

For professional clients only, not suitable for retail clients. This is a marketing communication.



# **Royal London Global Equity Income Fund**

**Quarterly Investment Report**

**31 December 2025**

# Quarterly Report

## The fund as at 31 December 2025

The purpose of this report is to provide an update on the Royal London Global Equity Income Fund. 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.

# Contents

The fund	3
Performance and activity	4
Fund breakdown	6
ESG	7
Market commentary	10
Further information	11
Disclaimers	12
Performance net and gross	14
Glossary	15

# The fund

## Fund performance objective and benchmark

The Fund aims to provide a return greater than that of the MSCI World Net Total Return Index GBP (the "Index") by 2% per annum over rolling 3-year periods, through a combination of capital growth and income, after the deduction of charges.

The Fund also aims to produce an income 20% greater than that of the Index per annum over rolling 3-year periods, after the deduction of charges..

## Fund value

	Total £m
31 December 2025	878.90

## Fund analytics

	Fund
Fund launch date	25 February 2020
Fund base currency	GBP
Benchmark	MSCI World Index (Net Total Return, GBP)
Number of holdings	60
Active share (%)	81.6
Tracking error (%)	4.3

Ex-post tracking error calculated since inception to 31 December 2025. Please refer to the glossary for a description of the tracking error used.

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	7.96	3.21	4.75
1 Year	17.77	12.75	5.02
3 Years (p.a.)	17.88	16.34	1.54
5 Years (p.a.)	16.48	11.61	4.87
Since inception (p.a.)	16.38	12.51	3.87

Past performance is not a guarantee or reliable indicator of future returns. 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 your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on M Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 February 2020.

The benchmark in the above performance table shows MSCI All Countries World Net Total Return Index since inception up to 21 August 2023, and the MSCI World Net Total Return Index, when the benchmark changed, thereafter.

## Performance commentary

The fund outperformed the benchmark over the quarter. This was driven almost entirely by stock selection, especially within the communication services and information technology sectors.

The fund's largest active position, Alphabet, contributed strongly to performance as the market continued to appreciate its differentiated positioning in AI, while shares of Micron Technology and Samsung Electronics further benefitted from an AI-induced tight semiconductor memory market. These positions more than offset the impact from the fund's large underweight exposure to key benchmark constituents like NVIDIA, Amazon and Apple.

Two pharmaceutical companies, Eli Lilly and Merck, contributed strongly to performance during the quarter. Eli Lilly continued to evidence its leadership in the obesity market and Merck saw strong oncology momentum and pipeline progress. Both companies benefitted from a rotation into defensive sectors of the market and encouraging healthcare policy signals.

Shares in Steel Dynamics performed well over the quarter, following positive earnings in October. The ramp-up of their Sinton steel mill in Texas has led to an increase in volumes and the pricing environment has now stabilised, with some suggestions from management that pricing could increase in 2026.

On the downside, 3i Group underperformed, seeing a sharp share price fall in November. Despite announcing solid results and a 10% dividend increase sentiment weakened after management signalled slightly weaker like-for-like growth for its key asset, Action. We remain constructive on the long-term strategy but acknowledge near-term volatility.

Wolters Kluwer, a provider of software and information services across healthcare, legal, tax & accounting, and compliance, detracted from fund performance over the quarter. Fears over what the application of AI means for the industry continued to weigh on the shares.

Lamb Weston was the largest detractor from performance. In December, the US potato processor's quarterly results failed to convince the market that a challenging external environment would improve in 2026.

