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# **Royal London Global Equity Select Fund (IRL)**

**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 Select 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 World Net Total Return Index USD (the "Benchmark") by 2.5% per annum over rolling three year periods. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track it. While the Fund may invest in investments which are constituents of the Benchmark, the Fund will be actively managed and its portfolio will not be constrained by reference to any index.

## Fund value

	Total \$m
31 December 2025	238.36

## Fund analytics

	Fund
Fund launch date	9 November 2021
Fund base currency	USD
Benchmark	MSCI World Index (Net Total Return, USD)
Number of holdings	40
Active share (%)	75.6
Tracking error (%)	4.9

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	3.87	3.12	0.75
1 Year	17.50	21.09	(3.59)
3 Years (p.a.)	23.66	20.37	3.29
Since inception (p.a.)	14.24	8.89	5.36

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 Z Acc USD. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 9 November 2021.

## Performance commentary

The fund outperformed its benchmark over the quarter, benefiting particularly from positive stock selection. The overweight position in the healthcare sector proved beneficial, as it rebounded from previous weakness. Positive stock selection in the sector further enhanced returns. Holdings in the communications services sector also performed relatively well. Amid concerns about valuations in parts of the market, investors began to appreciate companies with more defensive qualities, such as relatively reliable revenues. Some of our holdings benefited from these attributes and returned to favour over the quarter.

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. Alongside this, their investment into aluminium should start to turn profitable in the coming year.

Eli Lilly was a key contributor to performance. The primary driver was the company's dominant position in the fast-growing GLP-1 drug market and a rotation into the defensive sectors of the market. Third-quarter results, released at the end of October, were exceptional, due to explosive demand for its metabolic franchise (Mounjaro for diabetes and Zepbound for obesity), which together generated more than \$10 billion in quarterly sales and captured leading U.S. market share.

On the downside, 3i Group experienced significant underperformance, driven by idiosyncratic factors rather than broad market trends. Despite the company announcing a 10% dividend increase and a £1 billion commitment to new UK and European deals, sentiment reversed after management flagged a more cautious outlook.

Sprouts Farmers Market detracted from returns after it missed revenue estimates and issued weak guidance for quarterly same-store sales growth. This news unfortunately overshadowed strong store expansion in the most recent quarter. The impact of tariffs on the consumer, potentially slower than expected store openings and Amazon's intention to re-enter the grocery delivery market has caused investors to discount the shares.

Wolters Kluwer, a provider of software and information services across healthcare, legal, tax & accounting, and compliance, detracted from fund performance over the quarter. In recent months shares have been hit by investor anxiety over AI disruptions in its clinical solutions division. There was also uncertainty around the CEO transition.

# Performance and activity

## Top 10 holdings

	Weighting (%)
NVIDIA CORP	6.17
ALPHABET INC CLASS A	5.84
AMAZON COM INC	5.68
MICROSOFT CORP	5.62
SAFRAN SA	4.00
TAIWAN SEMICONDUCTOR MANUFACTURING	3.95
STEEL DYNAMICS INC	3.80
VISA INC CLASS A	3.74
BANCO SANTANDER SA	3.56
ELI LILLY	3.36
<b>Total</b>	<b>45.71</b>

## Fund activity

Recent transactions included the purchase of Kinder Morgan, an energy infrastructure business, with a portfolio of irreplaceable transmission and gathering pipelines. It transports over 40% of US natural gas production and is the largest independent refined products transporter and terminal operator. Data centres, and their energy intensive always-on nature, are expected to further increase the demand of energy over the next five years. Kinder Morgan's backlog has tripled from \$3bn in 2023 to over \$9bn pipeline projects today.

