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Royal London Global Equity Diversified Fund (IRL)

Quarterly Investment Report

30 September 2023



Quarterly Report

The fund as at 30 September 2023

The purpose of this report is to provide an update on the Royal London Global Equity Diversified 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 long term, which should be considered as a period of 7-plus years. The fund's performance target is to outperform, after the deduction of charges, the MSCI All-Countries World Net Total Return Index USD (the "Benchmark") by 0.4 – 0.8% per annum over rolling three year periods.

Benchmark: MSCI All-Countries World Net Total Return Index USD

Fund value

	Total \$m
30 September 2023	97.59

Fund analytics

	Fund
Fund launch date	20 July 2021
Base currency	USD
Number of holdings	210
Active share (%)	68.0
Tracking error (%)	1.6

Ex-post tracking error calculated 3 years to 30 September 2023. Please refer to the glossary for a description of the tracking error used.

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(2.32)	(3.40)	1.09
YTD	12.39	10.06	2.34
1 Year	26.49	20.80	5.69
3 Years (p.a.)	-	-	-
5 Years (p.a.)	-	-	-
10 Years (p.a.)	-	-	-
Since inception (p.a.)	0.75	(2.00)	2.75

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 Global Equity Diversified Fund (IRL) (Z Acc) (USD). Source: Royal London Asset Management; Net performance; Since inception date of the shareclass is 20 July 2021.

Performance commentary

The fund outperformed its benchmark index over the quarter and remains ahead on a year-to-date basis.

Contributors during the period included Shell, the energy company, which is in the Turnaround Life Cycle category. The company benefited from strong oil prices and a reinforcement of capital discipline message on projects from the new management team. Japanese financial group Sumitomo Mitsui Financial Group – 'Mature' – posted earnings that exceeded expectations this year, helping to drive strong performance from the shares. There is a focus on improving returns on capital and managing costs. The company has several initiatives to execute on especially in overseas markets, though key is the consistency of the attractive returns in the domestic market. The company continues to offer an attractive valuation pay-off. UBS Group, the Swiss bank in the Turnaround section of the Life Cycle benefited from positive sentiment towards acquisition and integration of Credit Suisse, which closed in mid-June.

TSMC (Taiwan Semiconductor Manufacturing Company) the world's largest fabricator of semiconductors declined over the period following a strong run earlier in the year. Capital expenditure expectations continue to increase as there is strong demand for semiconductor fabrication capacity driven by customers such as Nvidia. The company is in the Slowing & Maturing Life Cycle category. HCA Healthcare the US hospital and clinic operator in the Compounding segment of the Life Cycle, declined over the quarter. During the period the company announced Q2 results that were ahead of expectations and raised guidance for the full year. We continue to have a positive view on the wealth creation that the company can generate at the corporate level. Timken, the US industrials business in the Mature section of the Life Cycle, declined over the period, the company announced weak Q2 results in August which missed analysts' expectations, management also cut their full year earnings guidance. The company put the weakness down to destocking, which they expect to be transient.

Performance and activity

Top 10 holdings

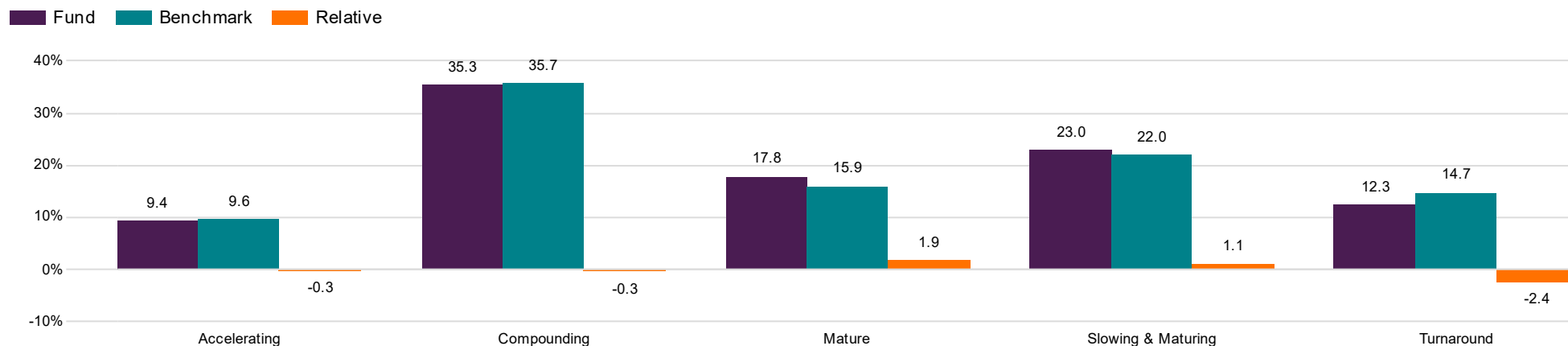
	Weighting (%)
Microsoft Corporation	5.04
Apple Inc.	5.03
Alphabet Inc. Class A	3.13
Amazon.com, Inc.	2.79
NVIDIA Corporation	2.28
Shell Plc	2.28
JPMorgan Chase & Co.	1.66
UnitedHealth Group Incorporated	1.56
Berkshire Hathaway Inc. Class B	1.41
Visa Inc. Class A	1.38
Total	26.56