# Performance and activity

## Top 10 holdings

	Weighting (%)
ALPHABET INC CLASS A	6.71
MICROSOFT CORP	5.54
BROADCOM INC	3.07
JPMORGAN CHASE	2.60
ELI LILLY	2.50
MERCK & CO INC	2.46
CME GROUP INC CLASS A	2.43
TAIWAN SEMICONDUCTOR MANUFACTURING	2.34
MICRON TECHNOLOGY INC	2.10
LVMH	2.00
<b>Total</b>	<b>31.75</b>

## Fund activity

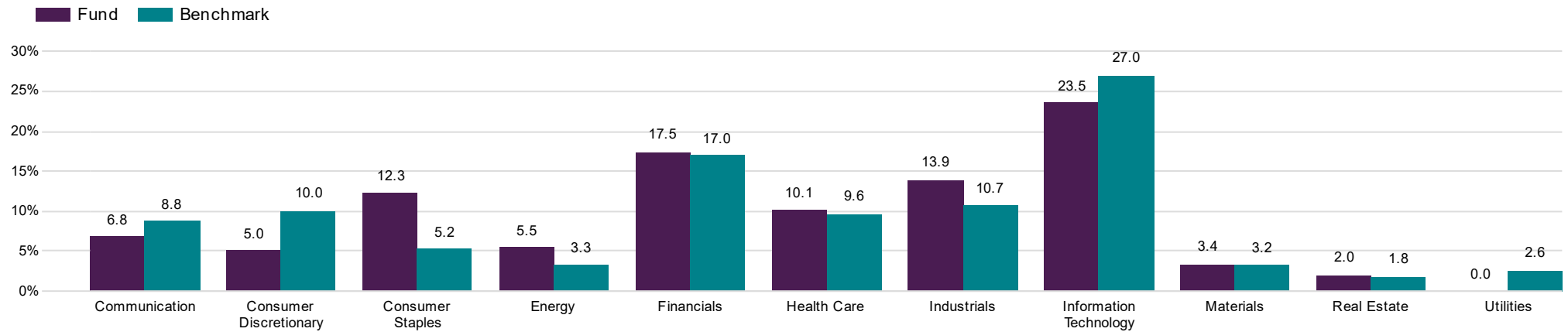
Overall, we continue to focus on allocating capital to wealth creating companies that offer an attractive income profile. We initiated six new positions during the quarter, across a variety of sectors, regions and Life Cycle stages. Two examples are below.

We initiated a position in Hensoldt, an Accelerating European defence electronics company that was spun out of Airbus in 2017. The investment case is underpinned by the company's strong positioning in sensor solutions and electronic warfare, both of which are seeing heightened demand amid increased European defence spending. Hensoldt's robust order book, exposure to structural growth in defence budgets, and its technological edge in radar and optronics support a compelling long-term outlook for wealth creation. As is often the case for companies in the earlier stages of the Life Cycle, its dividend yield is on the low side (0.6%), but the growth rate of this dividend (25% last year) is attractive.

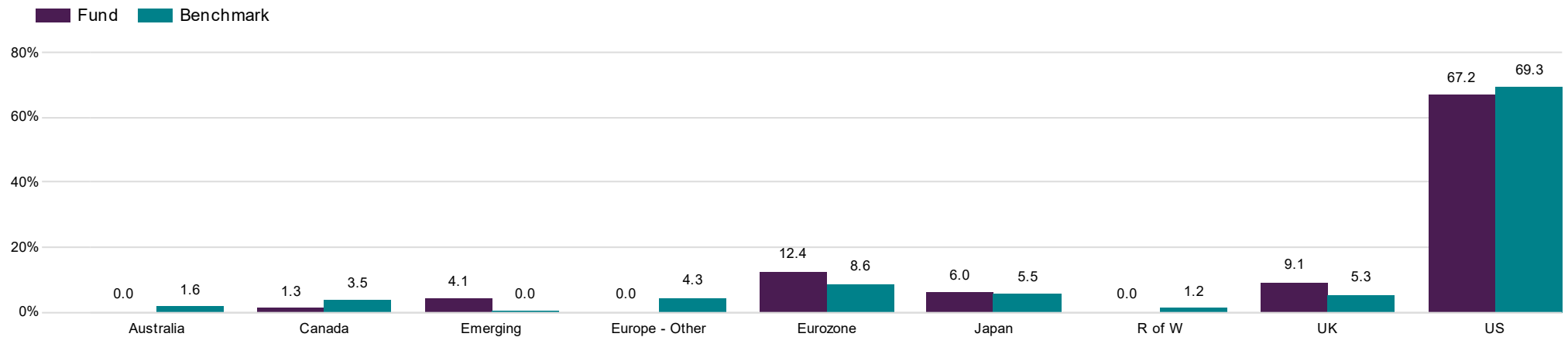
We also purchased PNC Financial Services Group, which is a Mature company that we see as well positioned to generate excess returns through the cycle, supported by a combination of scale-driven cost advantages, disciplined underwriting, and an impressive track record of capital allocation. The bank is small enough to operate with a regional model but large enough to leverage its scale and drive operational efficiencies. Its comprehensive suite of products and services, especially in treasury management and asset management, allows PNC to deepen client relationships and increase switching costs, resulting in higher fee income per client compared to regional peers.

