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Royal London Asset Management

Equity Fund Commentary

31 July 2025

Fund Commentary

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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.

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Equity

Royal London Global Equity Diversified Fund

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund outperformed its benchmark during July. Key contributors to July's performance were Synopsys, Alnylam and United Rentals. Key detractors were UnitedHealth, Mercado Libre and Progressive.

We continue to focus on enhancing the long-term wealth creation and valuation opportunities in the portfolio. The result is a highly idiosyncratic portfolio with balance across the corporate Life Cycle.

Royal London Global Equity Diversified Fund (IRL)

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund underperformed its benchmark during July. Key contributors to July's performance were Synopsys, Alnylam and United Rentals. Key detractors were UnitedHealth, Mercado Libre and Progressive Corp.

We continue to focus on enhancing the long-term wealth creation and valuation opportunities in the portfolio. The result is a highly idiosyncratic portfolio with balance across the corporate Life Cycle. During July we added several new positions, including Public Service Enterprise, Banco Santander, and UniCredit. We exited OGE Energy, UBS Group and Bankinter.

Royal London Global Equity Income Fund

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund outperformed its benchmark during the month. Positive contributions came from Google-owner, Alphabet, which gave an upbeat quarterly update. Samsung Electronics continued its impressive recovery, while new positions in Legrand and Lamb Weston Holdings contributed straight away. On the downside, UnitedHealth Group continued to struggle.

We continue to focus on allocating capital to wealth creating companies that offer an attractive income profile. During the month we exited our positions in Sampo, Infosys and Kraft Heinz and initiated positions in Legrand, Lamb Weston Holdings and USS Co.

Equity

Royal London Global Equity Select Fund

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund's return was in line with its benchmark during July. The main negative contributors came from holdings within the financials sector. Brown & Brown and Progressive Corp were the two main underperformers. On the upside, we purchased Synopsys for the portfolio, and it immediately contributed to performance. The company makes tools that are used in the design of semi-conductors.

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. We made several changes to the portfolio, selling four holdings and introducing four new names.

Royal London Global Equity Select Fund (IRL)

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund's return was behind its benchmark during July. The main negative contributors came from holdings within the financials sector. Brown & Brown and Progressive Corp were the two main underperformers. On the upside, we purchased Synopsys for the portfolio, and it immediately contributed to performance. The company makes tools that are used in the design of semi-conductors.

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. We made several changes to the portfolio, selling four holdings and introducing four new names.

Royal London Global Equity Transitions Fund

July was positive for most global equity markets, supported by strong corporate earnings and resilient economic data. Strong results from large-cap technology firms boosted US indices. European and Asian equities also recorded gains.

The fund's performance was in line with its benchmark during July. Positive contributors to performance included Alnylam and United Rentals, which both benefited from improved earnings. On the downside, UnitedHealth Group continued to face difficulties, but we remain optimistic about its long-term prospects.

We exited our position in Booking following a breach in the Transitions thesis and two engagements with the company which did not yield a positive response. We continue to focus on enhancing long-term Wealth Creation within the portfolio. The result is a highly idiosyncratic portfolio aiming to be balanced across the Life Cycle. We continue to identify Improvers and Enablers aligned with our four Transitions themes.

Equity

Royal London UK Dividend Growth Fund

The UK equity markets rose in July. Oil stocks rose while the real estate sectors underperformed.

The fund performed in line with its benchmark during the month and better than its peer group. Two financial stocks were the main contributors to performance; ICG, which released a good trading update; and Just Group, which was bid for at a substantial premium to the prevailing share price.

The global economy remains turbulent, 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 in recent years. Indeed an end to the trend of “the only way is USA” could prove positive for the UK and European markets. We continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is very appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long term cashflows. .

Royal London UK Equity Fund

The UK equity markets rose in July. Oil stocks rose while the real estate sectors underperformed.

The fund lagged the benchmark during the month but outperformed the peer group. Positive contributors included Diploma and Compass Group who both reported better than expected results. Standard Chartered was also strong as the market anticipated continued operational momentum. Detractors included Persimmon following wider sector weakness and London Stock Exchange Group as investors weigh up whether AI will be an opportunity or a threat to its desktop business.

The fund started a new holding in Johnson Matthey, a chemical company with expertise in platinum-based catalysts. We also further reduced our position in Spectris following takeover bids. We continue to invest broadly across sectors and in companies at different stages of the corporate lifecycle that we believe are undervalued relative to their long-term cash flow potential.

Royal London UK Equity Income Fund

The UK equity markets rose in July. Oil stocks rose while the real estate sectors underperformed.

