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Royal London European Sustainable Credit Fund

Quarterly Investment Report

30 September 2026

ROYAL LONDON
ASSET MANAGEMENT

Quarterly Report

The fund as at 30 September 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.

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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 September 2026	120.42

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)	4.77	4.42
Redemption yield (FX adjusted) (%)	4.62	
Number of holdings	270	5,102
Number of issuers	157	1,053

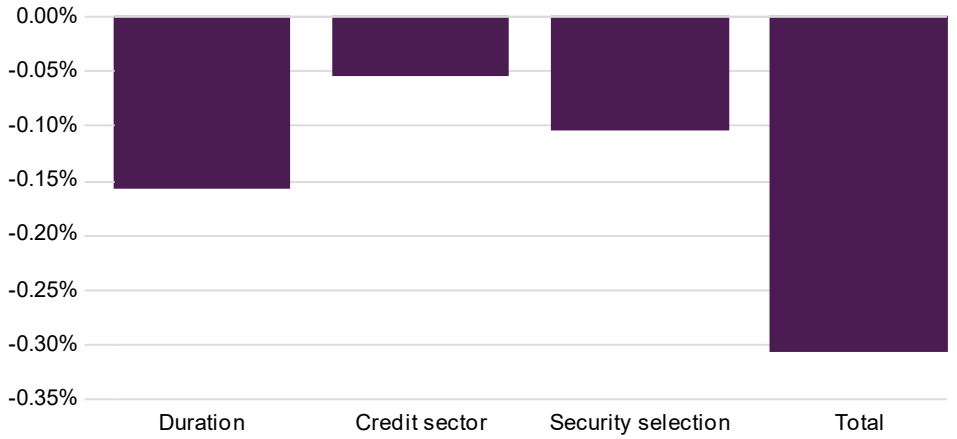
Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(2.89)	(2.55)	(0.34)
YTD	(1.31)	(1.25)	(0.06)
1 Year	(0.92)	(1.01)	0.09
3 Years (p.a.)	4.81	3.89	0.92
5 Years (p.a.)	0.08	(0.39)	0.47
Since inception (p.a.)	(0.12)	(0.57)	0.45

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

Credit market returns were negative in the third quarter, with this driven primarily by weaker markets in September. July and August were characteristically quiet, with some volatility due mainly due to thin trading volumes. Middle East uncertainty was a key element in market weakness in September. The news from the Middle East was not noticeably worse or better than prior months, but it appeared that markets have become more pessimistic about a resolution and hence news tended to be viewed negatively – an example being the sell-off on the closure of the Saudi East-West pipeline not being reversed later in the month when it reopened. Another factor of note was a decoupling of US dollar and euro markets. Euro market spreads widened more than US on the ongoing concerns around France. Again, this was not a new concern, but one that appeared to crystallise in September. This pushed French government bond yields higher, then French corporates, with the latter then leading to repricing in non-French euro corporate bonds deemed similar credit risk.

The fund saw negative returns over the quarter, and underperformed the index (Z Acc EUR). The fund has had a number of key biases over the past 12-18 months, namely a bias towards longer-dated bonds which we saw as better value, leading to a long duration position. The fund has also generally been long credit risk – reflecting our view that spreads more than compensated for default risk. As part of that stance, this has meant we generally favoured financials, including subordinated banks. During the third quarter, the market moved against each of these.

While this was negative for performance for this three-month period, we remain comfortable with our strategy. This has produced long-term outperformance and we believe that this is the best approach going forward. It is based on a bottom-up process to identify bonds where we believe we are overcompensated for the risk taken.