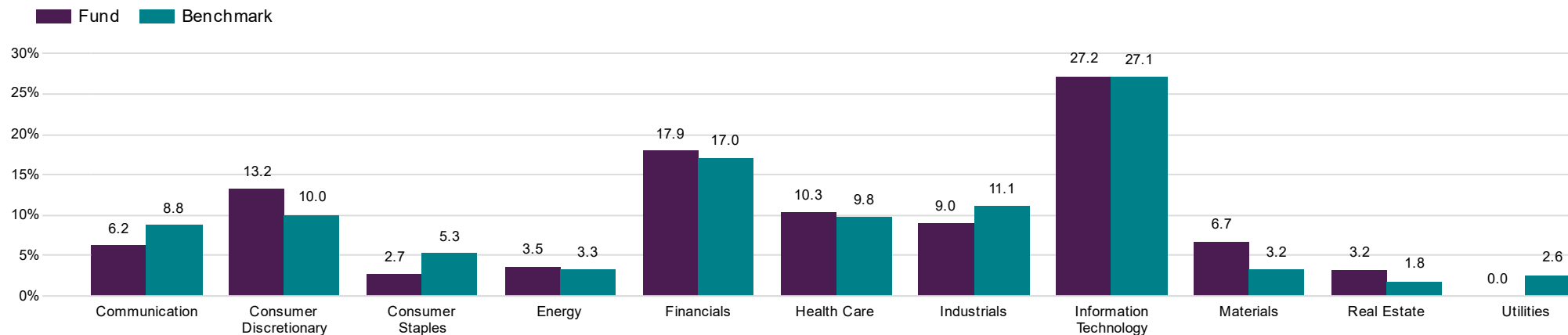
We purchased Intel, which is a Turnaround opportunity. Competitive forces from both demand and supply resulted in Intel's leadership and attractive returns being eroded away. Under new management, the company has secured strategic investments from both the US government and Nvidia. The strategic importance of chip manufacturing means the US administration is highly incentivised to influence companies to contract with its local champion. This creates an environment where the natural competitive forces observed across the Life Cycle are dampened by regulatory protection. These strategic equity injections have also strengthened Intel's financial position following its period of heavy investment, removing another potential barrier to customer adoption for its foundry services.

To help fund these trades, we sold our positions in Wolters Kluwer and Constellation Software. These companies are classified as Compounders in our Life Cycle process and have rising competitive threats from AI. We have lower conviction around our ability to assess their terminal value.

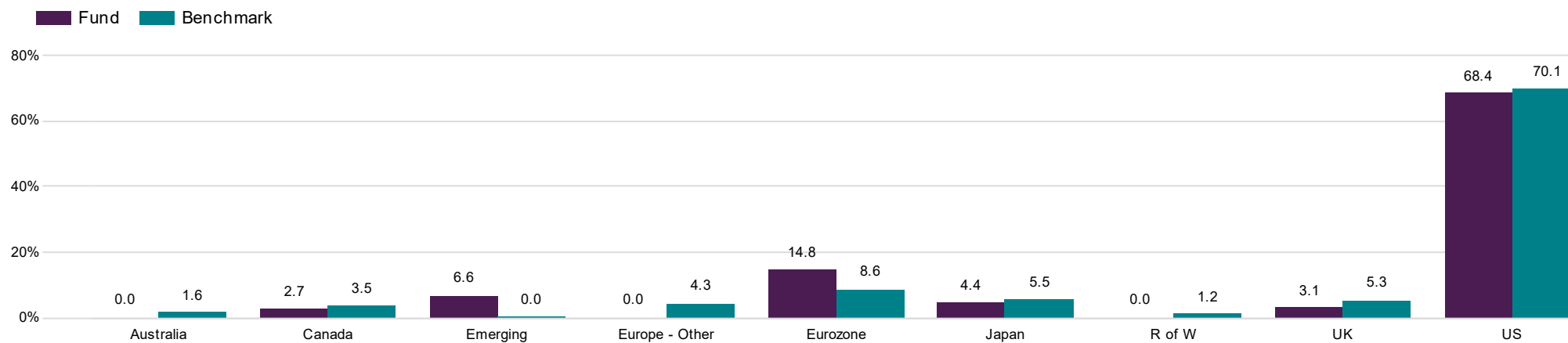
We also sold the position in US insurer Brown & Brown, as the soft pricing in the US insurance market has been broadly confirmed and a subdued hurricane season means this likely extends into next year. Its shares have recently suffered due to concerns over its valuation amid falling profit margins.

