

For Professional Clients only, not suitable for Retail Clients.

UK Equity Investing







Introduction

The UK equity market is a diverse and well established investment universe, with world-leading governance standards. Home to many of the world's leading multi-national companies, it provides access to global themes and the opportunity to pursue a variety of investment strategies. Many of its large, successful constituents have histories of sharing profits with investors through dividends, delivering attractive and rising incomes over the long term.

The breadth and depth of the UK mid and small cap market mean it features a wide array of investment opportunities. Such companies are often in earlier lifecycle stages and have compelling business models, strong management teams and favourable industry dynamics. Despite the fundamental attractions of this market segment, analytical coverage beyond the UK's large caps is relatively sparse, creating genuine opportunities for stock picking.

Royal London Asset Management for UK equities?

- **Active stock picking**

Our team adopts a fundamental approach to stock selection focusing on idiosyncratic drivers of stocks to find good ideas across the market-cap spectrum.

- **Excellent company access**

Royal London Asset Management is a significant investor in the UK pooled segment. Our size enables significant corporate access for our fund managers to engage with senior management, which is an essential part of thorough fundamental research.

- **Experienced**

Our fund managers have many decades of combined investment experience in managing UK equities through changing economic conditions and business cycles. The team's collective working knowledge of the UK stock market, built up over decades, is part of our competitive edge. Our managers are empowered to run high-conviction strategies with minimal investment bureaucracy, enabling nimble decision making and high conviction portfolios.



Our investment approach

We split our UK equity funds into five strategies to clearly align them with our clients' objectives: Core, Income, Unconstrained, Small and Mid Cap companies and Sustainable. While each of the strategies has a distinct approach and focus, there are some aspects of their investment objective that our team all share:

- Focus on bottom-up stock picking
- Emphasis on reliable, long-term cash generation
- Long-term investment horizon

This commonality, along with their proximity in our London office, provides a collaborative environment where the team can exchange ideas and share resources.

Our UK equity range

The Royal London UK equity fund range sits within our main suite of equity funds. In addition to these actively managed strategies highlighted below, we also manage a number of passive and quantitative strategies, with further details available on our website.



Core

RL UK Growth Trust
RL UK Equity Fund



UK Income

RL UK Equity Income Fund
RL UK Dividend Growth Fund



Unconstrained

RL UK Opportunities Fund



Small and mid cap companies

RL UK Mid Cap Growth Fund
RL UK Smaller Companies Fund



Sustainable

RL Sustainable Leaders Fund*

*This fund is adopting the Sustainability Focus label. We are updating the relevant fund material and will publish these once ready.



UK equity core capabilities

RL UK Equity Fund

Fund overview

A diverse equity fund targeting high risk-adjusted returns across multiple market environments by investing in the UK's leading companies with strong and resilient business models, and quality management that benefit from attractive end markets. Suitable for investors seeking capital growth over the medium term (3-5 years).

Key points

- An investment process built around the quality of management and business models benefiting from attractive end markets.
- Seeks to incorporate top-down economic views into the assessment for corporates' end markets.
- The manager aims to construct well balanced and diversified portfolios with a large cap bias, allowing stock selection to drive relative performance.

Fund facts

Launch date	11/04/1984
Manager inception	31/01/2018
Typical number of holdings	60 - 80
Investment Association Sector	UK All-Companies
Benchmark	FTSE All-Share Total Return GBP Index
Lead Fund Manager	Joe Walters

RL UK Growth Trust

Fund overview

A core multi-cap UK Equity Trust targeting high risk-adjusted returns across multiple market environments by investing in companies with strong business models, and quality management that benefit from growing end markets. Suitable for investors seeking capital growth over the medium term (3-5 years).

Key points

- An investment process built around the quality of management and business models benefiting from growing end markets.
- Seeks to incorporate top-down economic views into the assessment for corporates' end market.
- Focused on constructing diversified portfolios across the market-cap spectrum.
- Quality -growth bias.

Fund facts

Launch date	28/09/1989
Manager inception	01/03/2016
Typical number of holdings	50-60
Investment Association Sector	UK All-Companies
Benchmark	FTSE All-Share Total Return GBP Index
Lead Fund Manager	Joe Walters

UK equity income capabilities

RL UK Equity Income Fund

Fund overview

A diversified, style-agnostic income fund targeting superior risk-adjusted returns and a premium yield to the index across multiple market environments, with stock picking driving relative performance. Suitable for investors seeking a combination of income and some capital growth over the medium term (3-5 years).

