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Royal London UK Income with Growth Trust

Quarterly Investment Report

30 June 2025

Quarterly Report

The fund as at 30 June 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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ROYAL LONDON
ASSET MANAGEMENT

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 considered an appropriate benchmark for the Scheme's performance, as the Scheme's potential investments will predominantly be included in the Index.

Fund value

	Total £m
30 June 2025	225.17

Fund analytics

	Fund
Fund launch date	25 September 1989
Fund base currency	GBP
Benchmark	FTSE All Share (Total Return)
Number of holdings	222

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	5.30	4.39	0.91
YTD	8.10	9.09	(0.99)
1 Year	10.16	11.16	(1.00)
3 Years (p.a.)	9.19	10.65	(1.46)
5 Years (p.a.)	9.54	10.83	(1.29)
10 Years (p.a.)	6.21	6.77	(0.56)
Since inception (p.a.)	8.70	7.75	0.95

Past performance is not a guide to future performance. 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 outperformed the benchmark during the period under review. Bonds underperformed equities, but this asset allocation drag was offset as the equity portion of the fund outpaced its benchmark.

The holding in Sainsbury’s was a key contributor to performance, where the shares recovered from the previous quarter’s weakness - investors took the view that the competitive threat of ASDA was not as severe as had been feared. Corporate activity was also a factor in the fund’s performance in the quarter. Spectris and Ricardo both received takeover bids at levels well above prevailing share prices and Johnson Matthey sold one of its businesses for a price that is a large proportion of the value the equity market was ascribing to the entire company.

Performance and activity

Top 10 holdings

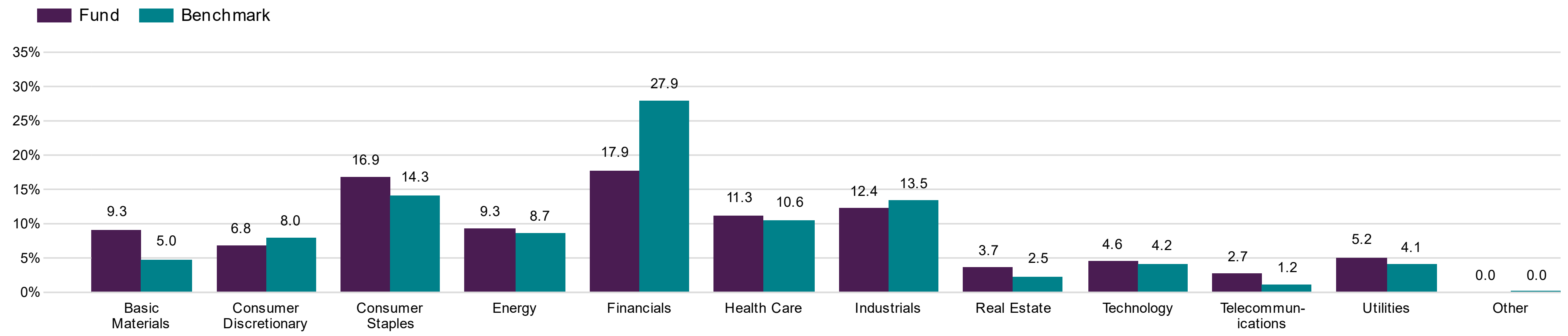
	Weighting (%)
SHELL PLC	4.67
ASTRAZENECA PLC	4.29
HSBC HOLDINGS PLC	3.93
BRITISH AMERICAN TOBACCO	3.01
UNILEVER PLC	2.96
RELX PLC	2.63
RIO TINTO PLC	2.56
GLAXOSMITHKLINE	2.48
LEGAL AND GENERAL GROUP PLC	2.27
SAINSBURY(J) PLC	2.07
Total	**30.86**

Fund activity

The most noteworthy trade in the quarter was to buy shares in Tesco at the start of the period, when the share price was still weak on the ASDA concerns. The holding in National Grid was exited in the quarter and the position in Imperial Brands reduced.

