

The sustainable fund range



Pensions | Sustainable fund range



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Our sustainable fund range

We offer six sustainable funds, ranging from 100% fixed income to 100% equities, with mixed asset funds in between. This means there's a wide range of options to suit your clients' goals and risk appetite.

The funds can be invested in individually or as part of a portfolio. The Sustainable Leaders Trust and the Global Sustainable Equity Fund can also be chosen as the equity fund within our Governed Range portfolios, at no extra charge¹.

The sustainable funds look to invest in companies that contribute positively to our society and the environment - including, but not limited to, companies involved in sustainable agriculture, healthcare, cloud computing and electric vehicles.

The funds have over £2.5 billion in assets under management², and are managed by Royal London Asset Management.



1. The basic charge is 1% a year, which is built into the fund price. Your clients may benefit from a discount depending on the value of their investments.

2. As at April 2024.

RLP Sustainable Corporate Bond Trust

Aims to achieve a total return (a combination of capital growth and income) over the medium term, which should be considered as a period of 3-5 years.

Fund benchmark: Markit iBoxx Sterling Non Gilts Overall Index

RLP Sustainable Diversified Trust

Aims to provide first-quartile performance over a rolling three-year period measured against the IA Mixed Investment 20-60% Shares Sector.

Fund benchmark: IA Mixed Investment 20-60% Shares

RLP Sustainable Leaders Trust

Aims to provide growth in the value of your investment over time, by investing predominantly in the shares of UK companies.

Fund benchmark: FTSE All-Share Index

RLP Sustainable Managed Growth Trust

Aims to provide a total return by way of accumulated income, with some capital growth.

Fund benchmark: IA Mixed Investment 0-35% Shares

RLP Sustainable World Trust

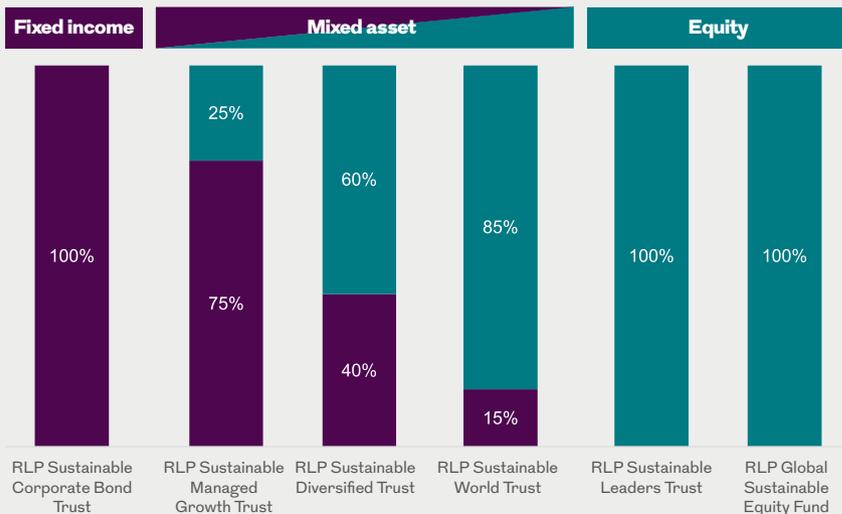
Aims to achieve first-quartile performance over a rolling three-year period measured against its sector.

Fund benchmark: IA Mixed Investment 20-60% Shares

RLP Global Sustainable Equity Fund

Aims to outperform, after the deduction of charges, the MSCI All Countries World Net Total Return Index GBP by 2.5% per annum over rolling three-year periods.

Fund benchmark: MSCI All Countries World Index Net TR



Investments in each of the funds follow the manager's ethical and sustainable investment policy.

For illustrative purposes - reflects approximate percentage asset allocation, weightings may vary.

A sustainable investment process

Royal London Asset Management has created a bespoke process to assess and select investments to include in the sustainable funds.

Royal London Asset Management undertakes a thorough analysis of each potential investment, to assess the suitability from both a sustainability and financial standpoint. The sustainability analysis is common to both equity and fixed income investments and is conducted first, while the financial analysis is tailored to each asset class.

Royal London Asset Management assesses company operations alongside sector and industry leading practices. The products and services which companies provide, as well as their operations, undergo extensive desk-based research and are assessed alongside an exclusionary policy - see page 6 for more information about this.

For every company included in the sustainable universe of investable companies, the team undertakes a detailed assessment of that business.

It looks at things like the strength of the management team, the strength of the balance sheet and the competitive advantage of the business.

From an environmental perspective, the team looks at things like carbon intensity and water usage. From a social point of view, the team will look at things like social housing and new advancements in healthcare.

When it comes to the corporate governance of a company, the team will look at remuneration, and the structure and diversity of the board.

Screening approach

Royal London Asset Management's process is fundamentally one of positive screening. It seeks to invest in companies which are compliant with the UN Global Compact and its 10 principles, covering human rights, labour standards, environment and anti-corruption.

Exclusions

Royal London Asset Management prefers to be explicit where it won't invest in companies exposed to sectors or activities that have failed this approach:

- Armaments manufacturing
- Tobacco manufacturing
- Nuclear power generation
- Animal testing other than for purposes of human/animal health

Royal London Asset Management also uses in-house expertise to identify and exclude companies with inadequate policies or systems in the following sectors and activities:

- Animal welfare
- Alcohol
- Gambling
- Pornography

Fossil fuels

Royal London Asset Management avoids investing in companies in sectors with extremely high environmental impacts unless there are strong mitigating factors. In this context, it divides fossil fuels into extraction, power generation and services:

- **Extraction** – it excludes oil and gas, and mining companies due to their high environmental impact and contribution to climate change.

- **Power generation** – where it sees companies with material exposure to renewable energy and a demonstrable commitment to evolve away from gas and coal, it will consider investing.
- **Services** – it will consider investing in those companies providing services to extractive industries that make them safer and materially improve their environmental impact.

This screening process then provides a smaller subset of potential investments where the team carries out bespoke and in-depth analysis on corporate governance, environmental and social performance, business quality and valuation.

Investment process changes

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.

Helping to influence positive change

Royal London Asset Management's Responsible Investment team carries out research and engagement on environmental, social and corporate governance issues. It works particularly closely with the Sustainable Investment team to help provide additional insight into the companies our sustainable funds invest in to make sure they contribute positively to society and the environment.

To play its part in helping to influence positive change, the Responsible Investment team votes at annual meetings, engages with management and advocates strong corporate governance.

In total, in 2023, Royal London Asset Management's Responsible Investment team voted on 44,477 resolutions and carried out 799 engagements³.

Royal London Asset Management is also a signatory of the Climate Action 100+, and its European branch, The Institutional Investors Group for Climate Change (IIGCC).



3. As at 31 December 2023. Engagement interactions are substantive letters, meetings, phone calls or emails.

Governance

Royal London Asset Management benefits from an independent external advisory committee, which helps to ensure that investments align with the sustainable funds' objectives.

This committee includes a range of experts from areas such as charities, corporate governance, academia and sustainable investment.

The committee meets a minimum of three times a year to ensure that the criteria and spirit of Royal London Asset Management's sustainable approach are consistently applied, providing independent challenge and insight.

It receives reports on sectors, companies and topical issues, and provides independent challenge on the decisions on which companies should be included in or excluded from the sustainable universe.

While the committee is responsible for making sure the spirit and criteria of the sustainable approach are observed, it is an advisory body only. Final decisions rest with Royal London Asset Management.

For more information
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