# Fund breakdown

## Sector weights



## Regional weights



# Characteristics and climate

## ESG characteristics rationale

The Fund seeks to promote environmental characteristics relating to climate change mitigation by promoting those corporates with willingness and ability to accelerate decarbonisation towards net zero by 2050. We consider mitigation efforts to be most credible if there are tangible improvements by 2030. The Fund also promotes good governance using a principles based approach.

## Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO <sub>2</sub> e)	5,758	n/a	n/a
Financed emissions coverage	100.00%	n/a	n/a
Carbon footprint (tCO <sub>2</sub> e/\$M invested)	24.77	30.13	(17.77)
Carbon footprint coverage	100.00%	99.71%	0.29
Weighted average carbon intensity (tCO <sub>2</sub> e/\$M sales)	67.66	90.51	(25.25)
Weighted average carbon intensity coverage	100.00%	99.74%	0.26

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

## Implied temperature rise

	Fund (%)	Benchmark (%)	Difference (%)
Implied temperature rise (ITR) coverage	100.00	99.73	0.27
% of portfolio below 2°C ITR	49.14	53.09	(7.45)
% of portfolio below 1.5°C ITR	28.06	26.79	4.73

## SBTi net - zero

	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	15.57	20.66	(24.63)
SBTi Near-Term committed	3.01	3.73	(19.37)
SBTi Near-Term targets set	47.90	56.52	(15.25)

# Fund Engagement

## Engagement definition

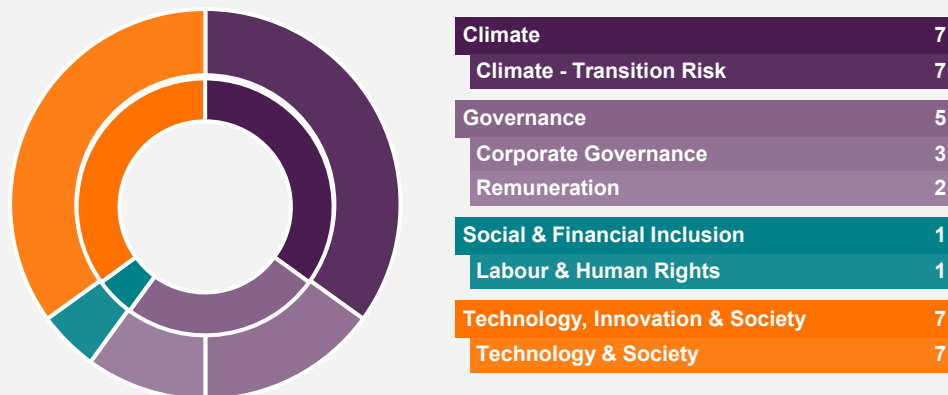
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

## Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	11	25
Number of engagements	15	69

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:

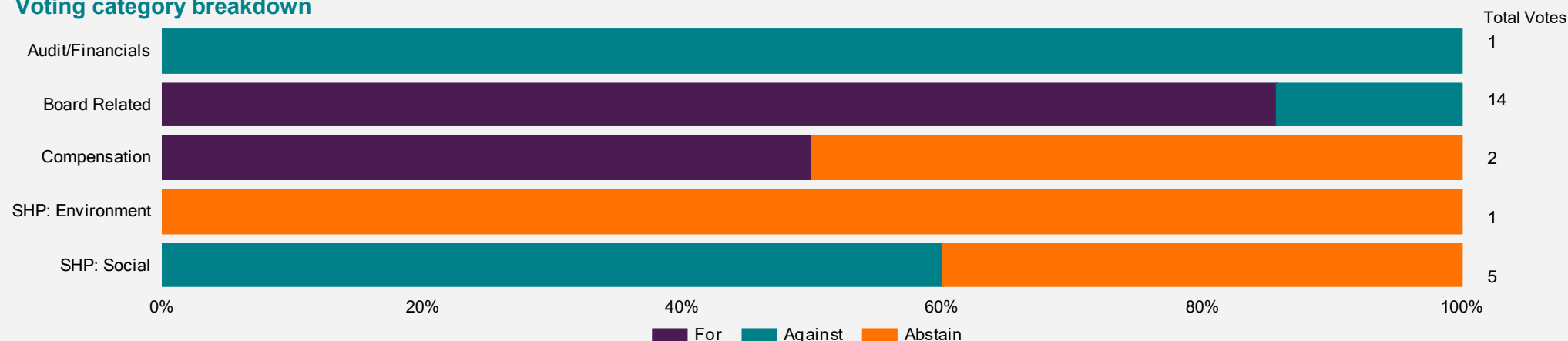
Microsoft Corp was engaged to review its sustainability performance and address investor concerns related to human rights and ethical AI practices.