Fund breakdown

Sector weights



Fund Engagement

Engagement definition

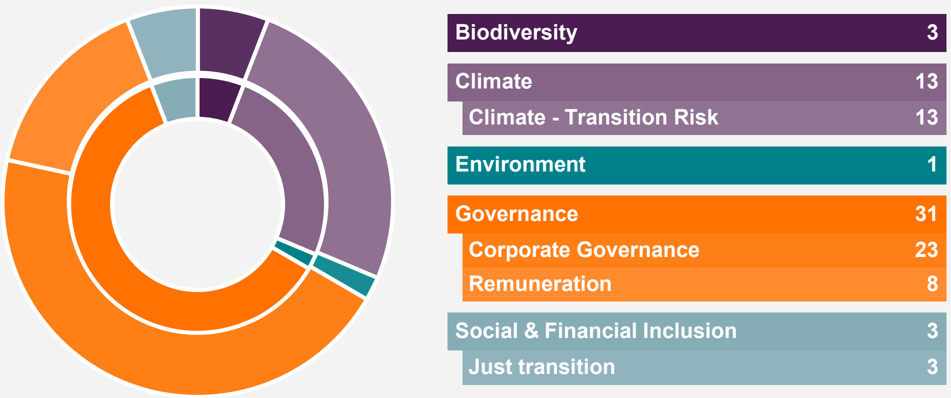
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	29	64
Number of engagements	38	187

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

E.ON SE - Net zero

Purpose:

As co-lead of the Climate Action 100+ investor group, the engagement focused on reviewing recent developments in the sustainability strategy of E.ON, a leading European utility company. The discussion focused on climate transition planning, emissions targets, and regulatory challenges.

Outcome:

E.ON is making steady progress on its climate transition, with a product mix that supports decarbonisation and a sharpened 2030 Scope 1 & 2 emissions target of 50% reduction. Scope 3 emissions fell 8% year-on-year, aided by a warmer winter and customer shifts to heat pumps. However, emissions rose in Scope 1 & 2 due to regulatory-mandated replacement of grid losses with grey electricity in Germany. The company is not expanding gas infrastructure and considers emissions in merger and acquisition decisions, though its approach lacks the clarity and ambition of leading peers. Hydrogen trials remain small-scale, with the company sharing that large-scale residential uptake is less likely than previously thought of. E.ON will provide further responses in a follow-up meeting or in writing. We will continue to monitor the company's progress against the CA100+ benchmark and support improvements where possible.

Natwest Group Plc - Net zero

Purpose:

We met with NatWest's Climate team and Investor Relations to discuss the bank's latest climate-related disclosures and transition strategy. The engagement aimed to understand how NatWest, a UK based banking group, is implementing its sustainability ambitions and responding to external policy and sector-specific challenges.

Outcome:

The meeting clarified NatWest's current climate strategy and highlighted areas of progress and ongoing challenge. The bank reaffirmed its commitment to aligning sustainability with customer needs and embedding it into day-to-day decision-making. It plans to review its climate ambition and sectoral financed emissions targets in 2025, using the UK's 7th Carbon Budget as a reference point. While NatWest has taken steps to support residential decarbonisation-such as green mortgages, EPC targets, and its Home Energy Hub-it acknowledged barriers like skills shortages and low retrofit uptake. The bank is also reviewing its oil and gas risk acceptance criteria and welcomed feedback on the sector. We will continue to monitor NatWest's disclosures and progress.

Fund Engagement

Engagement outcomes

Shell Plc - Net zero

Purpose:

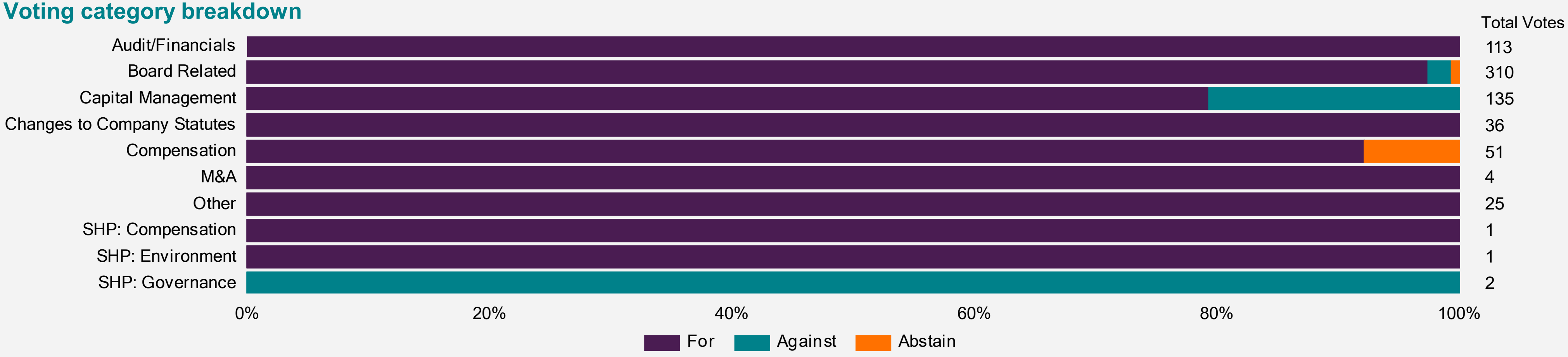
We supported a shareholder resolution calling for improved disclosures on Shell's liquefied natural gas (LNG) strategy. As the board recommendation received over 20% shareholder opposition, Shell, a global oil and gas company, was required under the UK Corporate Governance Code to engage with shareholders on the topic. Our aim was to communicate our rationale and encourage greater transparency around LNG's role in Shell's transition strategy.

