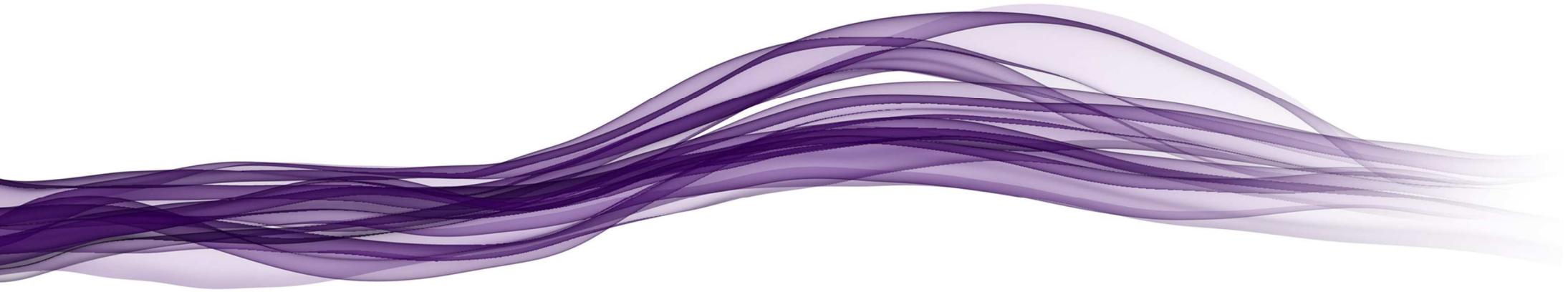


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# **Royal London UK Income with Growth Trust**

**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 UK Income with Growth Trust. 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 an above-average income with some capital growth over the medium-to-long term (5-7 years) by primarily investing in the shares and sterling-denominated bonds of UK companies listed on the London Stock Exchange. The Fund's income target is to produce an annual income that exceeds the income of the FTSE All-Share Index (the "Index") by at least 20% over a rolling 7-year period. The Index is regarded as a good measure of the share-price performance of the approximately 600 largest companies on the London Stock Exchange. The Index is considered an appropriate benchmark for the Scheme's performance, as the Scheme's potential investments will predominantly be included in the Index. For further information on the Fund's index, please refer to the Prospectus. The Fund is actively managed.

## Fund value

|                  | Total £m |
|------------------|----------|
| 31 December 2025 | 238.10   |

## Fund analytics

|                    | Fund                                     |
|--------------------|--|
| Fund launch date   | 25 September 1989                        |
| Fund base currency | GBP                                      |
| Benchmark          | FTSE All-Share Index (Total Return, GBP) |
| Number of holdings | 229                                      |

# Performance and activity

## Performance

|                        | Fund (%) | Benchmark (%) | Relative (%) |
|------------------------|----------|---------------|--------------|
| Quarter                | 6.28     | 6.38          | (0.10)       |
| 1 Year                 | 19.76    | 24.02         | (4.26)       |
| 3 Years (p.a.)         | 11.42    | 13.56         | (2.14)       |
| 5 Years (p.a.)         | 9.87     | 11.70         | (1.83)       |
| 10 Years (p.a.)        | 7.15     | 8.36          | (1.21)       |
| Since inception (p.a.) | 8.88     | 8.02          | 0.86         |

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 A Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 September 1989.

## Performance commentary

The fund underperformed the benchmark during the period under review. While the equities allocation outperformed, returns from the bond allocation lagged that of the equity benchmark and was the main detractor to performance.

Rio Tinto performed strongly alongside the broad rally in commodity prices, while holdings in SSE and Vodafone also contributed positively to performance.

