

# The sustainable fund range



Investments | Sustainable fund range



# The sustainable fund range

Are you looking to meet your financial goals while staying true to your values?

We offer a choice of funds aiming to grow your money by investing in companies that contribute positively to the environment and society.

At Royal London, we look at 'what companies do' and 'how they do it' - the effect on people and the planet, as well as the value they can deliver to you over the long term.

Please remember that the value of investments can go down as well as up and you could get back less than you pay in.

## Why consider the sustainable fund range?

- Align your views on environmental and social issues with aiming to grow your money.
- Choose from nine funds depending on your financial goals and the level of risk you feel comfortable taking.
- Be confident that investments are thoroughly researched to meet certain sustainability requirements.
- Know that we aim to drive change by actively encouraging companies to be responsible.
- Access the investment expertise of Royal London Asset Management, which has been managing sustainable funds for over 20 years.
- Use the funds on an individual basis or as part of a portfolio.

Explore our sustainable fund range today and see how you can align your investments with your values.

# Welcome

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## Confirmation of the funds' sustainability approach

Our sustainable funds invest in funds managed by Royal London Asset Management. These underlying funds<sup>1</sup> have adopted the Financial Conduct Authority's (FCA) Sustainability Disclosure Requirements (SDR) **Sustainability Focus label**.

This is one of four labels that are part of measures aimed at giving you better and clearer information on investments, to help you find funds that meet your sustainability objectives.

You can find out more on the FCA's consumer website:

[Sustainable investment labels and anti-greenwashing | FCA](#)

<sup>1</sup> The SDR labels apply to Royal London Asset Management's UK-based funds. One of the underlying sustainable funds – the RLS Global Sustainable Credit Fund – is an offshore fund regulated in Ireland. So it doesn't have a label. However, while the investment processes differ, the sustainable approach is the same across all the funds. Find out more on pages 11-14.

# What are the sustainable funds aiming to achieve?

All the funds aim to grow your money by investing in companies that contribute positively to environmental and/or social outcomes.

Royal London Asset Management manages the sustainable funds on our behalf. Like us, it believes that sustainable investing makes sense for the benefit of wider society and the environment – as well as financially.

How a company manages environmental, social and governance (ESG) risks or opportunities can indicate how well it's run – and could help to make it more resilient over the long term.



Responsible investor of the year – asset manager

**In February 2024, Royal London Asset Management won Responsible Investor of the Year – Asset Manager at the Insurance Asset Risk Awards 2024.**

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# Choice of funds and how you can invest

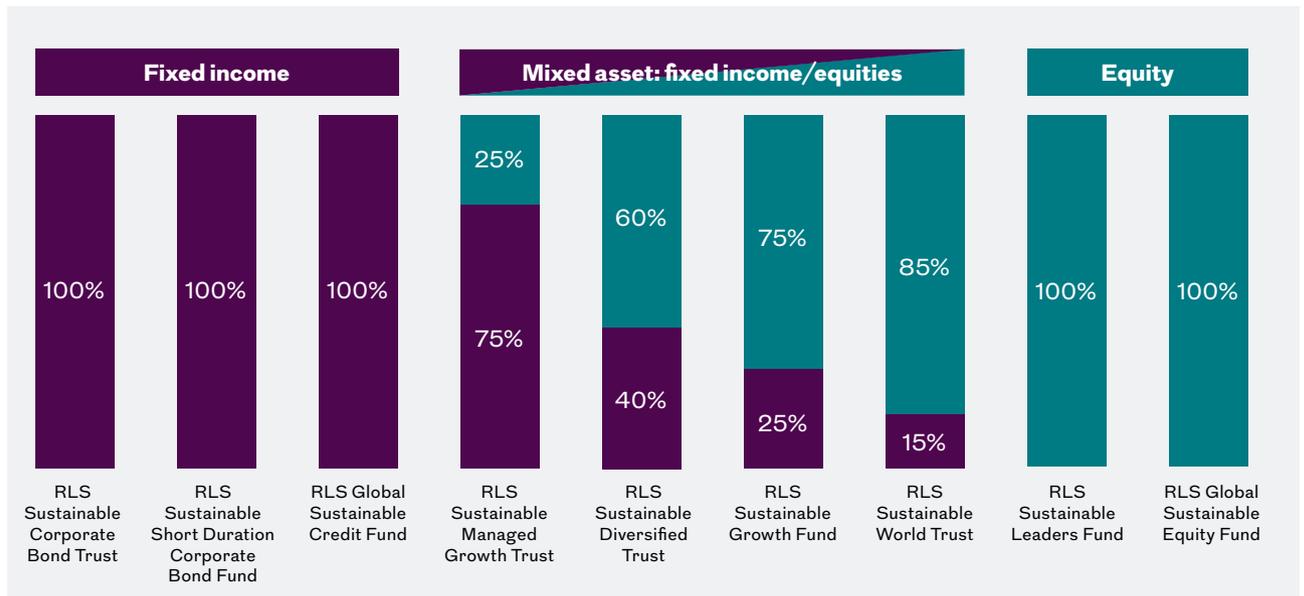
There are nine funds to choose from depending on how much risk you feel comfortable taking.

