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Royal London Multi Asset Growth Fund (IRL)

Quarterly Investment Report

31 December 2023



Quarterly Report

The fund as at 31 December 2023

The purpose of this report is to provide an update on the Royal London Multi Asset Growth Fund (IRL). The report has been produced by Royal London Asset Management. The report starts with a summary dashboard showing key information about the fund. A glossary is located at the end of the report covering the description of some of the more technical terms used within the report. All data is as at the report date unless otherwise stated.

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The fund

Fund performance objective and benchmark

The fund's investment objective is to achieve capital growth over the course of a market cycle, which should be considered as a period of 6-7 years, by primarily investing in other funds, known as collective investment schemes ("CIS").

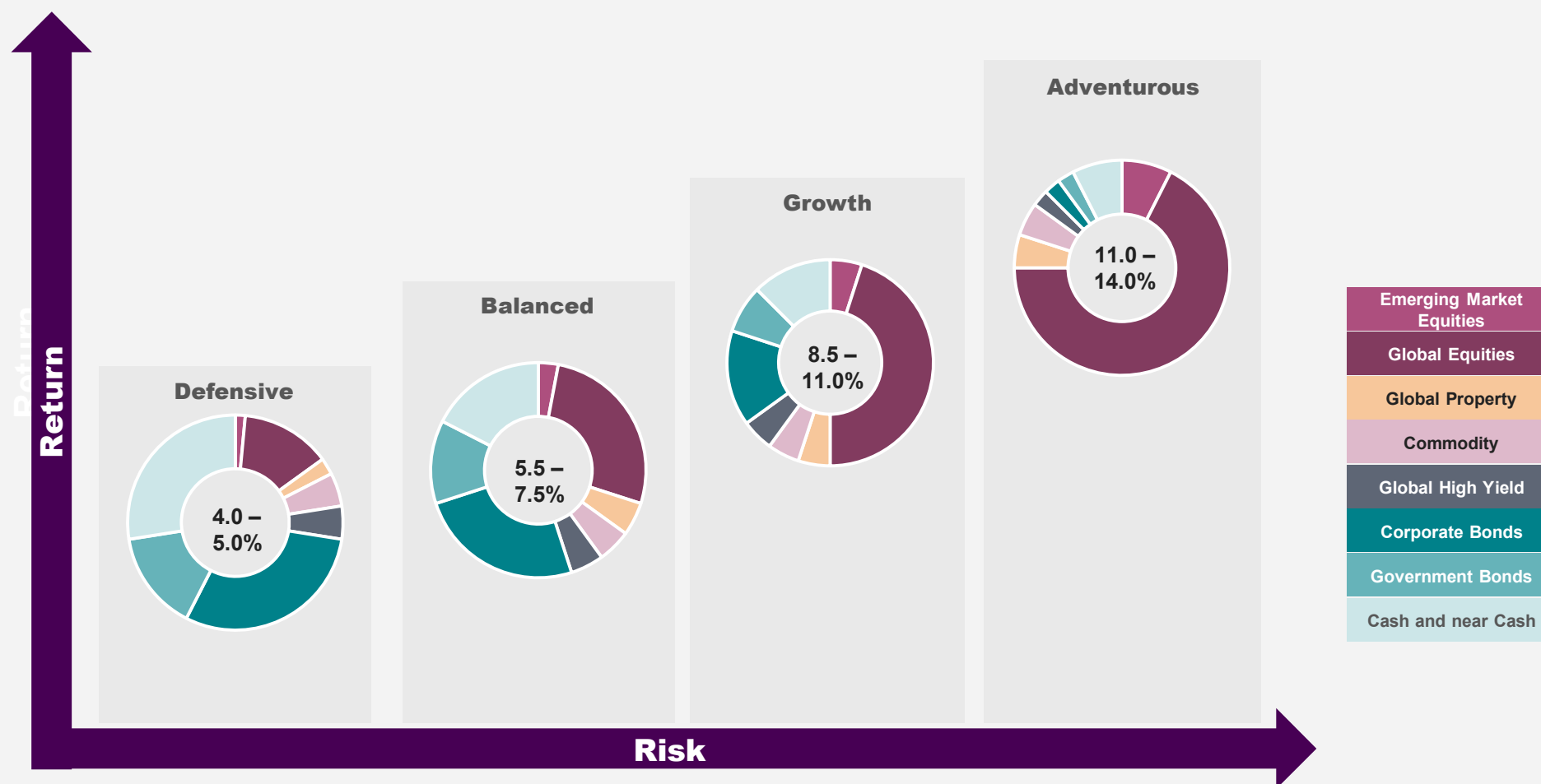
Benchmark: Multi Asset Growth Fund (IRL) Composite Benchmark. The benchmark has been designed with the aim of maximising long run return in excess of inflation for a given level of risk.