Key points

- An investment process built around the drivers of cash generation.
- Market cap agnostic.
- Manager takes a contrarian approach when entering and exiting positions.
- Seeks a broad spread of contributors to the fund's dividend yield.
- The manager is focused on constructing style-agnostic, well balanced portfolios to enable stock picking, rather than style or macro factors, to drive long-term outperformance.

Fund facts

Launch date	11/04/1984
Manager inception	31/01/2018
Typical number of holdings	40-60
Investment Association Sector	UK Equity Income
Benchmark	FTSE All-Share Total Return GBP Index
Lead Fund Manager	Richard Marwood
Deputy Fund Manager	Max Newman

RL UK Dividend Growth Fund

Fund overview

A diversified, style-agnostic income fund targeting superior risk-adjusted returns and dividend growth across multiple market environments, with stock picking driving relative performance. Suitable for investors seeking income with some capital growth over the medium term (3-5 years).

Key points

- An investment process built around the drivers of long-term cash generation.
- Market cap agnostic.
- Manager takes a contrarian approach when entering and exiting positions.
- The manager is focused on constructing style-agnostic, well balanced portfolios to enable stock picking, rather than style or macro factors, to drive long-term outperformance.

Fund facts

Launch date	01/06/1981
Manager inception	12/04/2016
Typical number of holdings	40-60
Investment Association Sector	UK All Companies
Benchmark	FTSE All-Share Total Return GBP Index
Lead Fund Manager	Richard Marwood
Deputy Fund Manager	Max Newman

UK equity unconstrained capability

RL UK Opportunities Fund

Fund overview

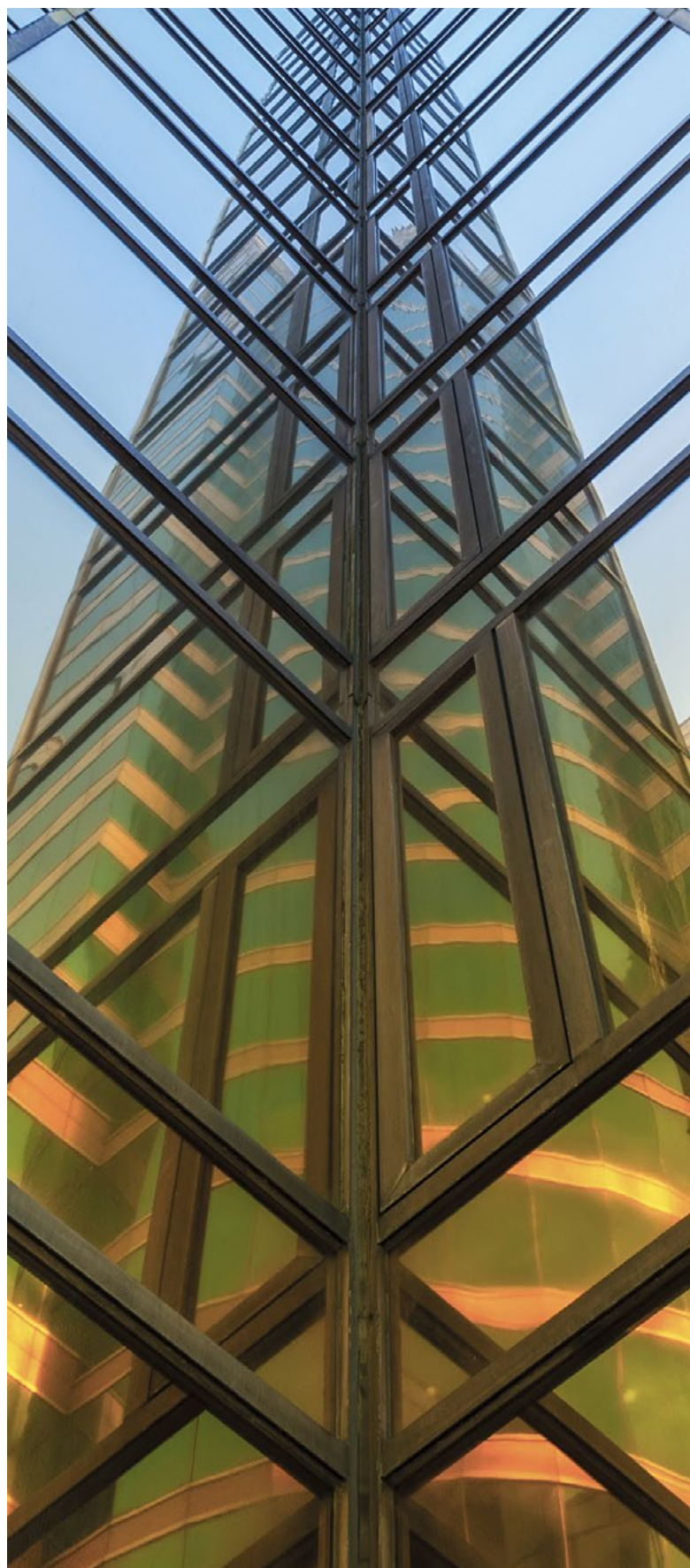
A UK equity fund investing across the entire market-cap spectrum, targeting undervalued growth opportunities, out of favour quality companies, and special situations with potential for capital growth. Suitable for investors seeking capital growth over the medium term (3-5 years) through a diversified portfolio of stocks across the market cap spectrum.