# Performance and activity

## Top 10 holdings

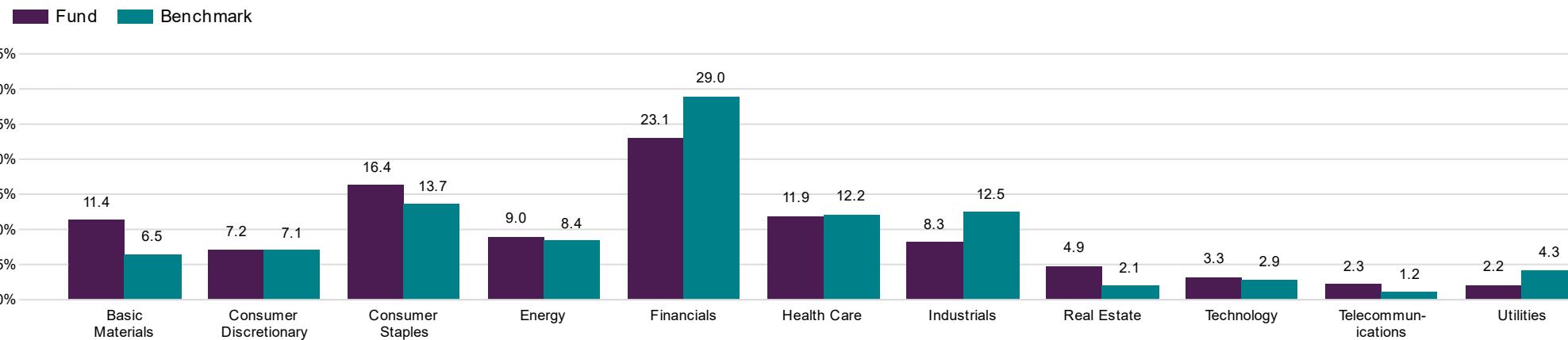
|                             | Weighting (%) |
|-----------------------------|---------------|
| HSBC HOLDINGS PLC           | 4.68          |
| ASTRAZENECA PLC             | 4.64          |
| SHELL PLC                   | 4.32          |
| BRITISH AMERICAN TOBACCO    | 3.45          |
| RIO TINTO PLC               | 3.40          |
| GLAXOSMITHKLINE             | 2.68          |
| UNILEVER PLC                | 2.63          |
| LEGAL AND GENERAL GROUP PLC | 2.20          |
| BP PLC                      | 2.05          |
| RELX PLC                    | 1.90          |
| <b>Total</b>                | <b>31.95</b>  |

## Fund activity

During the quarter the fund introduced a new holding in 3i Group; the company came under pressure after a trading update showed a slowdown in France for its main business Action, a European discount retailer. We think this is likely a temporary issue and presents an attractive entry point.

# Fund breakdown

## Sector 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 | 28            | 58             |
| Number of engagements      | 40            | 154            |

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



|   |           |
|---|-----------|
| <b>Biodiversity</b>                         | <b>4</b>  |
| <b>Climate</b>                              | <b>22</b> |
| <b>Climate - Transition Risk</b>            | <b>21</b> |
| <b>Climate - Physical Risk</b>              | <b>1</b>  |
| <b>Diversity</b>                            | <b>3</b>  |
| <b>Gender Diversity</b>                     | <b>2</b>  |
| <b>Ethnic Diversity</b>                     | <b>1</b>  |
| <b>Environment</b>                          | <b>3</b>  |
| <b>Governance</b>                           | <b>13</b> |
| <b>Corporate Governance</b>                 | <b>8</b>  |
| <b>Remuneration</b>                         | <b>5</b>  |
| <b>Social &amp; Financial Inclusion</b>     | <b>6</b>  |
| <b>Just transition</b>                      | <b>4</b>  |
| <b>Social &amp; Financial inclusion</b>     | <b>2</b>  |
| <b>Technology, Innovation &amp; Society</b> | <b>1</b>  |
| <b>Cybersecurity</b>                        | <b>1</b>  |

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

### HSBC Holdings plc – Just Transition

#### Purpose:

HSBC Holdings plc, a global bank, was engaged as part of our long-running engagement with banks on just transition, seeking for it to integrate social considerations into its Net Zero transition plan.

#### Outcome:

HSBC is updating its Net Zero transition plan and benchmarking peers to improve just transition disclosures. The bank recognised deficiencies in managing climate-related human rights risks and sector-specific social impacts, but emphasised ongoing measures, such as the implementation of enhanced vulnerability standards and various financial inclusion initiatives. HSBC emphasised challenges in retrofitting liability and Use of Proceed loans in the retail mortgage market. Following our meeting, we will review our draft assessment and share it with the bank to encourage improved disclosure and integration of social considerations.

### Hikma Pharmaceuticals plc – Diversity

#### Purpose:

Hikma Pharmaceuticals plc, a global pharmaceutical company, was engaged under the 30% Club UK Investor Group initiative to assess progress on gender and ethnic diversity at board and executive levels.

#### Outcome:

Hikma reported strong progress, with board gender diversity at 45% and ethnic minority representation at 36%, both above FTSE 100 averages. Executive Committee diversity is also improving, with women expected to reach 37.5% and ethnic minorities 50% at the executive level in 2025. Succession planning is robust, with women making up 25% of identified successors globally. Legal and regulatory constraints, such as GDPR in Europe, limit ethnicity reporting in some regions, but Hikma is implementing a new pay gap analysis system in 2026 to expand coverage beyond gender. Progress is strong, demonstrating leadership in diversity, though transparency on ethnicity data remains an area for improvement. We will continue engagement to monitor the implementation of the new pay gap analysis system and encourage Hikma to publish verified diversity data in its annual report, ensuring alignment with best practice standards.

# Fund Engagement

## Engagement outcomes

### Johnson Matthey plc – Net Zero

#### Purpose:

Johnson Matthey plc, a UK-based chemicals company, was engaged to clarify its net zero roadmap and understand how recent strategic decisions impact sustainability targets.

