

The sustainable fund range



Pensions | Sustainable fund range



THIS IS FOR FINANCIAL ADVISER USE ONLY AND SHOULDN'T BE RELIED UPON BY ANY OTHER PERSON.

Welcome

We're committed to being a responsible investor. That means when your client chooses a pension with us, we invest their payments in a responsible way. We aim to generate good returns whilst also making a positive contribution to our society and environment.













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Sustainable versus ethical investing

What's the difference between sustainable and ethical investing? The simplest way to explain it is that ethical investing focuses on negative screening and avoidance, whereas sustainable investing is about positive selection and positive screening.

Sustainable investing lets investors embed their values into their investments. Sustainable investing looks to invest in companies that have socially useful products and services, and that lead their industries on environmental, social and governance management - all with a strong focus on delivering investment returns.

Sustainable	Ethical	
Primarily driven by positive screening	Primarily driven by negative screening	
		
Net benefit to society	Animal Testing	Environment
		
Environmental	Alcohol	Human Rights
		
Social	Gambling	Tobacco
		
Governance	Armaments	Pornography

Our sustainable fund range

Our six multi asset sustainable funds range from 100% equities to 100% fixed income, so there's a wide range of options to suit where your clients sit on the risk-return spectrum.

The funds can be invested in individually or as part of a portfolio, or the Sustainable Leaders Fund and the Global Sustainable Equity Fund can be chosen as the equity fund within our Governed Range. The funds also offer good value for money and are available at no extra charge to individual pension and workplace pension customers¹.

The sustainable funds invest in companies that are working towards making the world a better place - including sustainable agriculture, healthcare, cloud computing and electric vehicles.

The funds have over £1.26 billion in assets under management², and are expertly managed by Royal London Asset Management (RLAM) who has over 25 years' experience in running sustainable funds.

RLP Sustainable Managed Income Trust

Aims to produce a consistently higher level of income relative to typical cash deposit interest rates, by investing mostly in a diverse portfolio of fixed income securities.

*Markit iBoxx Sterling Non
Gilts Overall Index*

RLP Sustainable Managed Growth Trust

Aims to provide an attractive combination of accumulated income and capital growth, by investing mostly in fixed income securities with some equities, mainly based in the UK.

*ABI Mixed
Investment 0-35% Shares*



1. The basic charge is 1% p.a., which is built into the fund price. For all customers, a discount is applied and depends on the value of the investment. 2. As at 28.2.2021

Key to investments

- UK Equities
- Overseas Equities
- Fixed Income

RLP Sustainable Diversified Trust

Aims to provide capital growth from a diverse range of asset classes, including UK and overseas equities, fixed income, property related investments and cash.

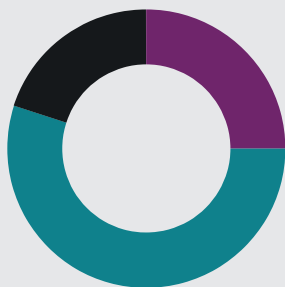
ABI Mixed
Investment 20-60% Shares



RLP Sustainable World Trust

Aims to provide capital growth, by investing mostly in equities with some fixed income securities and cash on a global basis.

ABI Mixed
Investment 40-85% Shares



RLP Sustainable Leaders Trust

Aims to provide capital growth, by investing mostly in UK companies, with some exposure to overseas equities. The Fund is relatively concentrated, with typically 40 - 50 holdings.

FTSE All Share Index



RLP Global Sustainable Equity

Aims to achieve capital growth over the medium term, by investing globally in the share of companies listed on stock exchanges deemed to make a positive contribution to society.

MSCI All Countries World Index Net TR



RLP Global Sustainable Equity
MSCI All Countries World Index Net TR



RLP Sustainable Leaders Trust
FTSE All Share Index

Equity

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

A sustainable investment process

Royal London Asset Management (RLAM) has created a bespoke investment process to assess and select companies to include in the sustainable funds. This process allows RLAM to fully integrate financial and ESG analysis in a way which provides them with insights that other investors may miss.

First RLAM screens for key ESG and financial factors. They look at the strength of the management team, the strength of the balance sheet and the competitive advantage of a business.

With every investment they make, the team does a detailed Environmental, Social and Governance (ESG) assessment of that business. From an environmental perspective the team looks at the carbon intensity, water usage and other factors of

the companies it invests in. From a social point of view, the team will look at whatever they determine are the most important issues of the day, like the taxation practices of the companies they invest in. When it comes to the corporate governance of a company, the team will look at remuneration and the structure of the corporate board to ensure they will act in shareholders' best interests.