MSCI All Countries World Net Total Return Index EUR 45%
 MSCI Emerging Markets ESG Leaders Net Return Index (expressed in EUR) 5%
 FTSE EPRA/NAREIT Developed Index (expressed in EUR) 5%
 Bloomberg Commodity Total Return Index (expressed in EUR) 5%
 BoAML BB-B Global Non-Financial High Yield Constrained Index (EUR Hedged) 5%
 Bloomberg Barclays Global Aggregate - Corporate Index (Euro Hedged) 10%
 ICE BofAML Euro Corporate & Pfandbrief Total Return EUR 5%
 Bloomberg Barclays Euro Treasury Bond Index 7.5%
 ESTER (Euro Short-Term Rate, EURSTER) 12.5%

Fund value

| | Total €m |
|------------------|----------------|
| 31 December 2023 | 39.35 |
| Fund launch date | 17 August 2021 |

Multi Asset (IRL) range



Past performance is not a reliable indicator of future results.

For illustrative purposes – reflects Strategic Asset Allocation weightings, may vary in accordance with tactical asset allocation.

Our fund range is designed to span the risk return spectrum, with each fund aiming to maximise the long-term real return for its given level of risk through a broadly diversified portfolio of investments

Performance and activity

Performance

| | Fund (%) | Benchmark (%) | Relative (%) |
|------------------------|----------|---------------|--------------|
| Quarter | 5.01 | 5.02 | 0.00 |
| 1 Year | 12.14 | 10.44 | 1.69 |
| 3 Years (p.a.) | - | - | - |
| 5 Years (p.a.) | - | - | - |
| 10 Years (p.a.) | - | - | - |
| Since inception (p.a.) | 1.59 | 0.87 | 0.73 |

Past performance is not a guide to future performance. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on Royal London Multi Asset Growth Fund (IRL) M ACC EUR. Source: Royal London Asset Management; Gross performance; Since inception date of the shareclass is .

Performance commentary

Equities

Equity markets ended the year with another positive quarter to end the year up over 16%. Over Q4, the gains in equity markets were largely helped by a pullback in bond yields, as markets moved to expect more aggressive rate cuts next year. On a tactical level, we held a positive view on stocks for most of the year, viewing the underlying resilience of the global economy as supportive for the asset class. Our overweight position added value over the quarter.

Bonds

The tone from central banks over the majority of the year was certainly hawkish, pushing bond yields higher, with US treasury 10-year yields even reaching their highest levels since 2007 in October. However, as 2023 came to an end, more dovish central bank guidance and downside surprises in economic data saw markets sharply move to expect more rate cuts in 2024, which led to a sharp move lower in bond yields. We entered Q4 underweight bonds, but moved neutral over the first half of the quarter and then overweight into year-end as bond prices rose.

Equity regions

We were overweight Japanese equities for most of 2023, which benefitted from a weaker yen, loose monetary policy and improving corporate profits. We continued to prefer Japan, but reduced our overweight as yen started to rise on expectations of a policy shift by Bank of Japan, which weighed on Japanese equities. Our Japan position detracted value over the quarter. We re-established an overweight position in US stocks in Q4, as the region benefitted from a rally in growth sectors as interest rates fell; our US position added value over the quarter.

Equity sectors

The technology sector was the biggest beneficiary of the '2024 rate cuts' rhetoric, followed by cyclical sectors. We increased our overweight position in growth stocks over the quarter. We also initiated an underweight position in the energy sector amid weakness in oil prices. Our sector positions continued to add value over the quarter.