# Fund breakdown

## Sector weights



## Regional weights



# Fund Engagement

## Engagement definition

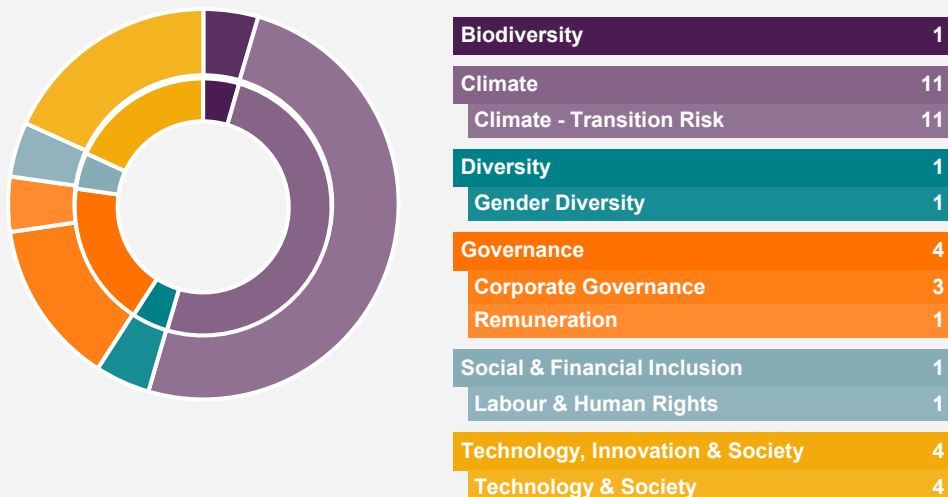
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

## Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	12	30
Number of engagements	18	76

This is an estimate. Some engagements at the issuer level may not have been attributed to the specific bond held in the fund, resulting in a lower number of engagement activities.

## Total engagements by theme and topic



The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

## Engagement focus

Firm-wide engagement activity is centred around six themes which we have identified in consultation with our clients. These are: climate change; nature and biodiversity; health; governance and corporate culture; social and financial inclusion; innovation, technology and society. Portfolio level engagements are not thematic and are focussed on issues specific to managing the portfolio and meeting the investment objective.

Engagement data represents all engagements undertaken at both firm and portfolio level across Royal London Asset Management, and may not be limited to those undertaken solely for the purpose of managing the fund.

# Fund Engagement

## Engagement outcomes

### Microsoft Corp – Sustainable and Ethical AI

#### Purpose:

Microsoft Corp was engaged to review its sustainability performance and address investor concerns related to human rights and ethical AI practices.

