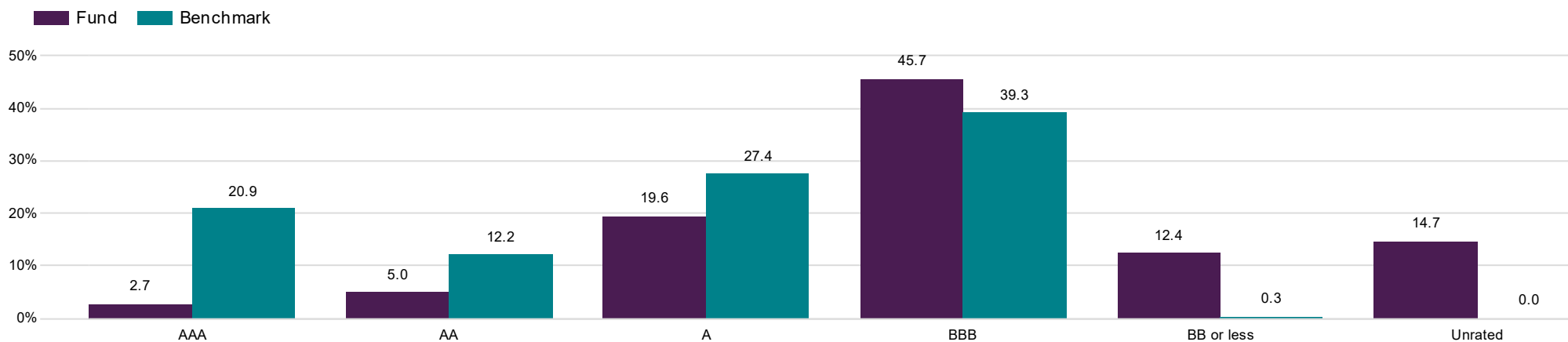
The nature of the sterling market offers inconsistencies and inefficiencies that we can take advantage of as active investors. Examples during the quarter included selling Aroundtown 2029 bonds into 2032 bonds from the same issuer for a 30bps pick-up in underlying credit spread for a modest maturity extension. In Southern Water, we sold 2028 bonds into 2031 bonds for a spread pick up of 50bps, also benefiting from a higher yield on the underlying reference gilt.

Fund breakdown

Maturity profile

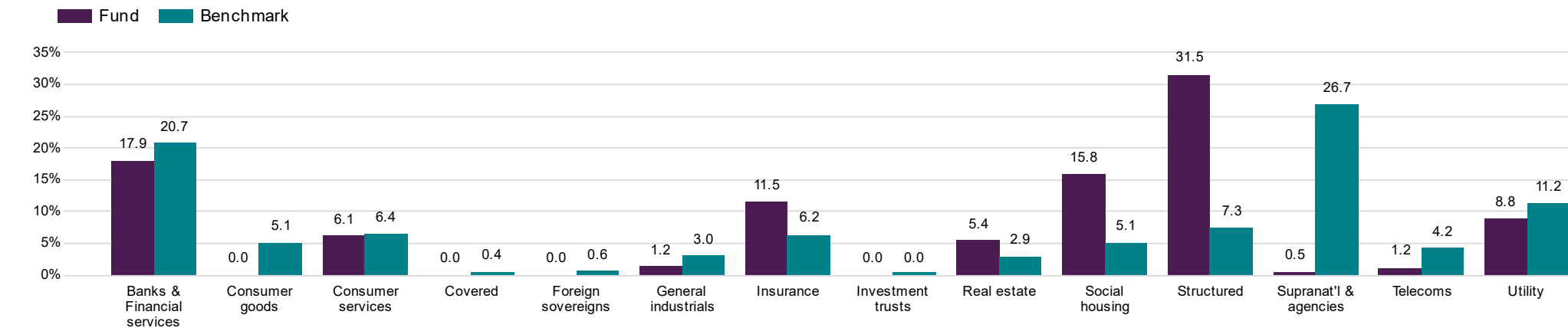


Credit ratings



Fund breakdown

Sector breakdown













Characteristics and climate

Sustainability approach

The fund integrates the assessment of environmental, social, and governance (ESG) risks into the investment decision making process in order to help mitigate ESG risks and/or identify opportunities for investors. In addition to identifying and managing ESG risks, Royal London Asset Management's Ethical Bond Fund applies an additional layer to its process - ethical bond screening. This process identifies bonds which meet predetermined ethical criteria, excluding from investment in the fund bonds which fall short of these requirements. Full details of the exclusions can be found at www.rlam.com