Key points

- Seeks companies with attractive bottom-up fundamentals.
- The manager takes high-conviction stock and sector positions within the portfolio.
- A 'best ideas' fund with a focused portfolio.
- Structurally overweight mid-caps.

Fund facts

Launch date	20/07/2007
Manager inception	01/02/2023
Typical number of holdings	40-50
Investment Association Sector	UK All Companies
Benchmark	FTSE All-Share Total Return GBP Index
Fund Manager	Henry Lawson



UK equity small and mid cap capabilities

RL UK Mid Cap Growth Fund

Fund overview

A core mid-cap strategy targeting superior risk adjusted returns, providing investors with exposure to an asset class that has historically generated high returns. The fund is focused on investing in attractively priced, high quality companies capable of sustainable earnings growth. Suitable for investors seeking capital growth over the medium term (3-5 years) through a highly diversified and liquid fund of medium sized companies.

Key points

- Identify companies with superior fundamental attributes that are exposed to attractive economic/ structural tailwinds. These attributes will enable them to compound their earnings and cash sustainably into the future and become large companies.
- A discipline towards absolute valuation.
- A liquid portfolio that is diversified across market capitalisation and sectors, with less stock specific risk, lower volatility and ultimately improved risk-adjusted returns
- Broad and dynamic investment universe of younger companies at an earlier stage of their life cycle, with incentivised management teams and lean decision-making structures.
- Low analyst coverage in this area of the UK investment universe creates ideal conditions for genuine stock picking opportunities.

Fund facts

Launch date	01/06/2006
Manager inception	01/01/2017
Typical number of holdings	45-60
Investment Association Sector	UK All Companies
Benchmark	FTSE 250 (ex IT) Total Return GBP Index
Lead Fund Manager	Henry Lawson
Deputy Fund Manager	Henry Burrell

RL UK Smaller Companies Fund

Fund overview

A core small-cap strategy targeting superior risk adjusted returns, providing investors with exposure to an asset class that has historically generated high returns. The fund is focused on investing in attractively priced, high quality companies capable of sustainable earnings growth. Suitable for investors seeking capital growth over the medium term (3-5 years) through a diversified fund of UK smaller companies.

Key points

- Identify companies with superior fundamental attributes that are exposed to attractive economic/ structural tailwinds. These attributes will enable them to compound their earnings and cash sustainably into the future and become large companies.
- A discipline towards absolute valuation.
- A liquid portfolio that is diversified across market capitalisation and sectors, with less stock specific risk, lower volatility and ultimately improved risk-adjusted returns
- Broad and dynamic investment universe of companies at an earlier stage of their life cycle, with incentivised management teams and lean decision-making structures. Furthermore, the FTSE Small Cap ex-IT Index has less stock and sector concentration than larger Indices.
- Low analyst coverage in this area of the UK investment universe creates ideal conditions for genuine stock picking opportunities.

