

EQUITY INVESTING

GUIDE TO EQUITY INVESTING

This document is a financial promotion and is not investment advice.
This is a marketing communication.

Introduction

Investing in equities can be an effective way to build long-term wealth. It involves buying shares in companies, from established well-known global brands to innovative companies that are shaping the future. With thousands of companies across different countries, sectors and markets, knowing where to begin can feel daunting.

Successful investing starts with understanding the basics. This guide explains the key principles of equity investing, including how shares work, the opportunities and risks involved, and how equities can support your long-term financial goals.

Please remember that 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.



Understanding equities

What are equities?

Equities (shares) allow you to own part of a company. When you buy shares, you become a shareholder. If businesses grow and become more valuable, their share price may rise, which increases your investment value.

Some companies may also share a portion of their profits with shareholders through dividend payments.

Important: The value of your investment can rise and fall, and you may get back less than you invest.

This gives you the opportunity to share in the success of companies, but the value of your investment can also fluctuate with their changing fortunes.



What is a dividend?

Dividends are payments that some companies choose to make to shareholders from profits or retained earnings.

These can be paid every year as cash, and are known as dividends.

Why invest in equities?

Many long-term financial goals, such as saving for retirement, require your money to grow over time.

While cash savings can help meet short-term needs and provide some financial security, they may not always be the best way to build wealth over the long term.

Potential benefits



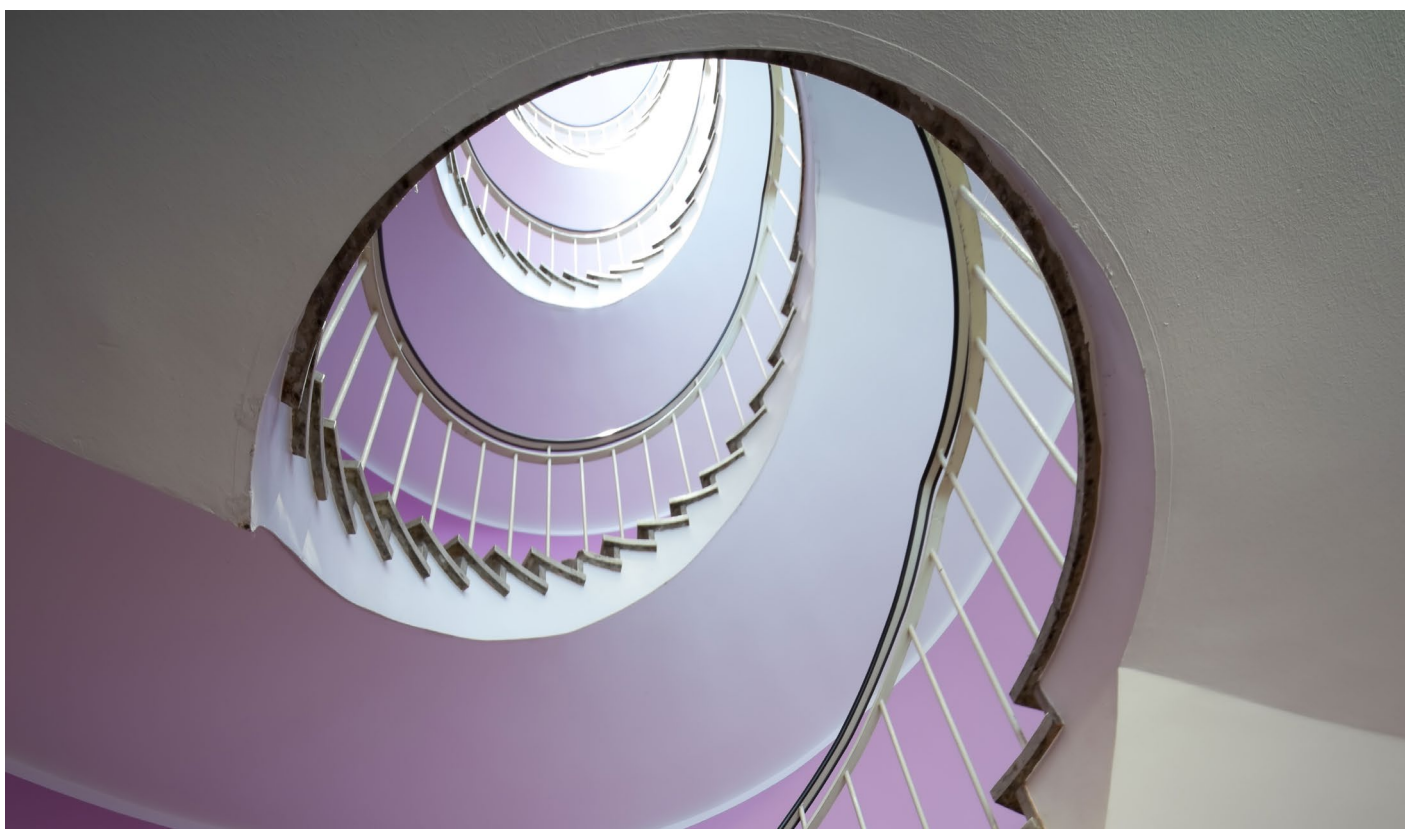
- Opportunity for long-term growth
- Potential dividend growth
- Historically higher returns than cash or bonds over longer time periods

