

Global Equity Transitions

Our Transitions solution provides clients with:

A high-conviction active global equity portfolio where:

- Financial performance is driven by a proven and differentiated global equity alpha engine that has delivered superior shareholder wealth creating outcomes in 18 of the last 21 years*.
- A proprietary life cycle approach to research and portfolio construction ensures low factor driven risk/returns.
- Investments make a material contribution to the sustainability transition through positions in 'Improvers' that are transitioning

their business to a more sustainable path or in 'Enablers' of someone else's transition.

- Engagement with companies is investor-led, informed by specific Transition milestones and used to hold to account and improve outcomes for clients and society as a whole.

The strategy delivers a concentrated 40-60 stock portfolio, targeting 2.5% gross outperformance p.a., in a balanced portfolio with low style-risk and high stock specific (idiosyncratic) risk that is hard to replicate

Investment approach – global alpha engine

We use a fundamental bottom-up stock-selection approach driving

efficiency and insights from the proprietary application of our Corporate Life Cycle concept (see chart below) to identify companies globally with:

- Superior shareholder wealth creation (measure of forward-looking quality) and
- Attractive valuations.

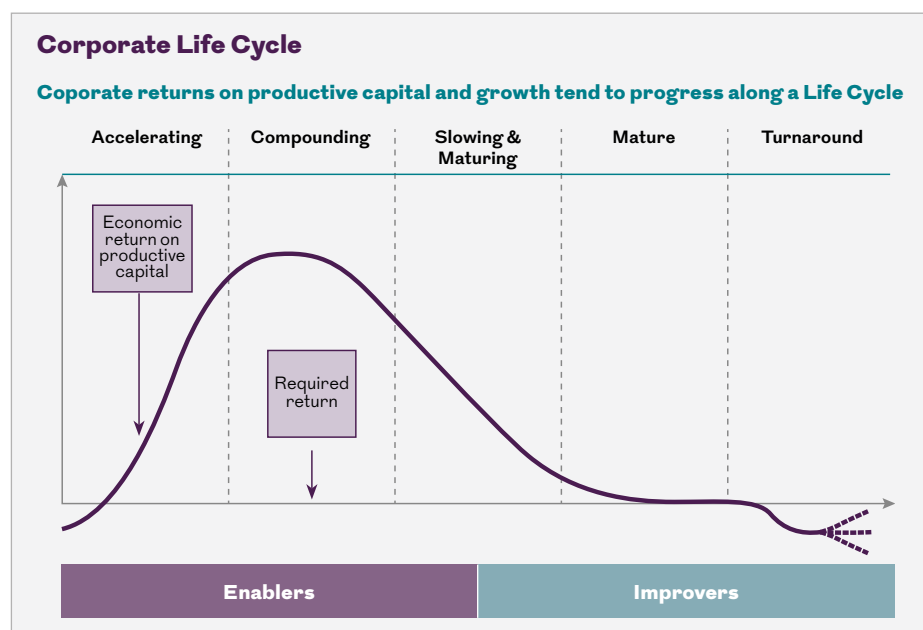
Differentiated stock ideas are combined in balanced portfolios, diversified across the Life Cycle, which exhibit low style/factor risk. Our approach has driven long-term outperformance across a range of client implementations and market environments, from high conviction to lower tracking error funds.

We believe that our established investment process results in a differentiated sustainable solution.

Transitions concept

We believe:

- 'Sustainability' means meeting the needs of today without compromising the ability of future generations to meet their needs
- Our current world is unsustainable and needs to undergo a significant sustainable transition
- There are investment opportunities embedded in change and transition

















Source: Royal London Asset Management for illustrative purposes only.

*The Royal London Global Equity Select strategy has outperformed the MSCI World index in 18 of 21 years between 2001 and 2022

Currently we think there are four key transition themes that are key from a corporate materiality perspective.

Global Equity Transitions

Sustainable Transition Goals – the company’s activities must contribute to the four sustainable transition goals

	Climate Stability	Natural Capital Preservation	Health and Wellbeing	Equity of Opportunity
	Environmental	Environmental	Social	Social
Goal	Keep global temperature rises below +1.5 °C vs industrial revolution	Preserve our planets natural resources to benefit current and future generations	Improve physical and mental health outcomes for the global population	Create a global society in which all have equal opportunity to participate in its potential benefits
SDGs	 	   	  	     

Source: Royal London Asset Management, for illustrative purposes only.

(The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. <https://sdgs.un.org/goals>)

We consider climate stability to be the most material of these themes from a financial and transition perspective, and hence it is most prevalent throughout the portfolio. Climate stability ‘Improvers’ will have high current greenhouse gas (GHG) emissions, but if they are willing and able to transition to net zero it can make a huge contribution to the sustainability transition.

We use Investor-led engagement on specific transition topics to help hold management to account and promote better sustainable transition outcomes in our investments.

Why our approach is differentiated

A key difference between ours and many traditional sustainable approaches is our focus on **change** rather than current **level**.