Fund facts

Launch date	20/07/2007
Manager inception	01/09/2016
Typical number of holdings	65-75
Investment Association Sector	UK Smaller Companies
Benchmark	FTSE Small Cap (ex IT) Total Return GBP Index
Lead Fund Manager	Henry Lawson
Deputy Fund Manager	Henry Burrell

UK equity sustainable capability

This fund is adopting the Sustainability Focus label. We are updating the relevant fund material and will publish these once ready.

RL Sustainable Leaders Trust

Fund overview

A core UK equity fund investing in leading companies that are deemed to make a positive contribution to society, through the products and services the companies provide as well as their standards of environmental and social management. We evaluate these factors alongside our robust financial analysis and a detailed corporate governance assessment, as we believe that good governance is an enabler of good environmental and social performance. Suitable for investors seeking capital growth over the medium term (3-5 years) through large-cap quality companies' that are deemed to make a positive contribution to society.

Where does it fit?

A complementary UK equity fund offering exposure to large-cap quality companies, predominantly listed in the UK and with selected overseas holdings. The fund actively avoids companies that undertake business activities deemed to be detrimental to society and that breach our sustainable principles. The fund provides exposure to large cap companies all of which meet our Sustainable criteria. For more details on our sustainable range you can access our capabilities page [here](#). For details on our Ethical and Sustainable investment policy access [here](#).

Key points

- One of the longest tenures in sustainable investing, constructing and managing sustainable funds for over 20 years.
- Positive screening, looking for leading companies that make a positive contribution to society.
- A bottom-up research process based on detailed due diligence and independent analysis that identifies additional risks and opportunities that are not captured by traditional ESG research.
- High conviction portfolio of the best sustainable companies with a quality bias and long-term active ownership, largely unconstrained by index requirements.
- Up to 20% of the fund invested in selected overseas companies
- Low carbon profile versus the index
- Independent challenge and insight provided by an External Advisory Committee.

Fund facts

Launch date	29/05/1990
Manager inception	03/11/2003
Typical number of holdings	40-50
Investment Association Sector	UK All Companies
Benchmark	IA UK All Companies sector
Fund Manager	Mike Fox
Deputy Fund Manager	George Crowdy Sebastien Beguelin



Our team

Our UK equity team consists of six fund managers and six equity analysts with an average of 20 years' investment experience. Fund managers share company meetings and collaborate on idea generation and peer review, enhanced through the varied investment perspectives of the different strategies.

We strongly believe that the team's collective working knowledge of the UK stock market is part of our competitive edge and enables the team to cover a large universe of investment opportunities.



Risk warnings

Investment risk: 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.

Charges from Capital risk: Charges are taken from the capital of the fund. Whilst this increases the yield, it also has the effect of reducing the potential for capital growth.

Concentration risk: The price of funds 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.

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 fund to financial loss.

Efficient Portfolio Management (EPM)

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

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.

Smaller Company risk: The fund invests in smaller companies, the prices for which can be less liquid and be more volatile than those of larger companies and therefore may have a greater impact on the value of the fund.

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

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For more information on the fund or the risks of investing, please refer to the Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.com.

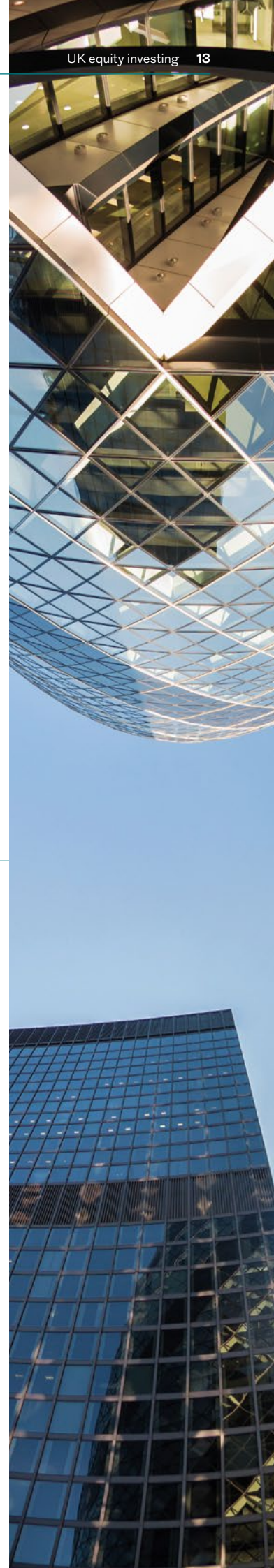
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