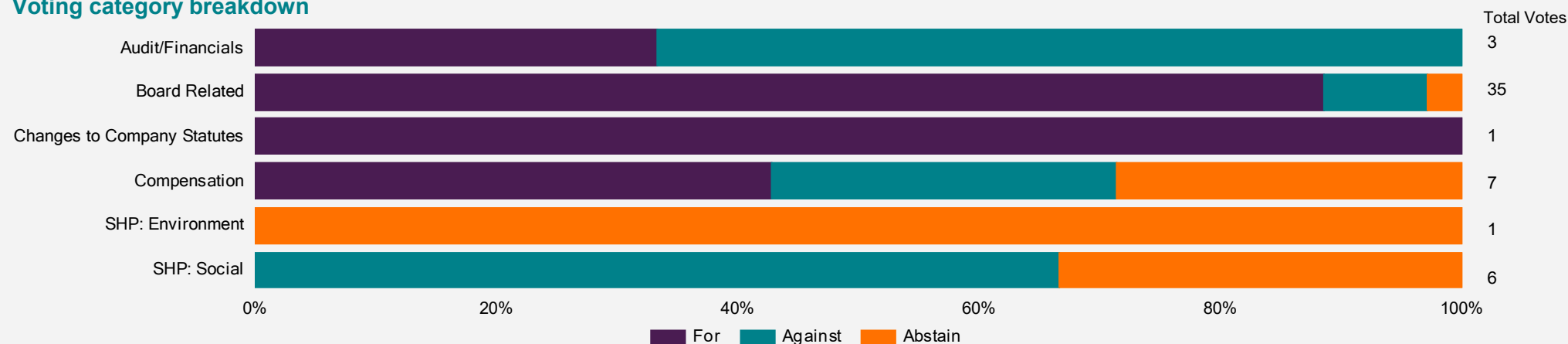
#### Outcome:

Microsoft reaffirmed its commitment to achieving hourly carbon-free energy matching, a leading-edge approach that ensures its data centres run on clean energy every hour of the day rather than relying on annual averages. This positions Microsoft ahead of many peers in decarbonisation efforts. However, the company acknowledged gaps in its human rights due diligence for commercial agreements, particularly following concerns about the use of its cloud and AI services in sensitive contexts. In response, Microsoft has launched a review of its ethical AI governance and oversight framework. The company is evaluating when additional safeguards should apply beyond standard protocols and plans to share its findings in a forthcoming report. We will continue to monitor progress and encourage Microsoft to strengthen its governance framework and provide clearer evidence of how these measures mitigate human rights risks.



# Fund Voting

## Voting category breakdown



## Notable votes

### Microsoft Corporation

Elect Hugh F. Johnston - against: We are concerned that holding two external public board roles, in addition to an executive position, may limit the nominee's ability to devote sufficient time to their core responsibilities and shareholder obligations.

Elect Satya Nadella - against: The nominee serves as both Chairman and CEO. We would prefer to see these roles separated and an independent chair appointed.

Advisory Vote on Executive Compensation - abstain: While CEO pay is performance-based, with equity delivered exclusively through performance stock awards, we hold an ongoing concern over the relatively short LTIP performance period.

Ratification of Auditor - against: We have concerns with the independence of the Auditor, Deloitte & Touche, which has served for over 40 years.

# Market commentary

## Market review

Global equities rose over the quarter, adding to a positive year as a whole. There was strong performance from all major markets – the US, Europe, UK and Japan – with the US lagging in common currency terms after the US dollar weakened significantly. But beneath the surface there were some signs of rising risk awareness and concerns about the ongoing trajectory of technology-sector earnings.

Most major economies produced growth in the fourth quarter, continuing to show some resilience in the face of this year's higher US tariff rates and global trade tensions. Despite inflation generally remaining above central bank targets, there were further rate cuts, from the US Federal Reserve and Bank of England. However, the US rate cut in December was accompanied by language suggesting a pause after three cuts in the final four months of 2025.

Asian and emerging markets again performed strongly over the quarter, despite some profit taking in the fourth quarter at the end of an excellent year. Chinese equities were among the strongest gainers over the quarter. Advances in Chinese AI stocks boosted the technology sector, while investors also took confidence from evidence that China has succeeded in diversifying its trade partners to help offset the impact of US tariffs.