#### Outcome:

Johnson Matthey provided insights into its net zero roadmap, approved by the Science Based Targets initiative (SBTi) and explained the implications of its £1.8 billion sale of Catalyst Technologies to Honeywell. This divestment enables Johnson Matthey to focus on its core areas of hydrogen technologies and PGM recycling (the recovery and reuse of platinum group metals critical for clean energy and industrial applications), while freeing capital for investment in low-carbon solutions. The company reaffirmed its 2040 net zero goal and outlined short-term milestones, including a 57% reduction in Scope 1 and 2 emissions by 2026/27. Focus areas within the company's roadmap include hydrogen technologies, policy advocacy, and climate risk management. Incentives and disclosures are aligned with sustainability objectives. A follow-up call is scheduled for late January to discuss progress and next steps.

### Lloyds Banking Group plc – Just Transition

#### Purpose:

Lloyds Banking Group plc (Lloyds), a UK-based financial institution, was engaged as part of our long-running engagement with banks on just transition. We sought the integration of social considerations into the company's decarbonisation strategy.

#### Outcome:

Lloyds continues to integrate just transition across its strategy, committing £1 billion to its Regional Impact Fund to address regional inequality and drive inclusive economic growth. The bank showcased partnerships with the North East Combined Authority and Office of Investment to channel private investment into green infrastructure. It also expanded its 'Eco Home Reward' scheme, offering up to £2,000 cashback for energy efficiency measures, returning over £2 million to customers in 2025. Lloyds is working with Octopus Energy to reduce heat pump installation wait times and exploring property-linked financing. Before implementing mortgage policy changes, Lloyds conducted analysis to ensure alignment with just transition principles. We will continue this engagement to monitor disclosure improvements.

# Fund Engagement

## Engagement outcomes

### Volkswagen AG – Net Zero

#### Purpose:

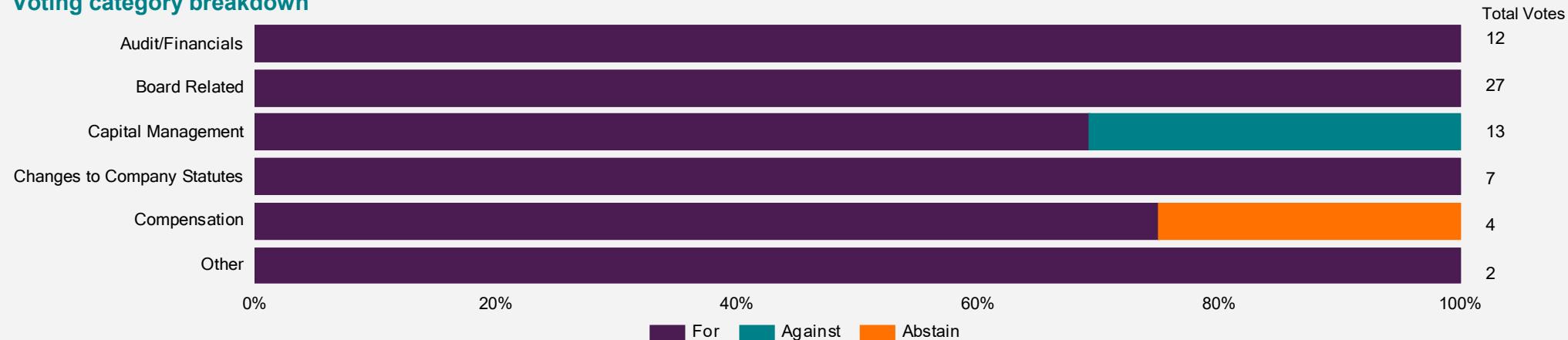
Volkswagen AG, a global automotive manufacturer, was engaged to review its climate strategy and commitments under the Net Zero Stewardship Programme.

#### Outcome:

Volkswagen's climate alignment improved following a 5% emissions reduction, though the company has not set up yet a target for Scope 3 Category 1 emissions (indirect emissions from purchased goods and services). Battery electric vehicle sales are expected to reach 11% in 2025, supported by affordable models and strategic partnerships in China. The company is preparing to meet the new EU's 2035 requirement for a 90% reduction in fleetwide emissions by transitioning towards electric and other low-emission vehicle production. Volkswagen also disclosed workforce training initiatives under its just transition approach. We will continue engagement to encourage stronger Scope 3 targets and progress on the transition to zero-emissions vehicles.

# Fund Voting

## Voting category breakdown



## Notable votes

### Astrazeneca plc

Adoption of New Articles - for: Supported adoption of new articles as technical changes enhance listing structure with no governance concerns.

### Diageo plc

Remuneration Report - abstain: While we acknowledge the challenging context and recent leadership changes, we retain concerns over bonus outcomes relative to performance and welcome continued dialogue on the company's forward trajectory.