They also screen out companies in certain sectors or activities. In particular the funds avoid investment in any company that is or is likely to be exposed to:

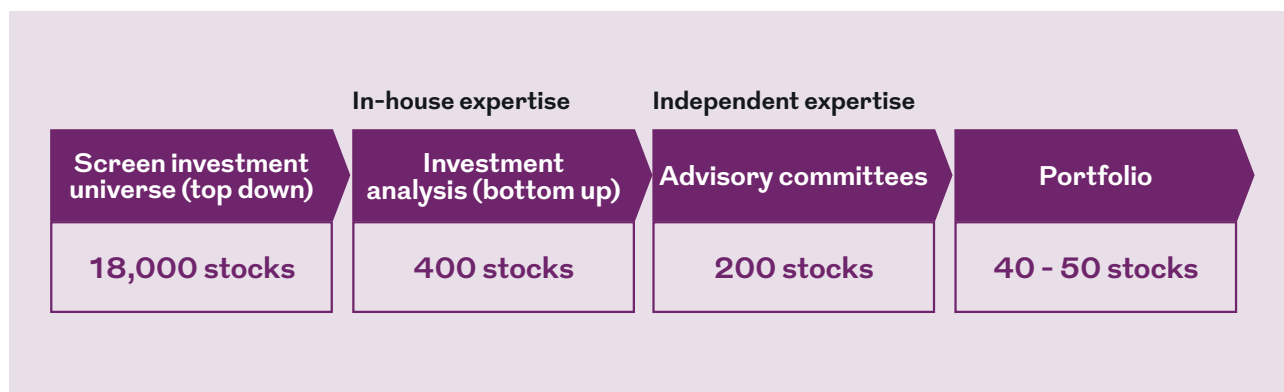
- Human rights abuses
- Tobacco and armaments manufacture
- Products which involve experiments on animals, except for those conducted for the benefit of human or animal health
- The generation of nuclear power

The funds also avoid investments in companies that have significant trading interests in:

- Animal fur products
- Pornography
- Irresponsible gambling
- Irresponsible drinking
- Worker exploitation or exploitative consumer practices

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

RLAM applies a minimum threshold to both ESG and financial factors to ensure all investments in their portfolios score highly on both.



Influencing positive change

Royal London Asset Management's Responsible Investment team oversees research into and engagement on environmental, social and corporate governance issues. They work particularly closely with the Sustainable Investment team to help ensure we invest in companies that contribute positively to our society and environment.

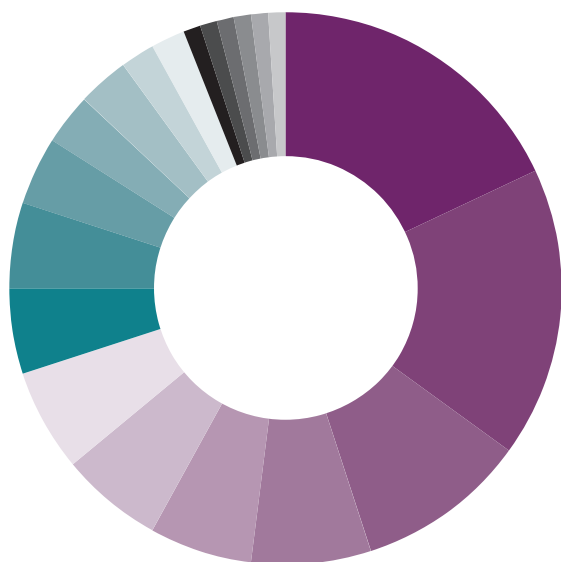
To help influence positive change they vote at annual meetings, engage with management and advocate strong corporate governance.



In 2020, Royal London Asset Management's Responsible Investment team voted 28,992 resolutions, and carried out 413⁹ engagements - a 59 per cent increase in the number of engagements from 2019 - with 243 companies.

RLAM also became a signatory of the Climate Action 100+, and its European branch, the Institutional Investor Group for Climate Change (IIGCC).

2020 Engagement Topics



Remuneration	20.9%
Climate - Transition Risk	20.3%
Cybersecurity	9.6%
Labour & Human Rights	7.2%
Strategy	5.5%
Environment	5.5%
Corporate Governance	5.3%
Pensions	5.0%
COVID-19	4.1%
Diversity	3.9%
Other	3.3%
Social & Financial Inclusion	2.2%
Climate - Physical Risk	1.4%
Succession Planning	1.4%
Tailings Dams	0.9%
Workforce	0.9%
Reputational Risks	0.8%
Circular Economy	0.8%
Innovation/Technology Risks	0.6%
Green Bond	0.3%

Please note, the above chart illustrates the topics engaged on throughout 2020. This includes instances where we engaged with one company on multiple topics.

3. As at 31.12.2020. Engagement interactions are substantive letters, meetings, phone calls or emails.

Governance

The fund range has an independent external Advisory Committee which aims to ensure that the investments align with the funds' objectives. This committee consists of a mix of experts in areas such as charities, corporate governance, academia and sustainable investment.

The Committee meets quarterly to review the research process and output of the team. It receives reports on sectors, companies and topical issues, and it advises on the approval and exclusion of companies from investments.





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