Things to consider



- Share prices can fall as well as rise
- Values can fluctuate in the short term
- Returns are not guaranteed

Investments with higher growth potential often come with a higher level of risk. This means value of your investments may rise and fall over time, so it's important to take a long-term approach and stay invested through the market's ups and downs.



Opportunities and risk

Global equity investing involves investing in companies from around the world rather than focussing on a single country or region. This gives you access to a broad range of businesses, industries and growth opportunities, from established global brands to innovative companies in developing countries.

By investing globally, you can benefit from opportunities wherever they arise and reduce the risk of relying on the performance of one single market. A global approach allows you to access themes shaping the future, such as technological innovation, healthcare advances and the transition to a lower-carbon economy.

Expectations versus reality

We all take risks every day, often without realising it, and what feels comfortable to one person may feel worrying to another.

Investing is no different and your attitude to risk will influence the types of shares you choose. Some offer higher growth potential but tend to fluctuate more, while some companies have relatively stable profits, but may grow more slowly

There are a lot of factors that can influence share prices such as management decisions, new product pipelines and financial results.

Another factor that can affect share prices is the economy. When the economy is growing, businesses are more likely to be able to generate higher sales and profits. When the economy weakens, consumers and businesses spend less, which can put pressure on company profits and, in turn, the stock market.

Factors such as interest rates, inflation, employment levels and consumer confidence can all influence how companies perform and how investors view future growth prospects.

In general, investments with higher long-term growth potential are likely to experience greater short-term volatility. Accepting this uncertainty is part of taking a long-term approach to investing.

The key is to build a portfolio that matches your goals, time horizon, and personal tolerance for risk.

Investing in equities involves specific risks, including:

Market risk



The price of your shares will move up and down

Inflation risk



Your investment returns may not keep pace with rising prices

Longevity risk



You may outlive your savings, particularly relevant for investors drawing an income from their shares

Reward

When investing, your return (the money you make from your investment) can come from two sources: rising share prices and dividends.

Dividends are regular cash payments that some companies make to their shareholders. You can also choose to reinvest dividends rather than take them as income.

Over longer time periods, dividends have accounted for a substantial share of total equity returns. In other words, investors have benefited from both an increase in the value of their shares (capital growth) and the income paid along the way.



The power of compounding

Reinvesting dividends, rather than taking them as income, allows growth to build on previous growth, significantly boosting long-term returns.



Ways to invest in equities

There are several ways to invest in equities, depending on how confident you are or how hands-on you want to be with your investments.

Type of investment	What it is	Key features
Individual shares	Buying shares in specific companies.	Direct ownership and control, but higher risk and more time and effort researching companies required.
Active funds	Investors' money is pooled together and investments are professionally managed on their behalf.	Offer wider diversification, and provide access to research, expertise and ongoing monitoring. These usually aim to beat a market index, but this is not guaranteed.
Index or 'passive' funds	Funds that track a market index such as the FTSE 100.	Typically lower-cost options that offer broad access to markets, and aim to simply match the return of a market index.

Equities at Royal London Asset Management

Investing in equities requires patience, discipline and a consistent investment approach.

At Royal London Asset Management, our experienced investment teams take a long-term view, focusing on understanding the businesses they invest in and identifying companies with the potential to grow and create value.

We carefully select investments using bespoke analytical tools and a robust research process that has been developed and refined over more than two decades.