Performance and activity

Top 10 holdings

	Weighting (%)
Hannover Rueck SE 1.375% VRN 30/06/2042	1.97
NatWest Group PLC 5.763% VRN 28/02/2034	1.35
Allianz SE 2.121% VRN 08/07/2050	1.23
Bunzl Finance PLC 3.375% 09/04/2032	1.20
ABN AMRO Bank NV 5.5% VRN 21/09/2033	1.19
AXA SA 5.5% VRN 11/07/2043	1.15
Lloyds Banking Group PLC 4.375% VRN 05/04/2034	1.14
Deutsche Bahn Finance GMBH 1.6% VRN Perp	1.07
ASR Nederland NV 7% VRN 07/12/2043	1.00
Coventry Building Society 3.125% 29/10/2029	0.92
Total	**12.23**

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.

Although new issue activity was lower during the quarter due to the seasonal summer lull, volumes were higher than seen in recent summers. This was partly due to high issuance from hyperscalers, but we saw a broad range of corporates come to market during July and August who were looking to take advantage of calmer Middle East sentiment to lock in attractive borrowing costs.

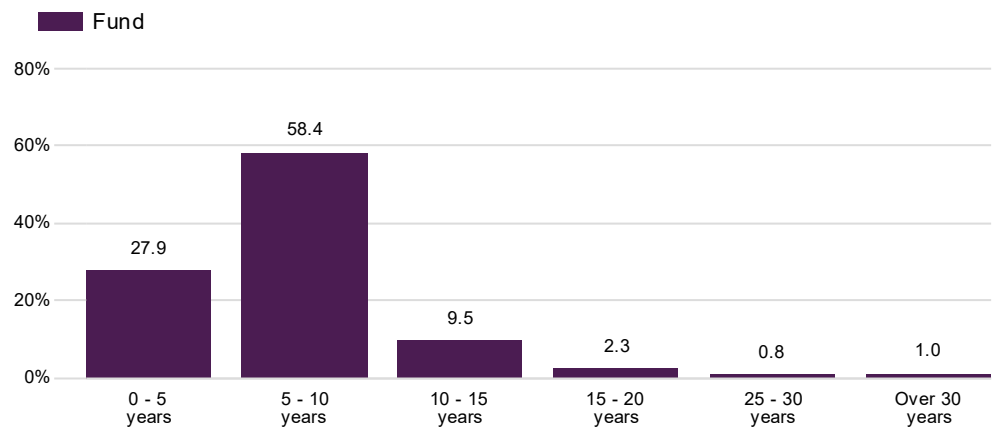
Banks and financials remain a large part of the index. We continue to find attractive long-term holdings in this area, and used softer markets over the period to add selectively to existing holdings and new issues. We added across the capital structure – looking for value in individual issues rather than a bias towards senior or subordinated bonds. Hence in the new issue market we added senior bonds from Credit Agricole and Bank of Nova Scotia. We also sold Caixabank following good performance, switching into shorter-maturity bonds from Australia and New Zealand Banking for a modest increase in yield. Looking at AT1 bonds, we trimmed exposure to this area early in the quarter, taking profits on BNP Paribas and Rabobank, which mitigated the negative impact later on as these underperformed over the quarter. Later, we added a new issue from Credit Agricole at yields of over 6% in euro terms.

We continue to seek to diversify the portfolio when we believe that opportunities arise, and the quarter presented a number of attractive new issues. Examples included sterling denominated issues from US telecoms giant AT&T and the partially state-owned German telecommunications company Deutsche Telekom, which both came at above market credit spreads.

