



Royal London Multi Asset Funds (IRL)

(“MAF”) range:

Royal London Multi Asset Adventurous Fund (IRL)

Royal London Multi Asset Balanced Fund (IRL)

Royal London Multi Asset Defensive Fund (IRL)

Royal London Multi Asset Growth Fund (IRL)



Summary

The Fund's investment objective is to aim to generate growth over the long term (5 years or more) through a combination of income and capital growth by primarily investing in other funds, known as collective investment schemes ("CIS"). The Fund is part of the Royal London Multi Asset Funds (IRL) ("MAF") range, which offers four funds with different combinations of expected investment risk and return.

Policy: The Fund aims to achieve a medium level of risk and return relative to the other funds in the MAF range. This is considered an appropriate reference, given that each fund in the MAF range is assigned a level of potential risk and return relative to the other funds in the range.

At least 70% of the Fund's assets will be invested in CIS which will be regulated open-ended CIS, including exchange-traded funds. The CIS in which the Fund invests may invest in the shares of European, UK and overseas companies, investment and sub-investment grade bonds, REITs listed on stock exchanges and money market instruments (such as cash and deposits).

No sustainable investment objective

This financial product promotes environmental characteristics but will not make any sustainable investments.

Environmental or social characteristics of the financial product

The Investment Manager believes climate change represents the greatest challenge to global sustainability, as it has the potential to destroy future generations' ability to meet their own needs.

Therefore, the Fund promotes (by primarily investing in a diverse range of underlying CIS), environmental characteristics, namely climate change mitigation.

Investment strategy

The Fund intends to maximise return for a specified level of risk utilising a top-down macroeconomic process. In understanding clients' desire for more focus around responsible investment, the Investment Manager seeks to make use of primarily single asset class CIS portfolio managers who focus on individual security selection and who make use of climate scoring tools.

The Fund will invest in a mix of underlying CIS and direct securities which are deemed to satisfy one or more qualifying selection criteria.

The Investment Manager combines the different single asset classes in the formation of the strategic asset allocation to promote resilience through diversification whilst targeting the objective of the Fund to generate growth over the long term (5 years or more).

The Investment Manager undertakes daily tactical asset allocation decisions across the different asset classes, amongst other exposures, in seeking to add value irrespective of market direction.

The Investment Manager believes good governance practices promote better long-term shareholder wealth creation and takes a principles-based approach including the opportunity to engage for improved practices. The direct investments together with the underlying CIS will either:

- meet the Investment Manager's good governance policy; or
- have a weighted average governance score, as calculated by the Investment Manager, of 2 or higher*.

*The Investment Manager, agreed in collaboration with the RI team, calculates a governance score for each holding, current or proposed. The Investment Manager looks at each instrument in detail and applies a score for each instrument based on a 1 – 10 rating scale (1 being the lowest score). The governance scores are based upon a range of pillars: sound management structures, employee relations, remuneration of staff and tax compliance.

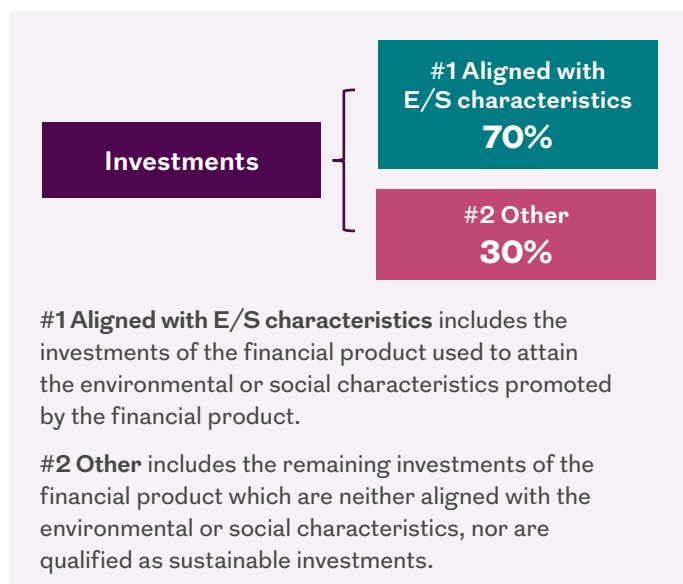
Proportion of investments

It is expected that a minimum of 70% of the Fund's Net Asset Value will be invested either in direct securities or CIS which will be aligned with the climate characteristics promoted by the Fund. For the avoidance of doubt, tactical asset allocation decisions do not feature within this 70% threshold and instead form part of the remaining 30% allocation not aligned with the climate characteristics promoted by the Fund.