Japan was one of the standout markets over 2025 and the fourth quarter, powered by technology stocks. Sentiment was also boosted by election results. The country's new Prime Minister, Sanae Takaichi is regarded as a supportive to corporate reform and likely to enact growth policies, including an increase in government spending.

The effect of currency movements had a strong impact on returns. European equities underperformed in local currency terms during 2025 and over the quarter. However, for sterling- and euro-based investors, actual returns were very different. Over 2025, the trade-weighted US dollar suffered its steepest decline since 2009. The euro and sterling were major beneficiaries and after accounting for currency moves, European equities were among the top performers.

## Outlook

Corporate earnings revisions and geopolitical developments, including trade tensions and energy price volatility, remain key factors determining market direction. Overall, while the backdrop for equities is improving with inflation trending lower, near-term volatility is likely as markets balance hopes for monetary easing against concerns about slowing global growth.

Within the market, the focus over the last year has all been about the generative AI super cycle and the magnificent few companies that drive it. This concentration has been so extreme, and the narrative so compelling, that it has left huge parts of the equity universe completely ignored. This includes many companies defined by old-fashioned quality, consistency, and profit. Some of the most fundamentally sound, profitable, and dependable businesses are currently trading on the lowest relative valuations that we have seen for years, when compared to the broader index. As AI productivity gains finally trickle down to the 'real economy' (e.g. industrials, manufacturing, services), we are likely to see an acceleration of quality company earnings that the market simply cannot ignore forever.

Overall, the portfolio continues to navigate a complex and momentum-driven market with a disciplined yet adaptive approach. Strategic research prioritisation, risk-aware positioning, and a focus on long-term value creation remain central to the investment philosophy. The team is committed to refining its responsiveness to market signals and maintaining competitive performance.

## Further Information

Please click on the links below for further information:



### Find out more

In an uncertain geopolitical and economic environment, we recognise the importance of keeping our clients updated on our current investment thinking.

Articles, videos, podcasts and webinars giving the latest views of our investment experts can be found in the Our Views section of [www.rlam.com](http://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 and written communications may be recorded and monitored. For further information please see the Privacy Policy at [www.rlam.com](http://www.rlam.com).

Issued in January 2026 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 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](http://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.

# 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 risk

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

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

## 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.

## 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.

# Performance to 31 December 2025

## Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years		
						<b>Annualised (%)</b>	
						3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	7.96	16.64	17.77	63.88	114.50	17.88	16.48
<b>Fund (net)</b>	7.76	16.22	16.93	60.38	106.92	17.04	15.64

The benchmark in the above performance table shows MSCI All Countries World Net Total Return Index since inception up to 21 August 2023, and the MSCI World Net Total Return Index, when the benchmark changed, thereafter.

## Year on year performance (%)

	31/12/2024 - 31/12/2025	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021
<b>Fund (gross)</b>	17.77	18.39	17.53	3.36	26.64
<b>Fund (net)</b>	16.93	17.54	16.69	2.62	25.73

Past performance is not a guarantee or reliable indicator of future returns. 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 your investment.

Source: RLAM as at 31 December 2025. All figures are mid-price to mid-price for the Royal London Global Equity Income Fund M Inc GBP share class.

# Glossary

## Active share

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

## Derivatives

A financial instrument whose price is dependent upon or derived from one or more underlying asset.

## Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

## Number of holdings

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

## Performance

The Fund price is taken at mid-day using swing prices where applicable, while the index performance is priced at close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons.

## Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

## 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.

## Total return

A total return is a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.

## Tracking error

Tracking error indicates how closely a fund follows its benchmark index. It is a measure of the risk in the fund that is due to active management decisions made by the fund manager. It is calculated on an ex-post basis (actual basis, post period end).