We are currently living in an unsustainable world. We do not consider simply avoiding companies with sustainability challenges can drive meaningful change. This is especially true in climate transition, where we think it is essential for current high GHG emitters to transition effectively to net zero, if we ever hope to achieve climate stability as a planet.

Focusing on transition also has financial benefits as valuing change can be complex and we see many attractive investment opportunities in this area, often overlooked by traditional investment approaches.

Our portfolio construction is differentiated as many climate transition ‘Improvers’ are in the ‘Value’ Mature / Turnaround stages of the Life Cycle, and competitors who avoid these types of business tend to exhibit a ‘Growth’ style bias.

Our approach is more *complete* across the investible universe, offering both alpha opportunities and attractive risk-adjusted returns.



Team and resources

Royal London Asset Management's Global Equity team has over 11 dedicated Portfolio Managers and Analysts who have proven effective in implementing our differentiated investment approach.

A team-based approach to portfolio management and investment decision making is employed, with a four strong fund manager team on the Transitions strategy.

Global Equity Team



Bixuan Xu, CFA

Fund Manager

Over 7 years' experience



Peter Rutter, CFA

Head of Equities

Over 20 years' experience



James Clarke, CFA

Senior Fund Manager

Over 21 years' experience



Will Kenney, CFA

Senior Fund Manager

Over 23 years' experience

Investment performance

Our Transitions strategy was launched in November 2021. Since inception it has outperformed its benchmark, via differentiated stock selection and a balanced portfolio.

All figures are in GBP (gross)

Since inception

Global Equity Transitions

-1.4%

MSCI ACWI Net Return Index

-1.9%

Relative Performance

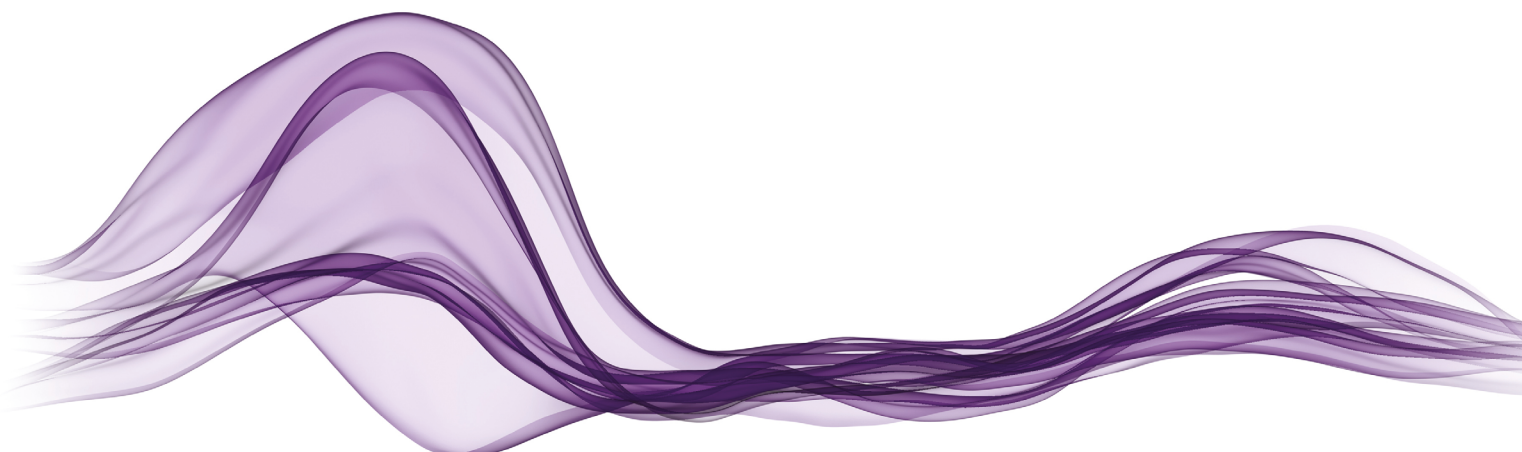
+0.5%

As of 31 March 2023

Although the standalone track record is limited, the Global Equity process which sits at the heart of Global Transitions has proven itself very successful over the long-term.

- Our flagship Global Select strategy has outperformed in 18 out of 21 years generating 6.2% annualised outperformance over the last 5 years.

- The Transitions strategy utilises the same investment process which focuses on finding companies with superior wealth creating characteristics at attractive valuations resulting in a portfolio overlap of greater than 90% with the other key Global Equity strategies.



Investment Risks:

Past performance is not a guide to future performance. 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.

Concentration risk: The price of strategies that invest in a reduced number of holdings, sectors, or geographical areas may be more heavily affected by events that influence the stockmarket and therefore more volatile.

EPM Techniques: The strategy may engage in EPM techniques including holdings of derivative instruments. Whilst intended to reduce risk, the use of these instruments may expose the strategy to increased price volatility.

Exchange Rate Risk: Changes in currency exchange rates may affect the value of your investment.

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.

Emerging Markets Risk: Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

Counterparty Risk: The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the strategy to financial loss.

Responsible Investment Style Risk: The strategy can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the strategy can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable strategies.

Contact us

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

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