

For professional clients only, not suitable for retail clients.



Royal London Asset Management

Equity Fund Commentary

30 April 2025

Fund Commentary

30 April 2025

The purpose of this report is to provide an update on the Royal London Equity Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

Contents

[Royal London Global Equity Diversified Fund](#)

[Royal London Global Equity Diversified Fund \(IRL\)](#)

[Royal London Global Equity Income Fund](#)

[Royal London Global Equity Select Fund](#)

[Royal London Global Equity Select Fund \(IRL\)](#)

[Royal London UK Dividend Growth Fund](#)

[Royal London UK Equity Fund](#)

[Royal London UK Equity Income Fund](#)

[Royal London UK Growth Trust](#)

[Royal London UK Income With Growth Trust](#)

[Royal London UK Mid Cap Growth Fund](#)

[Royal London UK Smaller Companies Fund](#)

[Disclaimers](#)

Equity

Royal London Global Equity Diversified Fund

Volatility hit global equity markets after the US government announced tariffs on goods entering the country. This caused concerns about potentially higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund underperformed its benchmark during the month. Roughly half of the underperformance was driven by UnitedHealth Group which announced an unexpected 2025 guidance cut. Roughly a quarter was driven by Saia which was impacted by the uncertain macroeconomic environment. Sprouts Farmers Market, MercadoLibre and Cinemark delivered strong performance.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. During April we exited five positions, reallocating to a handful of our higher conviction holdings and initiating a position in Hannover Re.

Royal London Global Equity Diversified Fund (IRL)

Volatility hit global equity markets after the US government announced tariffs on goods entering the country. This caused concerns about potentially higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund underperformed its benchmark during the month. Roughly half of the underperformance was driven by UnitedHealth Group which announced an unexpected 2025 guidance cut. Roughly a quarter was driven by Saia which was impacted by the uncertain macroeconomic environment. Sprouts Farmers Market, MercadoLibre and Cinemark delivered strong performance.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. During April we exited five positions, reallocating to a handful of our higher conviction holdings and initiating a position in Hannover Re.

Royal London Global Equity Income Fund

Volatility hit global equity markets during April after the US government announced a range of tariffs on goods entering the country. This caused concerns about the effects on global supply chains, potentially leading to higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund slightly underperformed its benchmark during the month. The underperformance was driven primarily by stock selection, with UnitedHealth Group being the largest detractor. The negative impact was mitigated by holdings in the financials sector, such as 3i Group and KB Financial.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. As the market sharply declined in the first half of the month, we increased our technology exposure and gently added to a handful of our more cyclical holdings.

Equity

Royal London Global Equity Select Fund

Volatility hit global equity markets during April after the US government announced a range of tariffs on goods entering the country. This caused concerns about higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund underperformed its benchmark. The main detractor was UnitedHealth Group which announced an unexpected guidance cut. Financials holdings such as Brown & Brown and Kinsale Capital also weighed on performance. Constellation Software and Wolters Kluwer proved resilient as geopolitical uncertainty left investors looking for downside protection.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. Notable trades included a reduction in online travel platform Booking Holdings and the purchase of semiconductor equipment tools manufacturer ASM International.

Royal London Global Equity Select Fund (IRL)

Volatility hit global equity markets during April after the US government announced a range of tariffs on goods entering the country. This caused concerns about higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund underperformed its benchmark. The main detractor was UnitedHealth Group which announced an unexpected guidance cut. Financials holdings such as Brown & Brown and Kinsale Capital also weighed on performance. Constellation Software and Wolters Kluwer proved resilient as geopolitical uncertainty left investors looking for downside protection.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. Notable trades included a reduction in online travel platform Booking Holdings and the purchase of semiconductor equipment tools manufacturer ASM International.

Royal London Global Equity Transitions Fund

Volatility hit global equity markets during April after the US government announced a range of tariffs on goods entering the country. This caused concerns about the effects on global supply chains, potentially leading to higher prices and lower profits. However, markets recovered much of their losses after President Trump announced a pause for negotiations.

The fund's performance was in line with the benchmark. Stock selection contributed to performance. Key contributors included Latin American e-commerce and FinTech group MercadoLibre. Korean bank KB Financial also performed well. On the downside, asset allocation had a negative impact on relative returns.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate returns through bottom-up stock picking. During April we initiated a new position in Broadcom and continued to build our position in Alibaba.

Equity

Royal London UK Dividend Growth Fund

April saw announcements by the US government on a range of tariffs that would be applied on goods entering into the country. In most cases the tariffs were higher than the market had been expecting and the general consensus was that the global supply chains of goods would be seriously impacted resulting in lower profit and higher prices. Not surprisingly, equity and debt markets sold off aggressively.

The fund underperformed the benchmark in the month. The biggest drags on returns were holdings in international industrial businesses Bodycote and Spectris and Bunzl, a distribution business that warned on profits due to slower trading in its US business.

The world is a rather uncertain place at the moment, and how the tariff uncertainties finally land is hard to second guess. However, we believe that economies will work through these issues and find a new norm, even if that transpires to be different to what we have become accustomed to recently. Indeed an end to the trend of “the only way is USA” could prove positive for the UK and European markets.

Royal London UK Equity Fund

April saw the announcement by the US government of a range of reciprocal tariffs that would be applied on goods entering into the country.

The fund outperformed the FTSE All-Share during April as a number of defensive holdings outperformed and as a result the fund was positioned in the third quartile relative to the peer group. 3I was one of the best performers in April as its major position is Action a European discount retailer which will continue to succeed in more difficult times.

During the month we did very few transactions deciding that the volatility provided a difficult backdrop and generally whilst not overconfident, we believe the portfolio has an attractive balance at present.