Performance and activity

Top 10 holdings

| | Weighting (%) |
|---|---------------|
| Royal London Global Diversified Equity Fund R Acc EUR | 16.99 |
| Royal London Equity Funds ICVC - Royal London Global Equity | 13.02 |
| Royal London Global Sustainable Credit Fund R Acc EUR | 9.98 |
| iShares Core EUR Govt Bond UCITS ETF | 7.50 |
| SP500 MIC EMIN FUTMar24 | 5.60 |
| Government Of France 0.0% 06-mar-2024 | 5.34 |
| ROYAL LON GLO SUS EQ-REURA | 5.08 |
| Royal London Glb Hi Yld Bd Fd C R (Acc) EUR Hedged | 5.01 |
| Royal London European Sustainable Credit Fund R Acc EUR | 4.98 |
| RL Emerging Markets ESG Leaders Eq Tracker R Acc | 4.96 |
| Total | 78.46 |

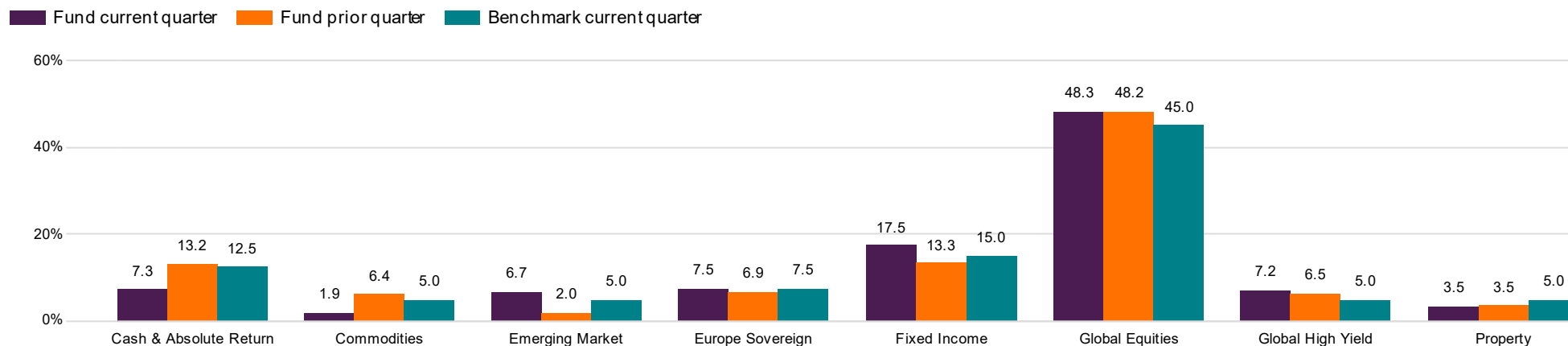
Fund activity

Asset allocation overview

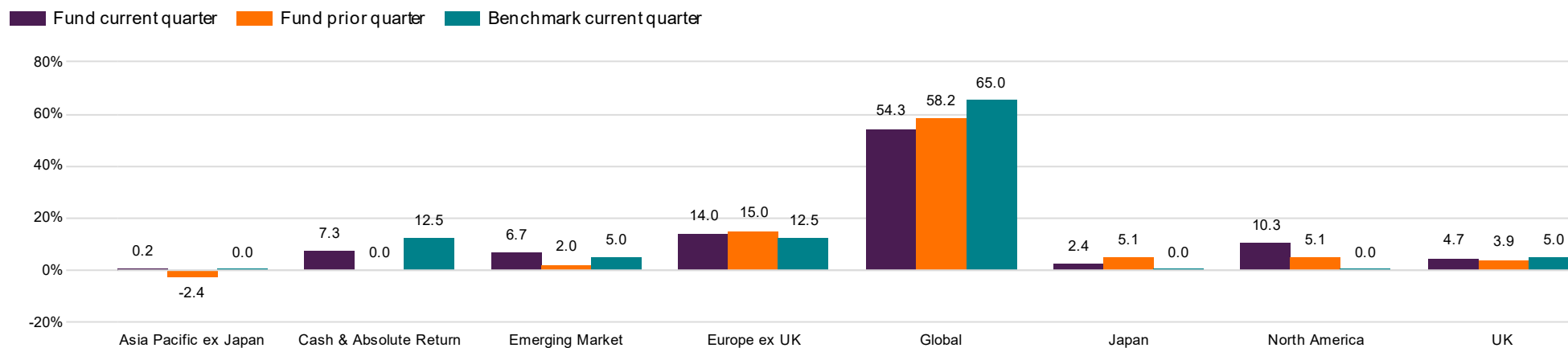
At the tactical asset allocation level, we maintained an overweight position in equities over the quarter, having benefitted from this for most of the year. We also added to our position in bonds over the quarter, moving from underweight to overweight as softer data and dovish central bank comments saw markets reprice policy expectations for next year. Overweight positions in US equities and growth sectors also added value over the quarter. With much uncertainty around the macroeconomic environment heading into the new year, we continue to see great benefits in a well-diversified multi asset approach aiming to deliver positive risk-adjusted returns over the medium to long term.