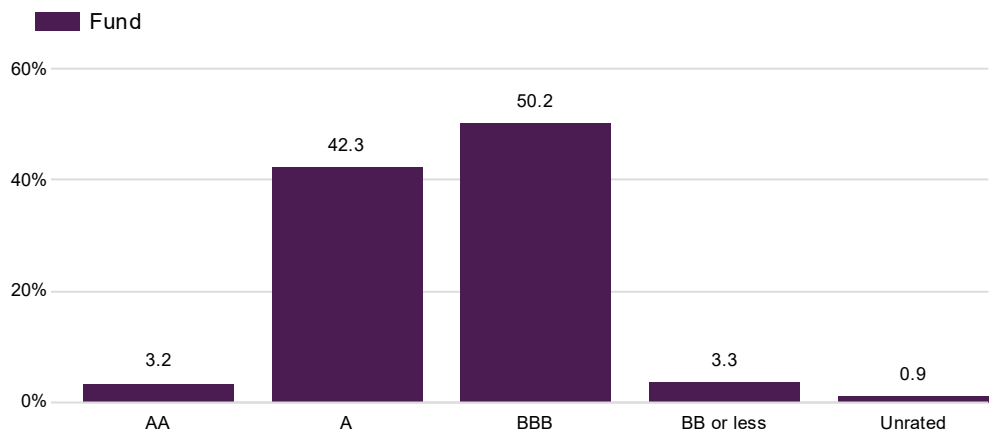
Further afield, we took part in a new issue by Watercare, a New Zealand based water company that went to market with its debut euro-denominated issue. Over the quarter, we added a number of attractive euro-denominated hybrid bonds following weakness, notable examples including Hemso Fastighets, a largely publicly owned Swedish organisation that owns properties for public use – such as nursing homes, education and healthcare – in Sweden, Germany and Finland, and Dutch national grid operator Tennet.

Fund breakdown

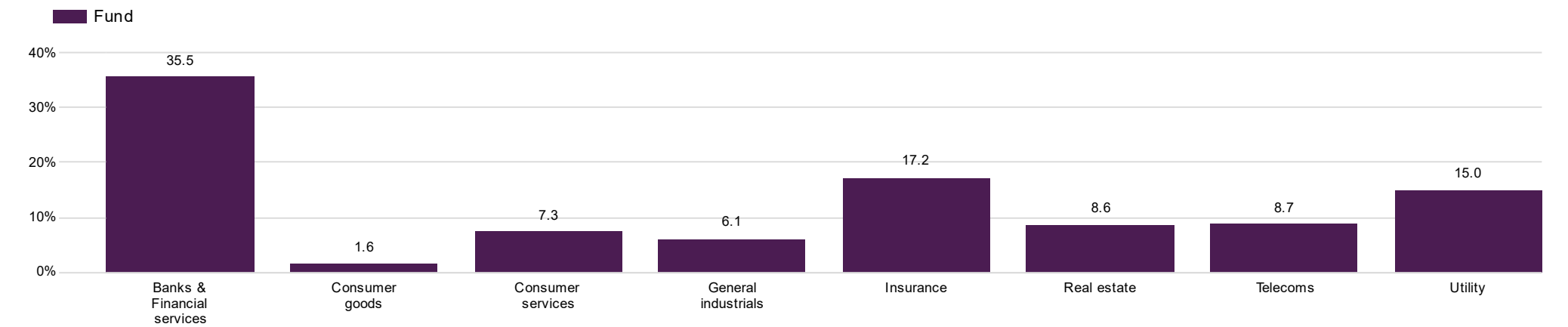
Maturity profile



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)	2,160	n/a	n/a
Financed emissions coverage	95.50%	n/a	n/a
Carbon footprint (tCO2e/$M invested)	15.88	36.00	(55.89)
Carbon footprint coverage	95.50%	96.26%	(0.79)
Weighted average carbon intensity (tCO2e/$M sales)	55.06	79.51	(30.76)
Weighted average carbon intensity coverage	98.60%	97.86%	0.75

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	88.20	92.93	(5.09)
% of portfolio below 2°C ITR	64.63	52.73	22.58
% of portfolio below 1.5°C ITR	33.39	20.32	64.35

SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	13.49	17.56	(23.15)
SBTi Near-Term committed	7.97	3.91	104.03
SBTi Near-Term targets set	26.52	31.80	(16.62)

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	13	26
Number of engagements	19	76

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	**14**
Climate - Transition Risk	14
Governance	**5**
Board	3
Corporate Governance	2
Social & Financial Inclusion	**6**
Just transition	5
Labour & Human Rights	1
Technology, Innovation & Society	**2**
Technology & Society	2

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 how the company's climate frameworks influence client engagement, financing decisions and real-world transition outcomes.

