Storebrand

Storebrand Global Plus

Quarterly Fund Update

Note: This is a marketing communication for professional investors only.

Storebrand Global Plus Update

Positive effect of fossil fuels avoidance offset by broader exclusions and science-based target drag as climate solutions' stabilisation continues

Against a positive market backdrop for global equities, Storebrand Global Plus lagged the MSCI World Index by 0.8% in the third quarter and trails the benchmark by 1.3% year-to-date. While avoiding fossil fuels positively contributed around 0.1% in Q3, this was outweighed by applying Storebrand's broader exclusion policies which detracted around 0.2% from relative returns. After a disappointing start to 2025, climate solution companies continued their recovery during the third quarter and their c. 12% allocation in the fund was broadly neutral for performance, although the remaining c.88% of the portfolio – which underweights companies with high carbon and ESG risks and overweights those with lower carbon intensity, science-based targets (SBTi) and FTSE green revenues – detracted around 0.7% on a relative basis.

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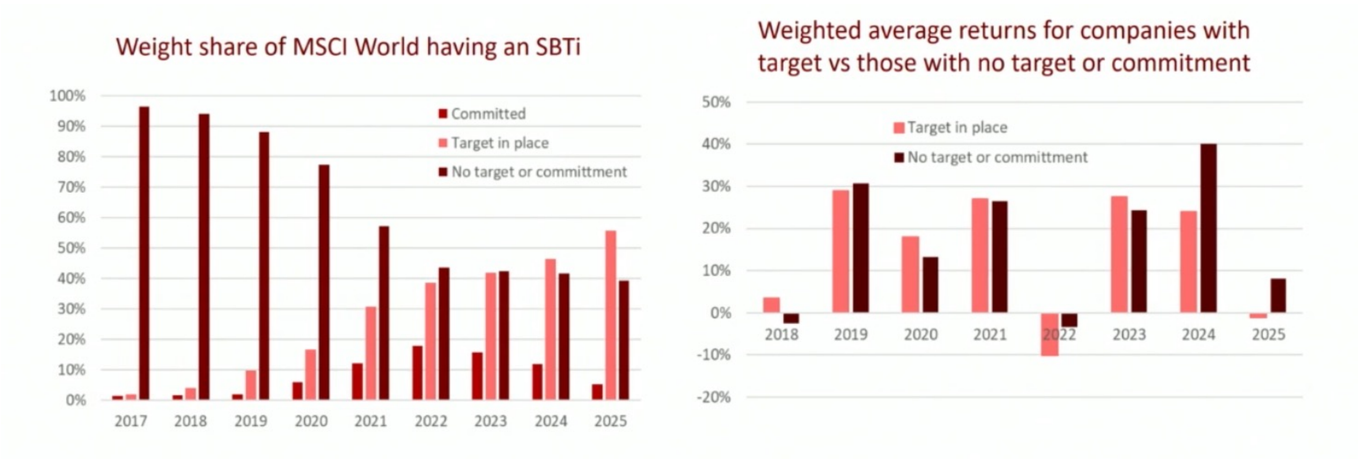
Shrinking SBTi commitment?

Around three quarters of the fund (72.3%) is allocated to companies with verified science-based targets compared to just over half (55.6%) of the MSCI World Index. The benchmark representation has risen steadily since the initiative was launched a decade ago – 2025 has been boosted by Nvidia and Alphabet (together 9% of the index) both receiving verification – although the pipeline of companies committing to join in future has shrunk in recent years, and the share of the MSCI World Index with no target or commitment to get one has stabilised at around 40%

A look into the relative performance of companies with emissions targets versus those without shows that the former have underperformed over the last two years. After minimising sector and regional biases, our analysis shows that the SBTi tilt offers the best explanation for the portfolio rump's deviation in performance from the index that has been particularly marked this year. Despite its short-term drag on performance, we remain positive on science-based targets and believe that overweighting companies with ambitions to reduce their own emissions is aligned with the fund's long-term strategy.

