



Royal London Emerging Markets ESG Leaders Equity Tracker

Quarterly Report 30 June 2022



Top 10 holdings

	Fund (%)
Taiwan Semiconductor Manufacturing	11.6
Tencent	8.3
Alibaba Group	6.3
Meituan	3.0
Reliance Industries	2.9
China Construction Bank	1.8
Infosys Ltd	1.8
Housing Development Finance Corp Ltd	1.4
Baidu	1.2
Tata Consultancy Services	1.1
Total	43.4

Fund data

	Fund
No. of stocks	406
Fund size	£4,027.6m
Launch date	12.06.2017

Source: RLAM, based on the Z Acc share class.

Performance

	Fund (%)	Benchmark ¹ (%)	Relative (%)
Q2 2022	-7.15	-5.66	-1.48
Year-to-date	-10.65	-9.94	-0.71
Rolling 12 months	-18.71	-17.75	-0.96
3 years p.a.	2.49	2.59	-0.10
Since inception p.a. 05.03.2018	1.87	1.84	0.03

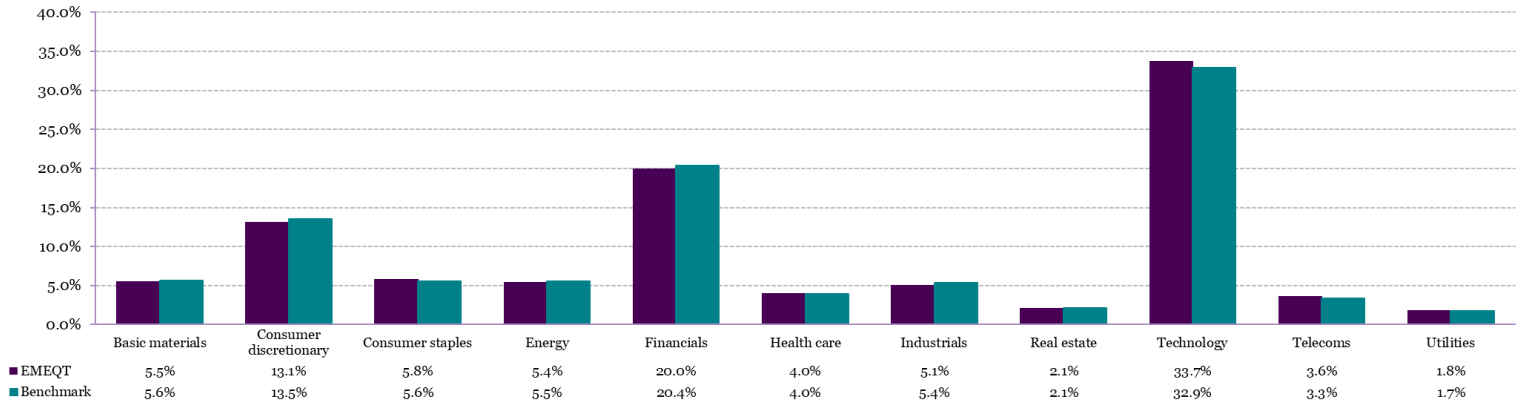
Past performance is not necessarily a reliable indicator of future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.

Source: RLAM, based on the Z Acc share class.

All performance figures stated gross of fees and tax unless otherwise stated, subject to rounding.

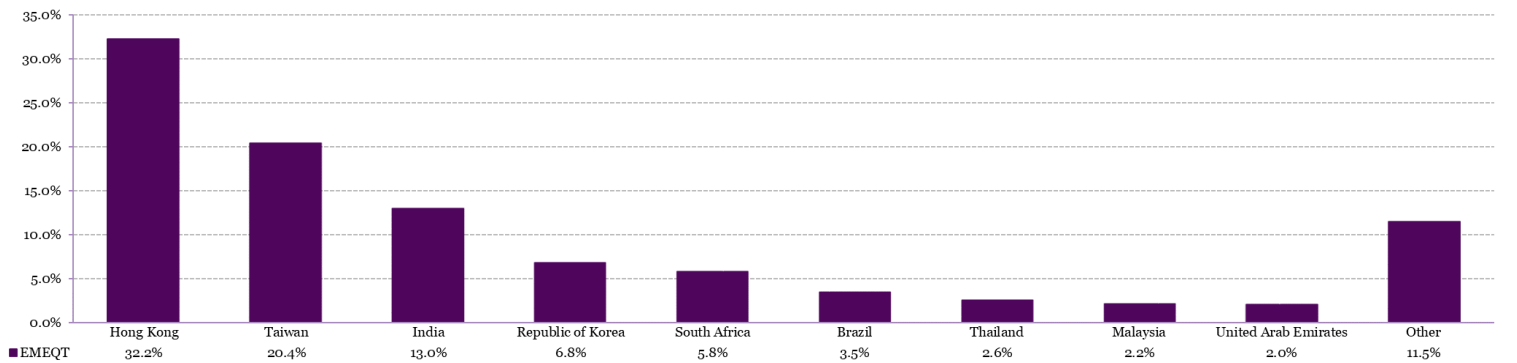
¹Benchmark: MSCI EM (Emerging Markets) ESG Leaders Net Total Return Index GBP.

Sector breakdown



Source: RLAM as at 30 June 2022

Geographical breakdown



Source: RLAM as at 30 June 2022

Equity market overview

- Inflation has been the headline macroeconomic market influence over the quarter. Sharp increases in energy and commodity prices have added to the natural increase seen as the global economy continued to emerge from its Covid-induced slowdown of 2020 and 2021. Geopolitical events continued to weigh on sentiment as well, as Ukrainian resistance to the Russian invasion continued.
- Central banks have responded to rising inflation by tightening monetary policy and indicating that there is more to come. The US Federal Reserve (Fed) has led the way, increasing rates by 1.25% over the quarter – its clear threat to do more has led markets to price in a further 2% of hikes in 2022. The European Central Bank (ECB) was less aggressive but confirmed that it will end its bond buying programme in July and signalled that a 25bps hike in July and even another 50bps in September will both be possible. The Bank of England (BoE) has increased rates by 25bps at every meeting since December 2021 and this continued through the quarter, with the fifth consecutive increase in June taking the UK base rate to 1.25%.
- Currency swings were notable in the quarter, following the volatility of the first quarter. The sharp rise in US interest rate expectations meant that the US dollar was the strongest global currency: it appreciated significantly against the Swiss franc, euro and sterling, and rose over 11% against the yen. These movements will impact global trade and overseas earnings over coming months, and dollar strength will also be a risk for any emerging markets countries and companies that have borrowed in dollars. The price of Brent crude oil rose by another 6.4% to nearly \$112 a barrel, but copper futures fell 21.9% on fears of recession and renewed Covid restrictions in China during the quarter.



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