Outcome:

Barclays explained that its Client Transition Framework has expanded fivefold and now covers material clients across both its Investment Bank and UK Corporate Bank. Relationship managers own the assessments and use them in client discussions, portfolio reviews and Client Transition Review Forums, with financing limits or relationship constraints applied where appropriate. Barclays emphasised, however, that supporting clients through their real-world transition remains preferable to exiting relationships. We welcomed the framework's increased coverage and practical integration but encouraged the company to publish anonymised case studies demonstrating how assessments influence credit risk appetite, financing decisions and measurable client outcomes. On accountability following Barclays' departure from the Net Zero Banking Alliance (NZBA), the company stated that its climate commitments remain independently owned and supported by senior governance, including Board-level oversight. We identified greater transparency on policy advocacy and trade association alignment as an area requiring further development, and subsequently shared examples of good practice, including trade association reviews and guidance from InfluenceMap. We also requested further clarity on the link between Barclays' sector decarbonisation targets and the Client Transition Framework. Next steps include following up on small and medium-sized enterprise coverage and monitoring any additional disclosures the company provides.

E.ON SE - Climate - Just Transition

Purpose:

We engaged E.ON SE, a European energy network company, as co-lead under the Climate Action 100+ (CA100+) initiative and as part of Royal London Asset Management's Net Zero Stewardship Programme, to assess its progress against the CA100+ benchmark and discuss climate transition and just transition priorities.

Outcome:

We met with E.ON's investor relations and sustainability teams to review the company's transition strategy and key investment priorities. E.ON expressed confidence in its €48 billion capital expenditure (CAPEX) plan to 2030, noting it currently sees upside potential of €5-10 billion rather than downside risk, though continued delivery depends on a supportive regulatory environment. Gas network investment was confirmed as limited, representing less than 5% of the €40 billion network CAPEX plan, with no new capacity expansion planned. The discussion also highlighted the growing role of artificial intelligence (AI) and data centres as drivers of future grid investment, with E.ON having received 96 gigawatts (GW) of data centre connection requests in Germany alone, far exceeding near-term deliverable capacity of around 14 GW. On just transition, E.ON pointed to new disclosures in its Sustainability Factbook on community engagement following our previous engagement, including work on social housing energy efficiency in the United Kingdom. We agreed to follow up with outstanding questions and to share examples of peer disclosures on just transition to help the company strengthen this area of its reporting.

Fund Engagement

Engagement outcomes

HSBC Holdings PLC - Climate - Transition Risk

Purpose:

We engaged HSBC Holdings PLC, a global banking and financial services company, as part of Royal London Asset Management's Net Zero Stewardship Programme to understand the rationale behind its revised climate targets, updated fossil-fuel policy, and approach to client transition assessments.

Outcome:

At a meeting in September 2026, HSBC reiterated its commitment to achieving net zero emissions by 2050 and presented the energy transition as a significant commercial opportunity, citing growing demand for renewable energy and improved energy security. The company explained that its revised target range reflects the widening gap between a 1.5 degrees Celsius pathway and the International Energy Agency's announced pledges scenario, while its seven sector-level targets continue to focus on the most emissions-intensive areas of its portfolio. HSBC described how financed emissions are governed through sector-level tolerances, monthly portfolio reviews and formal sustainability execution-risk processes embedded across the business. On fossil fuels, HSBC outlined a consolidated framework designed to improve clarity and consistency, under which prospective and existing clients are now treated alike, with due diligence, activity restrictions and enhanced assessments continuing to apply. Client transition assessments remain central to policy compliance, emissions modelling and credit analysis. We acknowledged the progress made but emphasised the importance of ensuring that target and policy changes remain grounded in climate science and aligned with the company's net-zero commitment. HSBC acknowledged our concerns as a serious matter and committed to continued dialogue as its strategy develops.