Fund breakdown

Asset split



Geographical breakdown



Market commentary

Market overview

Economic attention over the quarter has been on inflation. At the start of the quarter investors focussed on the persistence of large price increases and central bank messaging on rates being held higher for longer. Yet, as headline inflation fell, sentiment swung dramatically towards the end of the quarter, pushing markets to price in interest rate cuts in 2024. The Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) all left rates unchanged over the quarter, maintaining official rates at multi-year highs. The Fed has now held rates unchanged at its last three meetings. There has however been a significant shift in messaging, with the US central bank now indicating that it expects to cut rates by 0.75% in 2024. The ECB has similarly kept rates steady at its two most recent meetings, but central bankers in the eurozone said that no rate cuts have yet been discussed.

In tune with the other major central banks, and potentially marking the high point in the UK interest rate cycle, the Bank of England left interest rates unchanged over the period. The Monetary Policy Committee continued to be split – at the December meeting three of the nine members were still voting for a rate hike. UK inflation has fallen significantly, with the annual inflation rate falling to 3.9% in November. This is the lowest rate of increase in over two years. However, this remains well above the BoE 2% target, with core and wage inflation significantly higher than the headline rate.

The Fed kept rates on hold at 5.25-5.50% over the quarter against a still resilient labour market backdrop, but with inflation continuing to cool. As of their December meeting, the median forecast of participants had 75bp of rate cuts in it for 2024 with a further 100bp of cuts pencilled in for 2025. Over the quarter, CPI inflation fell from 3.7% year-on-year in August, to 3.1% in November. That is still above June 2023 levels, but core continued a more consistent drift lower over the period. The core PCE measure of inflation fell over the quarter and month-on-month was only 0.1% in November. Third quarter GDP recorded a strong 4.9% quarter-on-quarter annualised growth. More timely economic activity indicators were mixed over the fourth quarter. The House passed a spending package that pushed the effective next government spending deal/shutdown deadline into early 2024.

Global government bond yields started the quarter continuing the rising trend that started in mid-2020. This reflected market views that rising inflation would necessitate even higher interest rates and the mantra of higher for longer. Yet, with inflation starting to come down, expectations of rate cuts in 2024 contributed to significant falls in bond yields in November and December. The fall in yields was such that yields along the length of the curve ended the quarter lower than they started, and closed 2023 at roughly the same levels as they started.

UK government bonds produced strong returns due to falling yields, delivering an 8.1% return (FTSE Actuaries) over the fourth quarter with the benchmark 10-year gilt yield falling from 4.44% to 3.54%. The falling yield environment was helpful for longer duration assets, with longer-dated bonds outperforming shorter-dated bonds.

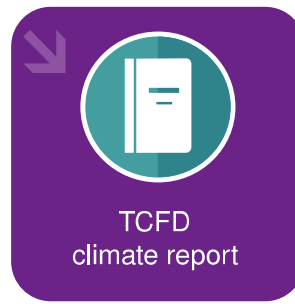
Going into December, equities had sharply rebounded from their October lows as investor sentiment recovered thanks to the 'bad news' of weaker growth and inflation data, raising hopes of early and deep rate cuts in 2024. For the fourth quarter, the MSCI World and MSCI All Countries World Index (ACWI – which also includes 26 emerging markets) produced positive returns for the quarter in US dollar terms. Looking at national MSCI indices, the strongest market was Sweden, while the weakest was China. In terms of style, the MSCI World Growth Index produced stronger returns versus the MSCI World Value Index.