Fund activity

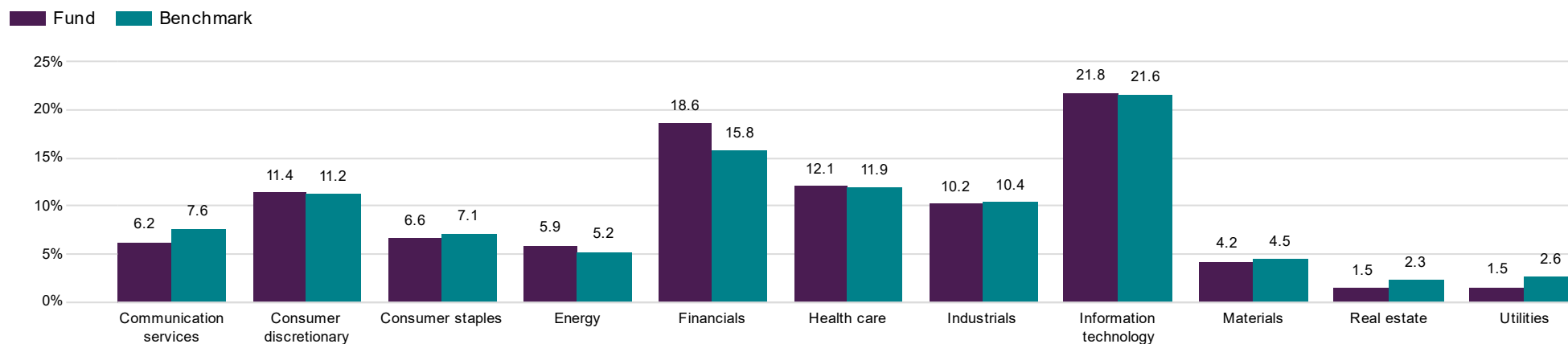
We believe that business fundamentals are the long-term drivers of stock prices. However, we recognise that different fundamentals matter at different points of a company's life, and that these are often unappreciated or misunderstood by the market. Our approach therefore aims to identify and exploit these inefficiencies, identifying stocks that we believe have superior shareholder wealth creation potential, at attractive prices. During the quarter, the team continued to manage the portfolio in line with the investment guidelines.