Our fund managers continually assess opportunities and risks to build portfolios they believe can deliver attractive long-term outcomes for investors.

Across our portfolios, we place a strong emphasis on quality, sustainability and responsible ownership, engaging with companies to ensure companies are being run in the best interests of shareholders.

We offer a broad range of UK and global equity funds designed to meet different investment goals and risk preferences.

Why choose Royal London Asset Management



A distinctive, long-term approach focused on quality companies



Experienced investment teams supported by in-depth research



A disciplined and repeatable investment process



Active management that seeks opportunities and manages risk

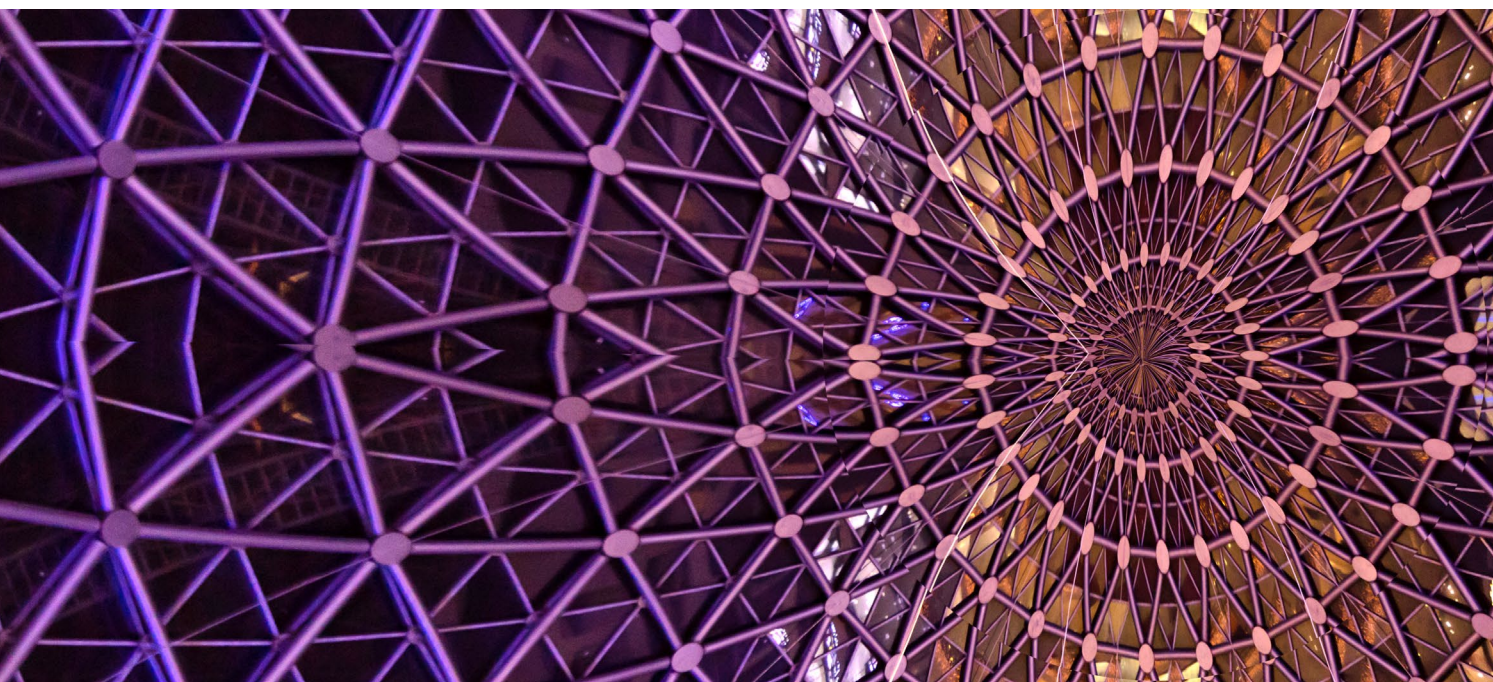


A commitment to responsible ownership and stewardship



A range of UK and global equity funds to suit different investment goals

Speak to your financial adviser to explore how Royal London Asset Management can help you reach your long-term goals.



Important information

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Contact us

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

Royal London Asset Management
80 Fenchurch Street,
London EC3M 4BY

For advisers and wealth managers
bdsupport@rlam.com

For institutional client queries
institutional@rlam.com

For further information, please visit **www.rlam.com**

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