National Grid PLC - Climate - Transition Risk

Purpose:

We engaged National Grid PLC, a utilities company, as part of Royal London Asset Management's Net Zero Stewardship Programme to assess how the company is managing climate-related risks and opportunities as it undertakes a significant network investment programme to support the energy transition.

Outcome:

National Grid outlined how it has strengthened delivery capabilities through its Strategic Infrastructure business and confirmed that most Tier 1 supply chain requirements have now been secured, reducing execution risk as projects move into delivery. Management acknowledged that emissions linked to capital expenditure and supply chain activity are likely to rise in the near term due to construction activity, while noting continued progress on reducing operational emissions, addressing sulphur hexafluoride (SF6) emissions and electrifying its vehicle fleet. The company also highlighted efforts to reduce embodied carbon through the use of lower-carbon steel and concrete, and confirmed that climate metrics remain embedded within senior leadership remuneration structures. We discussed the challenge of balancing affordability, resilience and decarbonisation, with National Grid arguing that increased network investment is essential to enable renewable energy deployment and manage growing electricity demand, including from data centres. Management noted an increasing policy focus on affordability and energy security alongside decarbonisation objectives. Innovation partnerships were also highlighted as a means of improving system efficiency and managing future demand. Following the meeting, we submitted additional questions to the company and will continue to monitor progress through ongoing dialogue.

Fund Engagement

Engagement outcomes

Tesco PLC - Labour & Human Rights

Purpose:

We engaged Tesco PLC, a major United Kingdom grocery retailer, to better understand the company's position on an ongoing equal pay claim, including how it assesses pay transparency, structural equity between store and distribution roles, and colleague engagement practices.

Outcome:

Tesco explained that distribution roles typically attract higher pay than store roles due to factors including location constraints, less pleasant working conditions, night shifts, and chilled or frozen environments, all of which require the company to compete harder to attract workers. The company acknowledged that estimating the financial impact of the equal pay litigation is difficult, stating that no provision has been made as its probability assessment is viewed as favourable. Tesco described its pay structure as transparent, with employees able to understand their position within pay bands and colleagues in equivalent roles paid consistently. On the gender dimension, the company framed progress partly around improving visibility of and access to distribution and senior roles, rather than filling quotas. Colleague sentiment is monitored through a \"great place to work\" survey, with Tesco moving towards a more continuous, rolling engagement model tied to employees' joining anniversaries. The company described its relationship with the Union of Shop, Distributive and Allied Workers as strong and characterised the union as pragmatic within the retail grocery sector. We noted the seriousness of the issue and will continue to monitor developments as the employment tribunal progresses.

Market commentary

Market overview

Global economic activity remained resilient over the third quarter amid a more challenging backdrop of higher energy prices, rising government bond yields and renewed monetary policy tightening. Despite ongoing conflict in the Middle East and higher energy prices, business surveys and recent GDP figures look consistent with resilient global activity growth, with some indicators showing some improvement in Q3. US growth continued to be supported by robust household spending and a relatively firm labour market. The euro area also performed more strongly than expected, with second-quarter GDP recording its fastest quarterly expansion in four years, supported by consumption, exports and manufacturing activity.

Oil prices rose over the quarter, ending near $100 per barrel after starting at around $75 per barrel. Increasingly, however, attention shifted to refined products, where prices pressures have been even more pronounced over the conflict. Towards the end of the quarter, news broke that US President Trump was contemplating a diesel export ban, adding to European energy price pressure. Given higher energy prices and with indications growing of a strong El Nino event and very dry and hot European summer, worries also grew around the outlook for food prices.

Against a backdrop of intensifying inflationary pressures, major central banks shifted more hawkish over the quarter. The European Central Bank hiked rates once again in September, while the US Federal Reserve also delivered its first rate hike since 2023, with the median FOMC participant indicating another hike later in the year in their forecasts. The Bank of England left rates unchanged in both July and September but expressed growing concern about elevated energy prices and signalled an openness to tighten policy later in the year if energy prices don't fall significantly.