### Unilever plc

Share Consolidation - for: This is linked to the demerger of their ice cream business and will have no substantive economic effect on shareholders. The consolidation is intended to maintain comparability of share price and per share metrics before and after the demerger, while preserving the value of awards under share plans.

# Market commentary

## Market Review

The UK equity market posted solid gains in the fourth quarter, led by large-cap stocks and bolstered by favourable central bank policy. However, the febrile geopolitical backdrop, particularly around the prospects for a peace deal between Russia and Ukraine made markets jittery.

The FTSE 100 hit record highs, briefly flirting with the 10,000 point mark. The FTSE 100 sector mix – heavy in metals, aerospace and defence – proved beneficial throughout the quarter. In contrast, the FTSE 250 and small-cap stocks underperformed, weighed down by concerns over UK domestic growth and fiscal policy.

The Budget loomed in the quarter, with frequent twists and turns in views on its potential content. Generally, this uncertainty depressed UK economic activity, as many consumers and companies adopted a ‘wait and see’ approach. When finally delivered on November 26 the Budget contained little to hearten investors, but nor did it contain any real shocks.

More generally, markets were focused on the US during the quarter, with rate cuts from the Federal Reserve bookending the longest US Federal Government shutdown in history. The decision was accompanied by language suggesting a pause after three cuts in the final four months of 2025. In the euro zone, the European Central Bank left rates unchanged – with inflation concerns causing reluctance to cut further after four cuts in the first half of 2025. The Bank of England (BoE) cut rates from 4% to 3.75%, the sixth cut since mid-2024 from the recent peak of 5.25%. The BoE noted that inflation was still a concern (reflected in a 5-4 vote) but concerns over downside risks including an unemployment rate that has edged to its highest rate since the Covid pandemic.

Risk assets closed the year strongly. After the sharp fall in the wake of the Trump tariff announcement in early April, global equity markets generally ground higher, including during the fourth quarter, helped by ongoing optimism over AI as well as supportive corporate earnings. For the 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. Global credit has benefited from falling interest rates and the strong corporate backdrop leading to tighter credit spreads. Government bond yields were mixed, with US and German government bond yields edging higher, while UK yields moved lower on hopes that the November budget announcement would be gilt-friendly.

## Outlook

Dividend payments remain very healthy in the UK. The market offers an attractive dividend yield of over 3% and the levels of those dividends has risen over time. Growth in dividends is part of what can help equities offset the impact of inflation on savers. In recent years, in addition to dividends, investors have also benefited from share buybacks. UK companies have been huge buyers of their own shares.

This year will likely bring highly variable economic and foreign policy from the US, ongoing uncertainty about the Russia-Ukraine conflict and governments struggling with stretched public finances. Offsetting these rather negative headwinds are the factors that buoyed the UK in 2025 – high levels of mergers and acquisitions amid a market with a well-diversified sector mix and attractive valuations.

For more insights into the outlook for 2026, including from our CIO, Will Nicoll, go to the Our Views section at [www.rlcam.com](http://www.rlcam.com).

# 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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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.rlams.com](http://www.rlams.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.

## 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.

## 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.

## 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.

## 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.

## 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 | 3 Years<br>(p.a.) | 5 Years<br>(p.a.) |
|---------------------|---------|---------|--------|---------|---------|-------------------|-------------------|
| <b>Fund (gross)</b> | 6.28    | 10.78   | 19.76  | 38.36   | 60.16   | 11.42             | 9.87              |
| <b>Fund (net)</b>   | 6.01    | 10.23   | 18.57  | 33.96   | 51.25   | 10.23             | 8.62              |

## Annualised (%)

## Year on year performance (%)

|                     | 31/12/2024 -<br>31/12/2025 | 31/12/2023 -<br>31/12/2024 | 31/12/2022 -<br>31/12/2023 | 31/12/2021 -<br>31/12/2022 | 31/12/2020 -<br>31/12/2021 |
|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Fund (gross)</b> | 19.76                      | 8.76                       | 6.23                       | 1.53                       | 14.02                      |
| <b>Fund (net)</b>   | 18.57                      | 7.63                       | 4.97                       | 0.27                       | 12.60                      |

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 UK Income with Growth Trust A Inc GBP share class.

# Glossary

## 7-Year rolling period

Any period of seven years, no matter which day you start on.

## Bonds

Bonds are defined as fixed-income investments issued as debt by companies and public bodies to raise finance. Investors in bonds receive a previously agreed, non-variable interest payment until the investment matures. Corporate bonds are those issued by companies to raise finance.

## 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.

## Income and capital growth

Income is defined as the payment an investment generates, such as dividends, bond coupons or rental income, and capital growth as the rise in an investment's value over time.

## 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 FTSE ICB (Industry Classification Benchmark) sector relative to the benchmark index.

## Top 10 holdings

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