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 weapons | ✓ |
|  Armaments | ✓ |  Tobacco | ✓ |
|  Fossil fuels | ✓ | | |
|  Gambling | ✓ | | |

Climate metrics

| | Fund | Benchmark | Difference (%) |
|---|--------|-----------|----------------|
| Financed emissions (tCO2e) | 24,070 | n/a | n/a |
| Financed emissions coverage | 48.86% | n/a | n/a |
| Carbon footprint (tCO2e/\$M invested) | 20.20 | 18.14 | 11.36 |
| Carbon footprint coverage | 48.86% | 83.94% | (41.79) |
| Weighted average carbon intensity (tCO2e/\$M sales) | 41.24 | 51.30 | (19.62) |
| Weighted average carbon intensity coverage | 85.82% | 95.06% | (9.71) |

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 | 45.82 | 62.68 | (26.90) |
| % of portfolio below 2°C ITR | 33.65 | 39.76 | (15.37) |
| % of portfolio below 1.5°C ITR | 19.21 | 19.24 | (0.17) |

SBTi net - zero

| | Fund (%) | Benchmark (%) | Difference (%) |
|----------------------------|----------|---------------|----------------|
| SBTi Net-Zero committed | 8.33 | 8.24 | 1.12 |
| SBTi Near-Term committed | 2.41 | 3.24 | (25.66) |
| SBTi Near-Term targets set | 12.37 | 17.05 | (27.43) |

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 | 12 | 29 |
| Number of engagements | 15 | 63 |

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

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 – Just Transition

Purpose:

We engaged with Barclays PLC, a UK-listed bank, to gain clarity on how social dimensions, such as workforce impact and community vitality are being reflected in its climate transition planning.

Outcome:

Barclays now recognises the importance of just transition and has begun embedding social factors into its internal frameworks and sector strategies. While specific tools are still emerging, the bank has shared early examples of social considerations being incorporated into new product frameworks and just transition is a component of its Transition Finance Framework, e.g., targeted support to ensure that impacted communities benefit from the low-carbon energy transition. Barclays acknowledged that more consistent, measurable application of these principles is required across its business.

HSBC Holdings PLC – Just Transition

Purpose:

We engaged HSBC Holdings PLC, a UK-listed bank, to understand how it integrates social considerations into its climate transition strategy, including impacts on workers, communities, and regional economies.

Outcome:

HSBC now formally acknowledges the importance of a just transition and has taken initial steps to embed it into its strategy, such as updating internal governance and including social factors in its sector and regional engagement frameworks. While no single 'best-in-class' mechanism has emerged, the bank's development of inclusive product design and regional support for small and medium sized businesses demonstrates clear progress. Further work is needed to ensure these commitments are consistently applied across its financing activities.

John Lewis PLC – Human Rights

Purpose:

We engaged John Lewis Partnership PLC, a UK retailer, to discuss how it identifies and manages human rights risks in its food and agricultural supply chains, how these risks inform business decision-making, and how the effectiveness of due-diligence processes is monitored over time. The discussion focused in particular on remediation practices, grievance mechanisms, audit effectiveness, land rights, including Free and Prior Informed Consent (FPIC), and supply-chain health and safety.

Outcome:

John Lewis shared updates on its approach to human rights due diligence, including how it refreshes its assessment of key risks and uses a combination of internal reporting, supplier information and external sources to guide its engagement. The company emphasised a remediation-first approach, working with suppliers to address issues rather than defaulting to contract termination. The company outlined its processes for tracking worker concerns, reviewing audit findings, and engaging suppliers to implement corrective actions over time. The company highlighted ongoing programmes aimed at improving worker livelihoods and addressing salient risks in sectors such as agriculture and fisheries. John Lewis acknowledged that investor-facing reporting on health and safety metrics and grievance outcomes, and the effectiveness of its programmes could be clearer. The company indicated it would consider how reporting could be strengthened and we agreed to continue engagement to monitor progress and encourage greater transparency over time.