The options range from lower risk funds that invest exclusively in fixed income investments, such as bonds, to two higher-risk funds that invest 100% in equities (also known as stocks and shares). You can see this range and each fund's level of risk in the visual below.

You can invest in the funds individually, or as part of one of our Governed Range portfolios. If you have an adviser, they can help you explore the differences in the funds and find the right fund or combination of funds for you.

## Invested in one of our Governed Range portfolios?

If you invest in one of the Governed Portfolios or Governed Retirement Income Portfolios, you can swap the equity fund for either of our two fully equity-invested sustainable funds: the RLS Sustainable Leaders Fund or the RLS Global Sustainable Equity Fund.



The RLS Global Sustainable Credit Fund invests in an offshore fund regulated in Ireland. The rest of the sustainable funds invest in funds that are regulated in the UK. You'll find an explanation of the investment process for the UK funds on page 13 and for the offshore fund on page 14.

## What's in the funds?

There are many different types of investments, each having its own benefits and risks. The sustainable funds invest in equities and bonds. Typically, equities are expected to provide better returns but carry greater risk than bonds. Many investors build portfolios that include a mix of equities and bonds to provide the potential for the best possible returns for the level of risk they're comfortable taking.

### **Equities – also known as stocks or shares**

These are shares of companies. Buying them means you own part of the company and along with it a share of its assets and profits. This offers the potential for a return on your investment.

### **Bonds – sometimes called fixed income or fixed interest**

This is effectively 'loaning' money to governments or companies by buying government or corporate bonds. In return, they agree to repay you at a future date. You'll also receive regular interest payments.

Please remember that the value of investments may go down as well as up and isn't guaranteed. You may get back less than you paid in.

Each of the sustainable funds has a financial objective and a sustainability objective. These are detailed below.

You can find out more about how the funds invest on pages 11-14.

## Fixed income funds

### RLS Sustainable Corporate Bond Trust

**Financial objective:** aims to achieve a total return over the medium term, which should be considered as a period of 3-5 years. Benchmark: Markit iBoxx Sterling Non Gilts Total Return GBP Index.

**Sustainability objective:** 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”.

### RLS Sustainable Short Duration Corporate Bond Fund

**Financial objective:** aims to achieve a total return and outperform, after the deduction of charges, the ICE Bank of America Merrill Lynch Sterling non-gilt (1-5 years) Total Return (GBP Unhedged) over rolling five-year periods. Benchmark: ICE Bank of America Merrill Lynch Sterling Non-Gilt (1-5 Years) Total Return (GBP Unhedged) Index.

**Sustainability objective:** 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”.

### RLS Global Sustainable Credit Fund<sup>2</sup>

**Financial objective:** aims to outperform the Bloomberg Global Aggregate Corporate Total Return Index Hedged GBP by 0.75% per annum over rolling three year periods (gross of fees). Benchmark: Bloomberg Global Aggregate - Corporate Hedged GBP.