Outlook

While we expect headline inflation to continue to fall, but we are not expecting a return to the previous disinflationary world. We see a more normal new regime characterised by periodic spikes in inflation and short boom-bust cycles. Tactical asset allocation is important when business cycles are shorter given inflation causing more movement in interest rates. We benefitted from a positive tactical view in equities over most of 2023 as the macro backdrop proved resilient. However, risks remain, and markets have gone a long way into pricing in rate cuts and a soft landing. More defensive positioning could be necessary this year should growth weaken and the business cycle dip further into Reflation.

Further Information

Please click on the links below for further information:



Find out more

Royal London Asset Management's Outlook 2024 document and podcasts are both available on our website. In this year's Outlook document, our fund managers assess the challenges and opportunities in their respective asset classes for 2024. With an environment of falling inflation and modest recession, the benefits or risk for equities or credit is not so clear cut and knowing your companies is key. We analyse the areas of concern and potential growth within this environment.

In our Outlook 2024 podcast, Piers Hillier, CIO, looks ahead to 2024 and discusses the issues he believes will be prominent over the next 12 months, and where the key investment risks and opportunities may lie.

Articles, videos and webinars explaining our investment thinking can be found in the Our Views section of www.rlam.com, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

Disclaimers

Important information

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls may be recorded. For further information please see the Privacy Policy at www.rlam.com.

Issued in January 2024 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

The Fund is a sub-fund of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds.

Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme under the Financial Services and Markets Act 2000.

The Management Company is FundRock Management Company SA, Registered office: 33 rue de Gasperich, L - 5826 Hesperange, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

The Investment Manager is Royal London Asset Management Limited.

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.

Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

The portfolio has no index as a comparison.

Risks and 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.

Credit Risk

Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

Derivative Risk

This fund may undertake transactions in derivatives and forward transactions (both on exchange and over the counter (OTC)). These may include interest rate swaps and interest rate futures for the purposes of meeting the investment objective, protecting the risk to capital, duration and credit management, as well as for hedging. While the discerning use of derivatives can be beneficial, derivatives also involve specific risks. These risks relate specifically to market risk, management risk, credit risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices. The use of derivative instruments may from time to time alter the economic exposure of the fund causing it to deviate significantly from the performance of the market as a whole. The use of these derivatives will be within the parameters allowed for linked funds by the Financial Conduct Authority and Prudential Regulation Authority.

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.

Exchange Rate Risk

Changes in currency exchange rates may affect the value of your investment.

Interest Rate Risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

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.

Fund investing in Funds Risk

The Fund is valued using the latest available price for each underlying investment, however it may not fully reflect changing stockmarket conditions and the Fund may apply a 'fair value price' to all or part of its portfolio to mitigate this risk. In extreme liquidity conditions, redemptions in the underlying investments, and/or the Fund itself, may be deferred or suspended.

Liquidity and Dealing Risk

The Fund invests indirectly in assets that may at times be difficult to value, harder to sell, or sell at a fair price. This means that there may be occasions when you experience a delay in being able to deal in the Fund, or receive less than may otherwise be expected when selling your investment.

Performance to 31 December 2023

Cumulative (%)

| | 3 Month | 6 Month | 1 Year | 3 Years | Since Inception | | |
|---------------------|---------|---------|--------|---------|-----------------|---|------|
| Fund (gross) | 5.01 | 5.11 | 12.14 | - | 3.82 | - | 1.59 |
| Fund (net) | 4.84 | 4.77 | 11.41 | - | 2.23 | - | 0.93 |

Annualised (%)

Year on year performance (%)

| | 31/12/2022 - 31/12/2023 | 31/12/2021 - 31/12/2022 | 31/12/2020 - 31/12/2021 | 31/12/2019 - 31/12/2020 | 31/12/2018 - 31/12/2019 |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fund (gross) | 12.14 | (10.75) | - | - | - |
| Fund (net) | 11.41 | (11.33) | - | - | - |

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 31 December 2023. All figures are mid-price to mid-price in GBP for the Royal London Multi Asset Growth Fund (IRL) M ACC EUR; Since inception date .

Glossary

Asset allocation

Based on RLAM's holistic approach to fixed income management and fund weights relative to their respective benchmarks. May not reflect tactical exposures.

Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

Geographical breakdown

Breakdown of assets by geographical regions. 'Global' region includes global fixed income and overseas securities exposures, which are sterling hedged and commodity exposures.

Performance

Performance is calculated using the signed off NAV per share. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment. The impact of fees reduces the return.

Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.