Fixed income markets weakened over the period as persistent inflationary concerns and elevated energy prices prompted investors to reassess the path of monetary policy. Government bond yields rose sharply, particularly at shorter maturities, as markets priced a higher path for policy rates, while longer-dated bonds weakened on fiscal concerns and rising issuance. In the UK, the government's Debt Management Office sold £4.25 billion of July 2036 gilts at an average yield of 5.383% at the end of September, the highest 10-year borrowing cost since 1999. Demand for higher yields reflected ongoing inflation concerns and expectations of increased fiscal spending ahead of the forthcoming Autumn Budget. UK monetary policy expectations also shifted over the quarter and markets started pricing in a 25bps rate hike in November, with roughly four increases priced in by the middle of next year.

In the UK, 10-year gilt yields ended September at 5.43% compared to 4.76% at the end of June. US treasury yields also moved higher over the quarter, with the 10-year treasury yield ending September at 5.28%, having closed at 4.44% at the end of June. Across Europe, government bond yields similarly pushed upwards. The German 10-year bund was 3.55% at the end of September, up from 2.87% three months prior.

Global investment grade credit markets saw negative returns over the quarter. Credit spreads were marginally wider – with this reflecting broad uncertainty over interest rates and geopolitics, rather than concerns over the strength of the corporate sector. Moves in government bonds were the main driver of returns in these markets. Rising yields in US dollar, euro and sterling government bond markets meant that overall returns for the period were negative.

Outlook

Several trends have become obvious in 2026. Governments are investing more heavily in strategic priorities such as energy security, technology and defence in response to an increasingly fragmented geopolitical landscape fraught with tensions, particularly the ongoing conflict in the Middle East. At the same time, the development of artificial intelligence is driving a very capital-intensive investment cycle that's supporting higher levels of corporate borrowing and debt issuance – with the sheer scale of this supply adding to the upward pressure on government bonds as investors choose where to invest.

Absolute yield levels are therefore higher than seen for some time. With inflation and government spending expected to remain high in the near term, yields could rise further. However, we believe that on a medium-term view, yields are attractive at these levels.

For credit investors, this has meaningful implications. Higher starting yields in the credit markets improve the return potential of fixed income and reinforce its role within balanced portfolios, with investors being compensated for lending capital. This higher level of income also provides a buffer against further government bond market volatility. We continue to expect swings in government bond interest rates 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.

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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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 September 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	(2.89)	(0.25)	(0.92)	15.15	0.41
Fund (net)	(2.97)	(0.41)	(1.23)	14.05	(1.18)

Annualised (%)

	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	4.81	0.08
Fund (net)	4.48	(0.24)

Year on year performance (%)

	30/09/2025 - 30/09/2026	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022
Fund (gross)	(0.92)	4.24	11.49	3.46	(15.71)
Fund (net)	(1.23)	3.91	11.13	3.13	(15.98)

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 September 2026. All figures are mid-price to mid-price for the Royal London European Sustainable Credit Fund Z Acc EUR share class.

Glossary

Article 9

The Fund is classified as an Article 9 fund under the EU Sustainable Finance Disclosure Regulation (SFDR), meaning that it has a sustainable investment objective. Further details regarding the Fund's sustainability objective, investment strategy, and sustainability-related disclosures are available in the Prospectus and the SFDR product summary. The SFDR classification should not be interpreted as a recommendation to invest in the Fund. Investors should consider the Fund's investment objective, characteristics, and risks before making any investment decision.

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.

Glossary

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.

Nuclear Weapons: Companies that manufacture, nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

Fund restrictions definitions

Tobacco: Companies which are growing, processing or selling tobacco products.

Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

Number of holdings

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

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)

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.

Glossary

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.