**Sustainability objective:** invests in bonds from companies that are deemed to make a positive contribution to society or are environmental, social and governance (ESG) leaders in their sectors. Investments will adhere to Royal London Asset Management’s sustainable investment policy.

Find out more about the **sustainability themes** on page 12 and the **sustainability standard** on page 13.

2 The RLS Global Sustainable Credit Fund invests in an offshore fund regulated in Ireland. The rest of the sustainable funds invest in funds that are regulated in the UK. You’ll find an explanation of the investment process for the UK funds on page 13 and for the offshore fund on page 14.

## Mixed asset: fixed income/equity funds

### RLS Sustainable Growth Fund

**Financial objective:** aims to achieve capital growth over the medium term, which should be considered as a period of 3-5 years. Benchmark: IA Mixed Investments 40-85% Shares sector.

**Sustainability objective:** 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”.

### RLS Sustainable Diversified Trust

**Financial objective:** aims to achieve capital growth over the medium term, which should be considered as a period of 3-5 years. Benchmark: IA Mixed Investment 20-60% Shares.

**Sustainability objective:** 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”.

### RLS Sustainable Managed Growth Trust

**Financial objective:** aims to achieve a total return over the medium term, which should be considered as a period of 3-5 years. Benchmark: ABI UK - Mixed Investment 0-35% Shares.

**Sustainability objective:** 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”.

### RLS Sustainable World Trust

**Financial objective:** aims to achieve capital growth over the medium term, which should be considered as a period of 3-5 years. Benchmark: ABI UK - Mixed Investment 40-85% Shares.

**Sustainability objective:** 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”.

## Equity funds

### RLS Sustainable Leaders Fund

**Financial objective:** aims to achieve capital growth over the medium term, which should be considered as a period of 3-5 years, and to outperform the FTSE All-Share Index (the “Index”) over rolling five-year periods. Benchmark: FTSE All-Share Index.

**Sustainability objective:** invest in companies 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”.

### RLS Global Sustainable Equity Fund

**Financial objective:** aims to achieve capital growth and outperform, after the deduction of charges, the MSCI All Countries World Net Total Return Index GBP by 2.5% per annum over rolling five-year periods. Benchmark: MSCI All Countries World Net Total Return Index GBP.

**Sustainability objective:** invest in companies 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”.

# How the funds invest

## A focus on sustainability and financials.

Royal London Asset Management researches each potential investment to decide if it's suitable from a sustainability perspective and financially.

This means looking at **what companies do** (their products and services) and **how they do it** (operations). For example:

- environmental factors like carbon intensity and water usage
- social factors, including themes such as social housing and new advancements in healthcare
- the strength of the management team, the strength of the balance sheet and the competitive advantage of the business
- corporate governance factors, including pay, and the structure and diversity of the board.

The sustainable approach is the same for the UK-based funds and the offshore fund, regulated in Ireland. The approach centres on four sustainability themes. For the UK funds, this means considering sustainable companies that are clean, healthy, safe and inclusive. For the offshore funds, this means considering companies that are cleaner, healthier, safer and more inclusive.

Discover more about the four sustainability themes on the next page.

# The sustainability themes

## What companies do (their products and services)



### Clean/ Cleaner

- Facilitates re-use, recycling and re-manufacturing of scarce resources
- Encourages positive energy, water or biodiversity outcomes
- Preserves natural capital and increases resilience to climate change
- Supports the energy transition



### Healthy/ Healthier

- Drives next generation medicine to improve health outcomes
- Provides access to affordable healthcare
- Improves hygiene and wellbeing
- Improves efficiency of scientific research through digitisation



### Safe/Safer

- Safer and more effective transport
- Cyber security and online safety
- Better automation
- Safer and healthier workplaces



### Inclusive/ More inclusive

- Improving financial resilience and access to financial services for people and businesses
- Community infrastructure ensuring that society can stay connected
- Safe and affordable housing
- Access to digital technology and services