Where any underlying CIS or direct investment ceases to fulfil its expected minimum climate characteristics, the Fund's holdings may fall below the 70% threshold. In the event that any investments cease to comply with this alignment, the Fund may continue to hold such investments until such time that a suitable replacement

is assessed and deemed appropriate, and it is possible and practicable (in the Investment Manager's view) to liquidate the position.

The Fund does not commit to invest in Taxonomy aligned investments.



Monitoring of environmental or social characteristics

Structured as a fund-of-funds, the Investment Manager selects underlying funds/CIS on the basis of qualitative analysis, including a review of the underlying CIS' investment objective and responsible investment policy, as well as quantitative analysis on net of fee performance and active risk.

In assessing the environmental characteristics, and how each underlying CIS contributes towards the 70% minimum threshold (as described in the **Methodologies** section below), each CIS holding is assessed on a quarterly basis by the Investment Manager. Such monitoring on each of the underlying CIS will be conducted on a look through basis to each of the underlying securities based upon available information.

Methodologies

For all investment decisions, social or environmental characteristics are considered.

Acknowledging the fund-of-funds structure, at least 70% of the Fund's Net Asset Value will be invested in CIS and direct investments that meet one or more of the following criteria:

- CIS that have at least 10% lower scope 1 and 2 Weighted Average Carbon Intensity (WACI) than their reference benchmark;
- CIS that have at least 10% lower scope 1 and 2 carbon footprint/financed emissions than their reference benchmark;
- CIS that have at least 80% of holdings with an Investment Manager climate score of 2* or higher;
- Directly held government bonds issued by countries which are aligned with the goals of the Paris Agreement using credible publicly available sources as determined by the Investment Manager, or CIS where at least 80% is invested in countries which are aligned with the goals of the Paris Agreement as determined by the same sources; or
- CIS that are passively managed, tracking an industry-recognised climate – aligned benchmark (for example, the MSCI ESG screened indices).

*Each security is individually assessed, and scored, relative to climate factors agreed in collaboration with the Investment Manager's Responsible Investing ("RI") team. A climate score is applied to each underlying holding of such CIS based on a 1 – 10 rating scale (1 being the lowest score). The climate scores are based upon a range of pillars: exposure (carbon emissions), ability (transition targets), willingness (recent relative change in emissions) and climate controversies.

During the process of determining the Strategic Asset Allocation of each Multi Asset Fund, an initial assessment is made at the single asset class fund level i.e. the funds or other investments being bought, through our due diligence process. In this way, each CIS is assessed relative to the above criteria versus the required threshold.

Data sources and processing

Data sources used to attain environmental or social characteristics promoted may include both proprietary information and third-party data providers:

MSCI for the WACI and carbon footprint/financed emissions calculations but also used as an input into the climate score; and The Climate Action Tracker, an independent scientific project that tracks government climate action, for the government bond holdings.

Such data may be supplemented with internal assessment via the Investment Manager's Responsible Investment team.

Limitations to methodologies and data

Whilst it is recognised that data availability may impact the extent to which environmental or social characteristics promoted can be measured, this is managed through the use of both proprietary data and data sourced from third party data providers and Underlying Fund managers generally with broad capabilities and coverage.

Due diligence

Each security is individually assessed, and scored, relative to climate factors agreed in collaboration with the Investment Manager and their Responsible Investment team. Analysis of potential investments and ongoing monitoring is through quantitative and qualitative analysis as mentioned in the *Methodologies* section above.

Engagement policies

Engagement with Underlying Fund managers is on an ongoing basis to determine whether their investment objective is being met. If the Investment Manager thinks a company or Underlying Fund is not being managed in a manner consistent with the promotion of environmental or social characteristics as set out herein, on an ad hoc basis it will decide how best to engage with the company or Underlying Fund to address this.

Designated reference benchmark

Not Applicable – the Fund does not have a specific reference benchmark for sustainable purposes.

Contact us

For more information about our range of products and services, please contact us.

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