The fund underperformed the benchmark during the month but performed better than its peer group. Holdings in building and real estate stocks were the main drags on performance, with Landsec, Taylor Wimpey and Marshalls key detractors.

The global economy remains turbulent, 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 in recent years. Indeed an end to the trend of “the only way is USA” could prove positive for the UK and European markets. We continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is very appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long term cashflows.

Equity

Royal London UK Growth Trust

The UK equity markets rose in July, while corporate bonds were broadly flat. Oil stocks rose while the real estate sectors underperformed.

The trust lagged the benchmark during the month but outperformed the peer group. Stock selection within industrials was a notable contributor, with Diploma and Experian both responding positively to encouraging trading updates, while companies well-exposed to US infrastructure spending including Ashtead and Hill & Smith both performed strongly. Greggs weighed on performance after a disappointing profit warning, while London Stock Exchange Group was also weaker as investors weigh up whether AI will be an opportunity or a threat to its desktop business. We think the former added to our holding.

Two new positions were initiated for the Trust over the month: Babcock International, a provider of engineering and technical services predominately to global defence customers, and Johnson Matthey, a chemical company with expertise in platinum-based catalysts. We continue to invest broadly across sectors and in companies at different stages of the corporate lifecycle that we believe are undervalued relative to their long-term cash flow potential.

Royal London UK Income With Growth Trust

The UK Equity markets rose in July, while corporate bonds were broadly flat. Oil stocks rose while the real estate sectors underperformed.

The fund underperformed the benchmark during the month. Asset allocation was a drag and the equity portfolio was slightly behind the benchmark. Holdings in building stocks were the main drags on performance, with Marshalls and Barratt Redrow key detractors.

The global economy remains turbulent, 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 in recent years. Indeed an end to the trend of “the only way is USA” could prove positive for the UK and European markets. We continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is very appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long term cashflows.

Royal London UK Mid Cap Growth Fund

July was a challenging month for UK small and mid-cap equities due to a deterioration in earnings revisions. This contributed to their underperformance relative to their larger FTSE 100 counterparts. Tariff uncertainty suppressed consumer confidence and higher inflation have in some cases contributed to deferred decision making, higher corporate operating costs and lower end customer demand.

The fund underperformed the FTSE 250 ex IT benchmark in July. The underperformance was driven by stock selection, while sector allocation was a positive. The funds overweight in healthcare contributed positively.

From a stock perspective, Genus was a significant positive contributor as its full year trading update revealed double-digit profit growth in its Porcine division and a better-than-expected profit performance in its Bovine division largely due to cost savings. Integrafin also performed strongly as its third quarter trading update delivered a strong net inflow performance and it lowered its cost guidance for outer years.

FDM and Marshalls were significant detractors to performance. Despite an encouraging Q1 performance, FDM's interim results revealed that clients delayed IT recruitment decisions in Q2 amid the uncertain macroeconomic and geopolitical backdrop. Marshalls lowered its full year guidance due to softening demand in its residential landscaping division, although its roofing and building products divisions both grew revenues.

Equity

Royal London UK Smaller Companies Fund

July was a challenging month for UK small and mid-cap equities due to a deterioration in earnings revisions. This contributed to their underperformance relative to their larger FTSE 100 counterparts. Tariff uncertainty suppressed consumer confidence and higher inflation have in some cases contributed to deferred decision making, higher corporate operating costs and lower end customer demand.

The fund underperformed the FTSE Small Cap ex IT benchmark in July. The underperformance was driven by stock selection, while sector allocation was positive. In particular, the fund's overweight in healthcare contributed positively.

From a stock perspective, Alpha Group was a significant positive contributor as it was announced that Corpay had agreed terms to acquire the company at a 55% premium to its undisturbed share price. Genus also performed strongly as its full year trading update revealed double-digit profit growth in its Porcine division and a better-than-expected profit performance in its Bovine division, largely due to cost savings. Marshalls and Kitwave were significant detractors to performance. Marshalls lowered its full year guidance due to softening demand in its residential landscaping division, although its roofing and building products divisions both grew revenues. Kitwave, the wholesale food distributor, reduced its guidance in response to softer trading caused by weak consumer confidence and higher than expected costs. The fund started a new position in Chesnara, a consolidator of life and pension schemes, following their announcement of the acquisition of HSBC Life (UK). This was funded with the disposed of AOTI.

Disclaimers

Important information

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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.

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

Notice for UK Investors

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, 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.

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.

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.

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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.