## How they do it (their operations)



Good governance (how the company is run), corporate culture, diversity and inclusion



Proactive environmental, social and governance (ESG) practices



Managing risks related to ESG practices



Does no significant harm



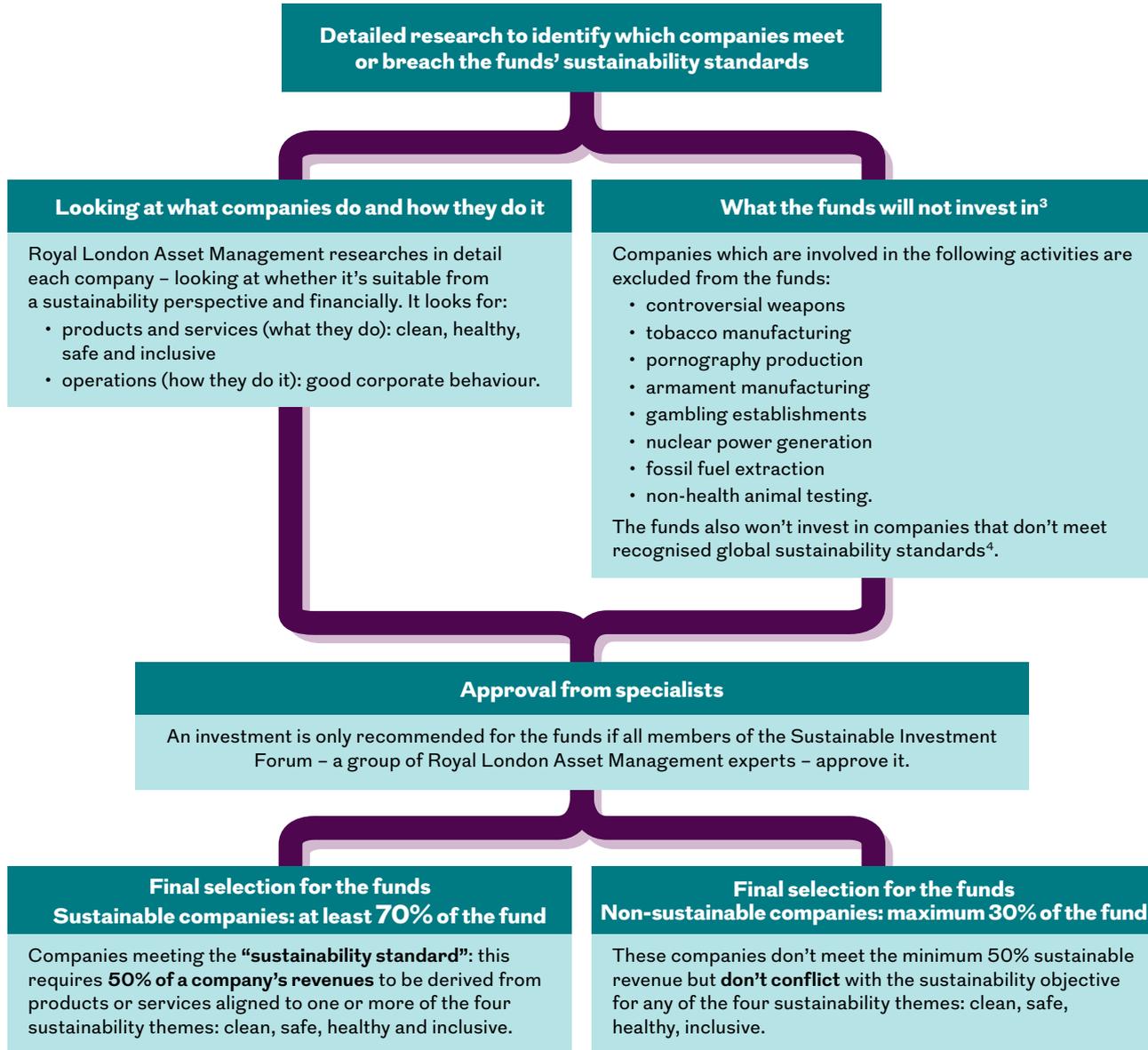
Reputational risks and controversies



Climate change and greenhouse gas (GHG) emissions management.