Fund breakdown

Holdings and weights

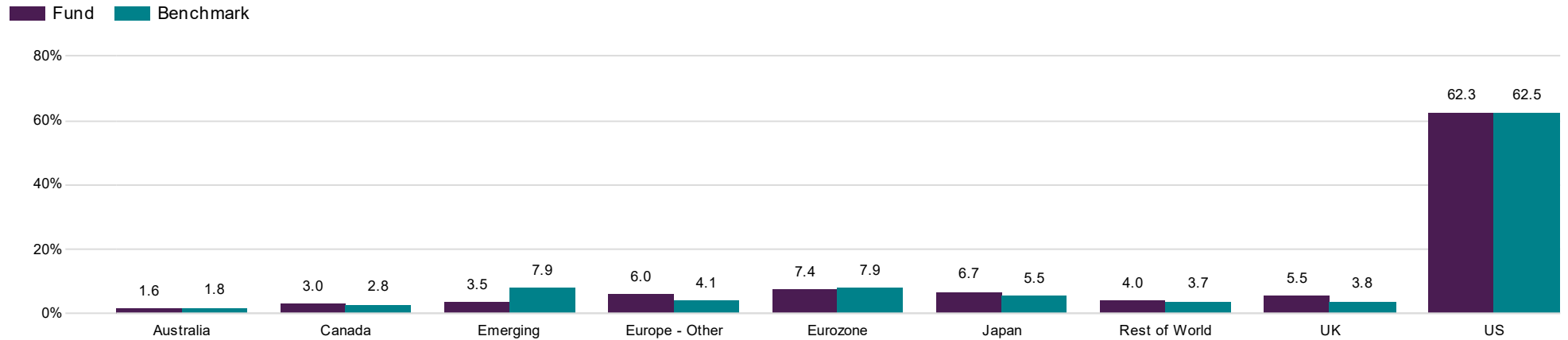


Sector weights



Fund breakdown

Regional weights



Market commentary

Equity markets made losses over the period under review on fears that policy will remain tighter for longer than expected, which saw equities drop to their lowest levels since early June. The quarter also saw a market rotation with the best performing sector being the fossil fuel-based energy sector, which had underperformed in prior quarters, and the information technology sector giving back some gains, having been the best performing sector year-to-date. For the third quarter, MSCI World and MSCI All Countries World Index (ACWI – which also includes 26 emerging markets) produced negative returns for the quarter in US dollar terms. Looking at national MSCI indices, the strongest market was Japan, while the weakest was Eastern Europe. In terms of style, the MSCI World Growth Index produced weaker returns versus the MSCI World Value Index.

The price of Brent crude oil soared by 24.7%, to \$92.20 a barrel. Copper futures also declined a further 1.5% in dollar terms on the back of warning signs emerging of a weakening in global demand as China's economic rebound stalls.

The US dollar appreciated by 3.1% against the yen, by 2.96% against the euro, and by 4% against sterling. On a translational basis, sterling's strength against the dollar impacts sterling investors in overseas assets as it lowers the returns over the quarter. However, the weaker dollar will benefit any emerging markets countries and companies that have borrowed in dollars.

The third quarter was characterised by mixed data around the world, with central banks coming towards the end of their rate hiking path, but with cuts still seemingly a while away. The global economic picture is rosier now than it was at the start of the year, but global growth is spluttering again amid a disappointing bounce in China activity, slow-to-no growth in Europe and against a backdrop of restrictive monetary policy. The US still looks at risk of recession too, even if activity data to date has been fairly robust.

Inflation has fallen significantly and, although higher energy prices threaten a widespread revival in headline inflation, other factors – including a weak economic activity backdrop – should pull inflation lower still. With taming inflation still the priority for central banks, there is still a possibility of further rate hikes from the Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE), but peak rates look to be near, with real rates now well into positive territory.

Further Information

Please click on the links below for further information:



Find out more

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. Notable publications in the third quarter include our annual Climate Report, as well as our annual Assessment of Value reports, available from the home page of www.rlam.com.

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 October 2023 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.

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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.

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.

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.

Emerging Markets Risk

Investing in Emerging Markets may provide the potential for greater rewards but carries greater risk due to the possibility of high volatility, low liquidity, currency fluctuations, the adverse effect of social, political and economic instability, weak supervisory structures and accounting standards.

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.

Performance to 30 September 2023

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception		
Fund (gross)	(2.24)	4.28	26.91	-	2.40	3 Years (p.a.)	Since Inception (p.a.)
Fund (net)	(2.32)	4.11	26.49	-	1.65	-	1.09
						-	0.75

Annualised (%)

Year on year performance (%)

	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021	30/09/2019 - 30/09/2020	30/09/2018 - 30/09/2019
Fund (gross)	26.91	(19.43)	-	-	-
Fund (net)	26.49	(19.70)	-	-	-

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 30 September 2023. All figures are mid-price to mid-price in GBP for the Royal London Global Equity Diversified Fund (IRL) (Z Acc) (USD); Since inception date 20 July 2021.

Glossary

Active share

Active share is a measure used to assess the degree of difference between the portfolio's holdings and its benchmark.

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.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Performance

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

Regional weights

Breakdown of holdings by country of risk relative to the benchmark index and grouped using RLAM's proprietary regional classification scheme.

Sector weights

Breakdown of holdings by GICS (Global Industry Classification Standard) sector relative to the benchmark index.

Top 10 holdings

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

Tracking error

Tracking error measures how closely a portfolio follows its benchmark. It quantifies the standard deviation of the difference in return between the portfolio and benchmark.