Royal London UK Equity Income Fund

April saw announcements by the US government of a range of tariffs that would be applied on goods entering into the country. In most cases the tariffs were higher than the market had been expecting, and the general consensus was that the global supply chains of goods would be seriously impacted resulting in lower profit and higher prices. Not surprisingly, equity and debt markets sold off aggressively and the levels of volatility were some of the highest seen since previous crises such as Covid and the Global Financial Crisis.

The fund performed better than the benchmark in the month, with the best gains coming from UK focused domestic businesses such as the specialist lender Paragon, the retailer Dunelm and building material company Marshalls. The fund also benefited from a bid for one of its holdings, De la Rue, the position in which was sold into the rise in the shares. Conversely the biggest drags on returns were holdings in international industrial businesses IMI and Spectris.

The world is a rather uncertain place at the moment and how the tariff uncertainties finally land is hard to second guess. However, we believe that economies will work through these issues and find a new norm, even if that transpires to be different to what we have become accustomed to recently.

Equity

Royal London UK Growth Trust

April saw the announcement by the US government of a range of reciprocal tariffs that would be applied on goods entering into the country.

The Trust performed well during April as a number of defensive holdings outperformed and as a result the fund was positioned in the second quartile relative to the peer group. 3I was one of the best performers in April as its major position is Action a European discount retailer which will continue to succeed in more difficult times.

During the month we did very few transactions deciding that the volatility provided a difficult backdrop and generally whilst not overconfident, we believe the portfolio has an attractive balance at present.

Royal London UK Income With Growth Trust

April saw announcements by the US government of a range of tariffs that would be applied on goods entering into the country. In most cases the tariffs were higher than the market had been expecting, and the general consensus was that the global supply chains of goods would be seriously impacted resulting in lower profit and higher prices. Not surprisingly, equity and debt markets sold off aggressively and the levels of volatility were some of the highest seen since previous crises.

The Trust outperformed the benchmark in the month. Asset allocation helped, as bonds held up better than equities, and the equity portion of the fund also outpaced the benchmark. The main contributors to outperformance were UK domestically focused businesses such as the retailers Dunelm and Sainsbury; building materials company Marshalls and media business ITV.

The world is a rather uncertain place at the moment, and how the tariff uncertainties finally land is hard to second guess. However, we believe that economies will work through these issues and find a new norm, even if that transpires to be different to what we have become accustomed to recently. Indeed an end to the trend of “the only way is US” could prove positive for the UK and European markets.

Royal London UK Mid Cap Growth Fund

Global equities fell sharply at the beginning of the month as President Trump announced that steep tariffs would be applied to goods entering the US. In most cases the tariffs were considerably higher than expected, raising fears of a global recession. Equity markets did however stage a recovery in the second half of the month, as following extreme market volatility the US announced a 90-day delay on tariff implementation and signalled a willingness to negotiate.

The fund underperformed the benchmark in April but outperformed the IA All companies peer group. Small & Mid Cap stocks outperformed large caps.

GlobalData was a positive contributor to performance following reports that private equity firms were considering bidding for the company. Dunelm was another significant contributor, after a strong trading update which demonstrated that UK consumers were still spending on homewares. GB Group was a detractor, after a trading update revealed disappointing growth in its North American Identity business. Bodycote also fell as it was seen to be a victim of tariffs dampening customer demand. The fund initiated a new position in Volution, a leading supplier of ventilation products and systems.

Equity

Royal London UK Smaller Companies Fund

Global equities fell sharply at the beginning of the month as President Trump announced that steep tariffs would be applied to goods entering the US. In most cases the tariffs were considerably higher than expected, raising fears of a global recession. Equity markets did however stage a recovery in the second half of the month, as following extreme market volatility the US announced a 90-day delay on tariff implementation and signalled a willingness to negotiate.

The fund saw positive returns in April, pleasingly outperforming both the benchmark and the UK Smaller Companies peer group in a volatile period.

GlobalData was a positive contributor to performance following reports that private equity firms were considering bidding for the company. Young's was another significant contributor, after announcing impressive like-for-like sales in the final quarter of its financial year. Detractors included GB Group, after a trading update revealed disappointing growth in its North American Identity business. Advanced Medical Solutions was another detractor after private equity firm Montagu, who were in talks to make a bid for the company, pulled out.

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 May 2025 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.

RL Global Equity Diversified, RL Global Equity Income Fund, RL Global Equity Select, RL UK Dividend Growth, RL UK Equity, RL UK Equity Income, RL UK Mid-Cap Growth and RL UK Smaller Companies:

The Funds are sub-funds of Royal London Equity Funds ICVC, an open-ended investment company with variable capital with segregated liability between sub-funds, incorporated in England and Wales under registered number IC000807. The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144037.

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.

RL Global Equity Diversified (IRL), RL Global Equity Select Fund (IRL), RL Global Equity Enhanced Fund, RL Global Equity Transitions Fund:

The Fund is a sub-fund of Royal London Asset Management Funds plc, which is an umbrella fund with segregated liability between sub-funds. As a consequence, the holdings of one sub-fund are kept separate from the holdings of other sub-funds and your investment in the Fund cannot be used to pay the liabilities of any other sub-fund. Investors may exchange their shares in the Fund for shares in other sub-funds of Royal London Asset Management Funds plc.

For more information on the funds 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.

RL UK Growth Trust and RL UK Income With Growth Trust:

The Trusts are authorised unit trust schemes. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032. For more information on the trust 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.

MSCI indexes and data are the intellectual property of MSCI Inc. MSCI has no liability to any person for any loss, damage, cost, or expense suffered as a result of any use of or reliance on any of the information.

FTSE indexes and data are an intellectual property of FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Index is calculated by FTSE or its agent.

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

FC RLAM PD 0078 RH

Risk 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.

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 stock market 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.

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.

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.

Smaller companies 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.