# The process for deciding what the underlying UK funds invest in

The sustainable funds look to invest in companies contributing positively to the environment and society – and to ‘screen out’ and exclude those that could potentially cause harm.

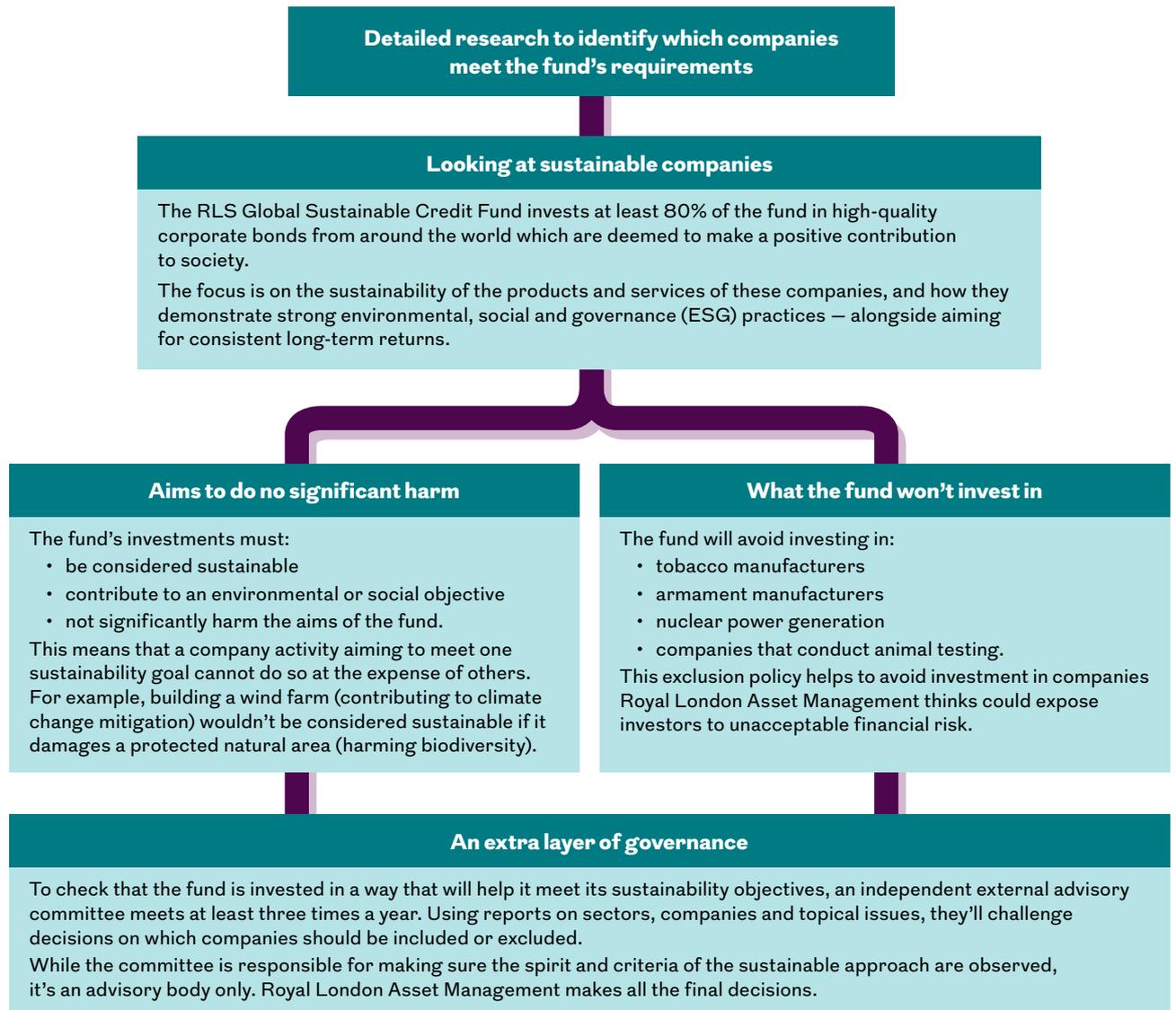


3 Royal London Asset Management monitors the exclusions applied to the funds on an ongoing basis and may add new criteria or amend existing criteria where appropriate.