Company commitments to SBTi are slowing, while those with targets have underperformed since 2024



Sources: Storebrand AM, MSCI SBTi.

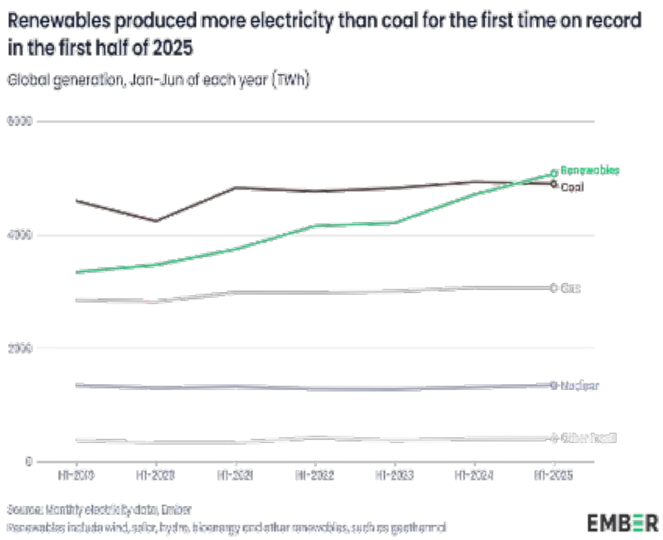
Paris reflections

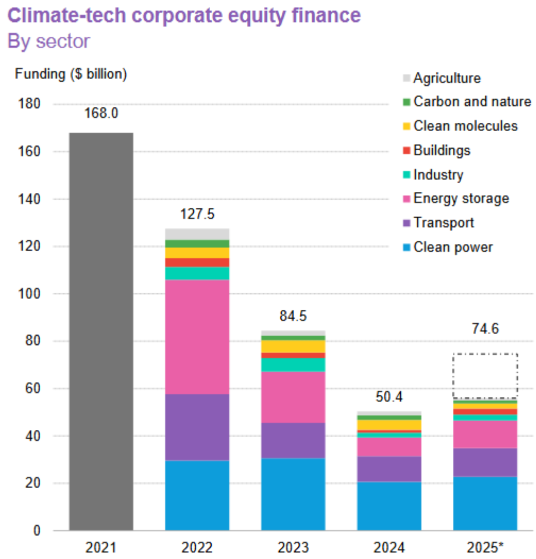
This year marks a decade since the signing of the Paris Agreement and the third submission of Nationally Determined Contributions (NDCs) that signatory countries committed to provide every fifth year. Unfortunately, only 62 of 197 nations have submitted their updates so far – representing less than a third of global emissions – with China, India and the EU among those to have missed the two deadlines so far. More positive is that progress is better than at the same stage following the Kyoto Protocol when the agreement had largely collapsed, while both China and the EU have promised to provide NDCs ahead of COP 31 in November, which combined would double the emissions count.

Further analysis into progress towards the Paris Agreement came from The Production Gap Report 2025, which was released at the end of the third quarter. It showed that global plans to extract fossil fuels significantly exceed levels consistent with limiting global warming to between 1.50C and 2.00C, with countries now collectively planning greater fossil fuel production than two years ago.

More positive was a report from Ember, an energy think tank, which showed that renewables overtook coal for global electricity production for the first time in the first half of 2025 with fossil generation falling in China and India (in contrast to the US and EU where it rose). Another source of optimism was Bloomberg's NEF 2025 report which revealed that equity raised for climate solutions, which bottomed out in 2024, is on track for a 50% increase this year. Hopefully this, along with its continued recovery in performance terms, will provide further momentum for climate solutions and our portfolio.

Renewables' global electricity generation continues to rise as climate solutions capital raising recovers in 2025





Sources: Ember (LHS), Bloomberg NEF (RHS)

A video recording of the Global Plus fund update is available here: [Storebrand Global Plus Q3 2025 Update]

NB: Performance figures as at 30/09/2025 unless stated, gross of fees and based on Norwegian-domiciled fund in NOK.