#### 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

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The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

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.

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The Investment Manager is Royal London Asset Management Limited.

The Prospectus and Key Investor Information Document (KIID) are available in English via the relevant Fund Information page on [www.rlam.com](http://www.rlam.com). A summary of investor rights is also available in English, and can be accessed at [www.rlam.com/uk/policies-and-regulatory](http://www.rlam.com/uk/policies-and-regulatory)

RLAM may terminate the arrangements made for marketing of the fund pursuant to Article 93a of Directive 2009/65/EC.

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).

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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.

## 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 stockmarket and therefore more volatile.

## 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.

## 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.

## Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

## Derivative risk

Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both Fund losses and gains. The impact to the Fund can be greater where they are used in an extensive or complex manner, where the Fund could lose significantly more than the amount invested in derivatives.

# Performance to 31 December 2025

## Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
<b>Fund (gross)</b>	3.87	8.22	17.50	89.19	73.66	23.66	14.24
<b>Fund (net)</b>	3.69	7.85	16.71	85.38	68.84	22.82	13.47

## Annualised (%)

## 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>	17.50	19.16	35.13	(8.90)	-
<b>Fund (net)</b>	16.71	18.35	34.21	(9.52)	-

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 Select Fund (IRL) Z Acc USD share class. Since inception date 9 November 2021.

# Glossary

## Active share

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

## Carbon footprint

Exposure to high emitters in the portfolio, expressed in tCO<sub>2</sub>e/\$M invested. Financed emissions are divided by the portfolio value, the same approach for listed companies and private issuers is applied in this metric.

## Derivatives

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

## ESG Integration

The consideration of environmental, social and governance (ESG) risk as part of the investment process. ESG integration does not mean the fund is trying to achieve a particular positive ESG outcome. Please check prospectus documentation for details on specific fund-level objectives.

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## 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.

## Exclusions

Explicitly prohibits investing in a particular company, sector, business activity, country or region.

## Financed emissions

The emissions from activities in the real economy that are financed through lending and investment portfolios, expressed in tCO<sub>2</sub>e. Emissions are attributed to a portfolio based on the portion of the company's value the portfolio holds, and using different accounting values for public and private corporates. We provide financed emissions for scope 1 and 2 emissions.

## Fund restrictions definitions

**Alcohol:** Companies which have involvement in brewing, distillation or sale of alcoholic drinks.

**Animal Welfare:** Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation).

**Armaments:** Companies who manufacture armaments or nuclear weapons or associated products.

**Controversial Weapons:** Weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties.

**Fossil Fuels:** Companies involved in the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

**Gambling:** Companies who promote irresponsible gambling which includes betting shops, casinos or amusement arcades.

## Fund restrictions definitions

**High Environmental Impact:** Companies which have a high environmental impact, and which have 'no evidence' of appropriate environmental management systems.

**Human Rights Risks:** Companies with a strategic presence operating in countries of concern and which have 'no evidence' of policies or systems to manage human rights risks.

**Nuclear Power:** Companies who generate energy from Nuclear Power.

**Nuclear Weapons:** Companies that manufacture, nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

**Tobacco:** Companies which are growing, processing or selling tobacco products.

**Adult Entertainment:** Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

## Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

## Number of holdings

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

## Performance

Both the Fund and Index performance are based on close of business prices.



# Glossary

## 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.

## Promotes environmental or social factors

An ESG Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

## Regional weights

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

## SBTi

The Science-Based Targets initiative is a consortium of organisations that set up the definition and promotion of science-based target setting.

## Sector weights

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

## Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

## Top 10 holdings

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

## 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).

## Weighted Average Carbon Intensity (WACI)

Portfolio's exposure to carbon-intensive companies, expressed in tCO<sub>2</sub>e / \$M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.