Fund Engagement

Engagement outcomes

Lloyds Banking Group PLC – Just Transition

Purpose:

Lloyds Banking Group PLC, a UK-listed bank, was engaged to explore how it is considering social risks, such as community resilience and customer inclusivity, as it transitions to a low-carbon economy.

Outcome:

Lloyds has begun integrating just transition principles into its climate strategy, highlighted through early implementation of region- and sector-focused lending criteria that reflect social and customer considerations. Through its lending to Community Development Financial Institutions, Lloyds demonstrates core just transition principles, fairness, inclusion and place-based support, within its community lending activity. Through our engagement, Lloyds has demonstrated meaningful improvements in product design and regional support initiatives. It acknowledges the need to further align these efforts across all financing activities.

NatWest Group PLC – Just Transition

Purpose:

NatWest Group PLC, a UK-listed bank, was engaged to explore how it considers the broader social impact, on workers and regions, when providing finance to clients through its transition strategy.

Outcome:

NatWest formally recognises the need for a just transition approach in its climate planning and has taken initial steps to reflect social aspects in lending and client engagement strategies. In particular, its Human Rights Report, an early version of which RLAM provided feedback on, demonstrates how financial institutions can align climate strategy with human rights principles. The bank illustrated improvements such as regional analysis and product design aligned with just transition goals. We will monitor how these considerations are scaled.

Market commentary

Market overview

The first quarter of 2026 was dominated by a sudden regime shift as geopolitics moved to the centre of the macro picture. Escalating tensions in the Gulf region came to a head in late February with the US-Israel offensive against Iran. The escalation added an additional layer of uncertainty and triggered concerns over oil and gas supplies, energy prices and near-term inflation risks. Brent crude hit more than 105 US dollars per barrel at the end of March as supply through the Strait of Hormuz was restricted and gas prices also surged, leading to quickly deteriorating risk sentiment.

In the US, the spike in oil prices was a headwind, but the economy's energy sensitivity proved lower than in past shocks and the US benefits from being a major producer, helping US equities show relative resilience even as the quarter ended weakly. Investors also had to digest policy uncertainty after legal constraints changed the scope for tariffs announced in April 2025 and new tariff proposals reintroduced volatility, complicating the outlook for inflation and limiting the Federal Reserve's room to cut rates. Markets weighed the risk of a prolonged energy shock elevating recession likelihood later in 2026, even if the base case remained for a modest growth hit and higher near-term inflation.

In the UK, the macro backdrop was similarly shaped by the energy price shock, but equities proved comparatively more defensive than some global peers, echoing patterns seen in prior commodity-driven events.

Government bond markets bore the brunt of the repricing. Front end yields jumped, and curves reset higher as investors moved from expecting rate cuts to pricing fewer cuts, or even hikes, with higher energy costs seen as an inflationary impulse that central banks could not ignore. Moves in short-dated yields were especially pronounced as markets tried to map the oil shock into policy reaction functions, while longer dated yields also swung as markets attempted to price the risks of any or all of higher inflation, lower growth and even potentially larger government borrowing. UK 10-year gilt yields shot up to 4.92%, up from 4.48% at the end of December and surpassing their highest levels seen last year (4.89% in January 2025).

The sterling investment grade credit market (iBoxx non-gilt index) returned -1.62% over the period under review. Spreads ended the quarter at 0.85% (iBoxx), compared to 0.77% (iBoxx) at the end of 2025. Sector returns were negative across the board, with more defensive areas such as covered bonds and supranationals less affected than areas with longer duration such as consumer services, telecoms and utilities.