4 The funds won't invest in companies which have operations, products or services that don't meet the standards of the **10 principles of the United Nations (UN) Global Compact**, and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises on Responsible Business Conduct (**OECD Guidelines**). Human rights, labour standards, the environment and consumer interests are just some of the areas covered by these standards.

# The process for deciding what the underlying offshore fund invests in

As with the underlying UK funds, the RLS Global Sustainable Credit Fund aims to support the change to a more sustainable society by investing in companies based on what they do and how they do it. However, there are some differences in how it invests.



# Influencing change

Royal London Asset Management engages with the companies it invests in on your behalf. It focuses on issues it believes could most affect investments – and where it can help to influence positive outcomes.

## Its dedicated Responsible Investment team leads this work

Using its influence (as part of a large investor), the team aims to contribute to change across its investments in several areas relating to environmental, social and governance issues by:

- voting at companies' annual meetings
- engaging with company management and advocating strong corporate governance (how a company is run).

The following information relates to Royal London Asset Management's stewardship approach to all its investments, not just those in the sustainable funds.

In 2024, the Responsible Investment team:

**Voted on 44,699 resolutions**      **Carried out 724 engagements<sup>5</sup>**

The Responsible Investment team reviews the themes every two years – the current themes are shown on the next page. It decides the themes by consulting clients, carefully analysing trends and events, and working with investment experts and key stakeholders.

## Engagement in action

You can find out more about Royal London Asset Management's engagement and voting in the [Stewardship and responsible investment report 2024](#). This includes real-life case studies showing how its Responsible Investment team aims to influence company behaviour.

<sup>5</sup> Figures as at 31 December 2024. Engagement interactions are substantive (meaningful) letters, meetings, phone calls or emails.

## Royal London Asset Management's engagement themes for 2026-2028



### Climate

**Net zero:** Creating a Paris-aligned future

**Just adaptation:** Building fair, inclusive climate resilience

**Just transition:** Driving a fair, inclusive climate transition



### People

**Diversity:** Enabling inclusive decision-making

**Financial inclusion:** Equal pay, equal access, inclusive growth

**Human rights:** Protecting freedoms and rights



### Nature

**Climate and nature:** Connecting climate action with nature protection

**Just nature:** Fair, inclusive solutions for nature's resilience

**Land and water management:** Preserving natural capital



### Governance

**Business culture and ethics:** Building resilience through ethics and human capital

**Cyber security:** Protecting assets and infrastructure

**Sustainable and Ethical AI:** Responsible technology that respects people and planet

Royal London Asset Management is also a signatory of the [UK Stewardship Code](#), the [Principles for Responsible Investment](#) and [Climate Action 100+](#).

### What do we mean?

**Engagement** refers to structured, purposeful dialogue between investors and companies, policymakers, standard setters and other stakeholders, with the intention of influencing (or identifying the need to influence) positive change and/or improving disclosure. Engagement can take two forms:

1. Engagement for information, which describes engagements that look to uncover information or identify the need to change or influence.
2. Engagement for change, which describes engagements that look to influence change, with defined objectives and demonstrable outcomes.

**Voting** means using rights as shareholders to vote at the annual or extraordinary general meetings (AGM/EGMs) of the companies invested in, usually electronically. Voting is used to influence companies to carry out their operations responsibly.

To find out more about our sustainable fund range,  
speak to your financial adviser



**Royal London**  
**royallondon.com**

**We're happy to provide your documents in a different format, such as braille,  
large print or audio, just ask us when you get in touch.**

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