Allspring

Climate Transition Global Equity Fund

OBJECTIVES AND PROCESS

- Seeks long-term capital appreciation
- Invests at least two-thirds of its assets in equity securities of companies located worldwide
- Constructs a portfolio of global companies that the sub-adviser believes are well positioned for a transition to a de-carbonised economy by investing in companies within the MSCI All Country World Index that are identified as being aligned with an average global temperature increase of 2 degrees Celsius or less
- Will target to decarbonise the sub-fund by 2050
- Uses a negative screen to exclude securities issued by companies based on their exposure to ESG risks
- Employs a combination of quantitative tools and fundamental insights to identify companies based on valuation, quality and momentum characteristics
- Seeks to achieve positive excess returns relative to the MSCI All Country World Index

KEY RISKS

Currency risk: Currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments. **ESG risk:** applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers. ESG screens are dependent on third-party data and errors in the data may result in the incorrect inclusion or exclusion of a security. **Smaller-company securities risk:** securities of companies with smaller market capitalisations tend to be more volatile and less liquid than securities of larger companies. **Global investment risk:** securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made. **Emerging market risk:** emerging markets may be more sensitive than more mature markets to a variety of economic factors and may be less liquid than markets in the developed world. **Leverage risk:** the use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

Calendar-year performance (%)

Past performance is not indicative of future results.

	2023	2022
Class I (USD) (20 Jul 2021)*	26.97	-17.14
MSCI ACWI Index (Net)[1]	22.20	-18.36

Performance (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since incep.
Class I (USD) (20 Jul 2021)*	4.16	3.35	12.40	31.09	–	–	–	8.65
MSCI ACWI Index (Net)[1]	4.06	3.79	8.88	23.56	–	–	–	5.21

Past performance is not indicative of future results. Performance calculations are net of all applicable fees and are calculated on a NAV-to-NAV basis (with income re-invested). Performance shown is for class and currency indicated and returns may increase/decrease as a result of currency fluctuations. *Share class inception date

Performance overview

- The MSCI ACWI Index gained 4.06% as inflation metrics turned slightly weaker, leaving open the possibility of a Federal Reserve rate cut.
- The fund delivered 4.16% during the month and outperformed the benchmark (MSCI ACWI Index) by 10 bps. For 2024, the fund has gained 12.40% and has outperformed the benchmark by 352 bps.

Performance drivers

- Information technology was the greatest contributor from a sector perspective, with both an overweight allocation and stock selection adding value at 29bps. Our zero-weight allocation to the energy sector added 18bps with the sector underperforming all other sectors.
- Stock selection in Industrials and Communications services were the biggest detractors at costing 29bps and 26bps respectively.
- From a regional perspective, our underweight to emerging markets added 14bps, while stock selection in the UK and Ireland contributed 15bps. In contrast stock selection in the United States and Europe detracted 27bps and 22bps respectively.
- Six of the top ten largest contributors were in the information technology sector, with an overweight position to **NVIDIA** topping the list having climbed 26.89% during the month off the back of a bullish sales forecast showing AI computing spending remains strong. The stock added 27bps.
- Health Care company **Regeneron** added 8 bps as the stock climbed 10% during the month despite a miss on the top and bottom line. Analysts looked beyond the first quarter numbers and focused on the firm's strong pipeline including positive data on a new treatment for muscle-mass loss due to Wegovy and other GLP-1's (weight loss drugs). The company also announced a $3 billion share buyback program.
- Members of the 'magnificent 7' topped and tailed the top and bottom ten stocks, with **Apple Inc.** as the largest detractor in the month. The portfolio is unable to hold Apple Inc. as it does not meet our temperature alignment requirements. The stock rose by 12.98% in the month, buoyed by its talks with Google around artificial intelligence despite a slump in iPhone sales. Not holding Apple Inc. cost 32bps.
- US building company **Builders FirstSource, Inc.** detracted 22bps in the month, it pulled back after a monster rally (up 157% in 2023 and another 26% through early March 2024). This pullback started in mid-March as rates increased due to US inflation flaring in the early part of the year and a potential slowdown in multifamily construction.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

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GENERAL FUND INFORMATION

Portfolio managers: Robert Wicentowski, CFA®; and Justin Carr, CFA®

Benchmark: MSCI ACWI Index (Net)[1]

Fund inception: 20 Jul 2021

Management approach: Actively managed

Sustainable Finance Disclosure Regulation: Article 8[†]

Portfolio Positioning

- We hold a number of names to help substitute exposure to some of the large mega technology companies that we're unable to hold due to temperature alignment and ESG scores (Apple, Inc., Microsoft and Meta).
- These include LG Innotek, a Korean electronic components company which is a supplier to Apple, this would likely help to offset a resurgence in sales of iPhone's and Ipads should the upcoming AI integration be a success.
- In addition, we hold names exposed to the AI theme to help offset our underweight to Microsoft, including Dell and Wiwynn in Hardware, as well as a 316bps o/w in Semis including Nvidia, Screen, Broadcom, Taiwan Semi, Applied Materials and Infineon.

[†]Promotes environmental and social characteristics but does not have a sustainable investment objective.

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1. Morgan Stanley Capital International (MSCI) All Country World Index (ACWI). The Fund uses the MSCI All Country World Index as a reference for selecting investments and for performance comparison. The investments of the Climate Transition Global Equity Fund may deviate significantly from the components of and their respective weightings in the benchmark. The benchmark index is not consistent with the environmental or social characteristics promoted by the sub-fund.

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