Outlook

The ongoing global macro environment remained unsettled in the first quarter. Geopolitical risks, fiscal uncertainty and divergence in global monetary policy drove volatility in both nominal and real yields. More specifically the recent escalation in tensions around Iran, add an additional layer of uncertainty to the inflation and growth outlook. While the immediate market focus tends to be on energy prices and near-term inflation risks, history suggests that prolonged geopolitical shocks are ultimately negative for global growth as higher input costs, tighter financial conditions and weaker confidence begin to bite. In this scenario, inflation may prove stickier than central banks would like, even as growth momentum fades. The combination likely points to falling real yields over time, reinforcing the case for duration. Looking at our sterling credit strategy, this is a bias towards a long duration stance, rather than a meaningful use of risk budget.

Sterling credit markets modestly outperformed gilts during the first quarter, helped by shorter duration and the higher income. Spreads remain relatively tight compared to the past two decades, but as we pointed out at the start of the year, when looking at a company level, defaults are low, company balance sheets are generally healthy, and investors continue to look for yield. At a fundamental level, we still believe that credit spreads over-compensate investors for default risk, and that the all-in yield on sterling credit remains attractive. Furthermore, we continue to find attractive investment opportunities, partly through the new issue market but also by focusing on exploiting market inefficiencies. By focusing on bottom-up analysis, we continue to build overall portfolios that we believe offer attractive risk / return profiles with above-market yields.

While near-term absolute performance is likely to be heavily influenced by movements in the yields of underlying government bond markets, we expect relative performance to continue to be meaningfully influenced by the comparative exposure to supranational bonds and to more economically sensitive or cyclical industrial and consumer sectors. However, we believe that continued emphasis on diversification and our bias towards secured and collateralised debt to help mitigate default risk, as well as our focus on income, will continue to support returns as has been the case through the present environment of volatile yields.

We remain confident that we can further achieve an attractive yield premium in our sterling credit portfolios, as we look to exploit market inefficiencies, with long-standing belief such as the undervaluing of security now augmented by newer inefficiencies such as the 'mechanised' approaches used by annuity providers, exchange traded funds and passive funds that treat credit as a homogenous commodity area, buying in a relatively price insensitive manner. Experience suggests that the more credit is treated as a commoditised asset class, the greater the level of inefficiencies that an active manager can exploit.

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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The Fund is a sub-fund of Royal London Bond Funds II ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC001128.

The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037.

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

iBoxx indexes and data are an intellectual property of Markit North America, Inc., Markit Indices GmbH, Markit Equities Limited and/or its affiliates iBoxx and has been licensed for use in connection with the fund (or other investment vehicle) or securities referenced herein.

The Index provided by IHS Markit is subject to disclaimer currently available here (and as updated by IHS Markit from time to time): <https://ihsmarkit.com/Legal/disclaimers.html> and/or in the prospectus for the Fund.

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.

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.

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.

Charges from capital risk

Charges are taken from the capital of the Fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.

Performance to 31 March 2026

Cumulative (%)

Annualised (%)

| | 3 Month | 6 Month | 1 Year | 3 Years | 5 Years | 3 Years (p.a.) | 5 Years (p.a.) |
|---------------------|---------|---------|--------|---------|---------|-------------------|-------------------|
| Fund (gross) | (0.95) | 1.52 | 6.82 | 22.29 | 7.19 | 6.93 | 1.40 |
| Fund (net) | (1.05) | 1.32 | 6.39 | 20.84 | 5.07 | 6.51 | 0.99 |

Year on year performance (%)

| | 31/03/2025 - 31/03/2026 | 31/03/2024 - 31/03/2025 | 31/03/2023 - 31/03/2024 | 31/03/2022 - 31/03/2023 | 31/03/2021 - 31/03/2022 |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fund (gross) | 6.82 | 5.04 | 8.99 | (9.64) | (3.01) |
| Fund (net) | 6.39 | 4.62 | 8.56 | (10.00) | (3.39) |

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 31 March 2026. All figures are mid-price to mid-price for the Royal London Ethical Bond Fund Z Inc GBP share class.

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.

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.

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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.

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.

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.

Glossary

Fund restrictions definitions

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.

Hedging

Reduces risk by protecting an investment with another related investment.

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

The Fund price is taken at mid-day using swing prices where applicable, while the index performance is priced at close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons.

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 equates to its current price, gross of relevant fund management costs and gross of tax.

Rolling 5-Year Period

A rolling 5-year period is any period of five years, no matter which day you start on.

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.

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.