Outcome:

We shared that our concerns stemmed from three key areas: 1) the need for clearer and more consistent LNG disclosures to help investors assess Shell's strategy; 2) financial risk considerations, particularly around cost competitiveness and investment discipline; 3) and the challenge of aligning LNG growth with Shell's climate commitments and the goals of the Paris Agreement. We also reiterated our preference for a mid-term 2035 target to strengthen confidence in Shell's transition trajectory. While we acknowledged that Shell had addressed many of our concerns through prior engagements and public disclosures, we emphasised the importance of continued progress. Shell was grateful for the feedback and committed to updating us on the steps it intends to take to address the concerns raised.

Fund Voting

Voting category breakdown



Notable votes

BP plc

Elect Helge Lund - against: Following changes to BP's climate strategy, we are concerned about the company's decreasing alignment with the goals of the Paris Agreement. We also believe shareholders should have had the chance to vote on the new plan at the 2025 AGM.

Glencore plc

Elect Kalidas V. Madhavpeddi - abstain: While we acknowledge the existing biodiversity policies that are in place, we are concerned about recent controversies related to a coal mine indicating that the company's biodiversity risks may not have been fully addressed. We would welcome engagement with the company to further discuss the issue.

Rio Tinto plc

Shareholder proposal requesting unification review - against: We oppose the proposal for an independent and comprehensive review of the dual-listed companies' structure, as the Board of Rio Tinto has recently completed a thorough review with substantial input from external advisers, making an additional review redundant in our view.
Climate Action Plan - for: We welcome Rio Tinto's inclusion of near-term, action-oriented and measurable objectives in its decarbonisation strategy for steelmaking. While a comprehensive Scope 3 category 10 target covering all iron ore emissions would be preferred, these more granular time-bound commitments clearly indicate the company's intention to address its primary emission sources and maintain accountability in a hard-to-abate sector.

Fund Voting

Notable votes

Rio Tinto plc

Going forward, we want to see an equivalent level ambition for the reduction of bauxite and alumina emissions. We also note that the company identifies and pledges to mitigate key just transition risks associated with expanding production of transition metals, but no asset specific mitigation plans are disclosed. We look forward to further engagement with the company on these two important points.
Remuneration report - abstain: While we welcome the fact that 17 out of 26 recommendations from the Everyday Respect Report had been implemented and that implementation of the remaining nine is underway, we retain our concerns given the fact that the survey data from the Progress Review published in 2024 reveals a mixed picture.
We welcome the data on perceived improvement in relation to bullying, sexual harassment and racism, but we remain concerned regarding the percentages of survey respondents who still experience these, especially since the percentages of survey respondents who have experienced sexual harassment or racism in 12 months prior to the progress review survey seem to be the same as in 2021, while the percentage of survey respondents who experienced bullying within the same survey period seems to be higher than in 2021. As such, given the planned timelines for publication of the Progress Review at the end of 2024 and the actual results disclosed during the year under review, we would prefer to see more stretching bonus targets and specific impact of the survey results on the pay outcomes under the People & Culture strategic measures used.

Market commentary

Market review

Global equity markets got off to a rocky start, when April saw the US government announce a range of tariffs that would be applied on goods entering America. In most cases the tariffs were significantly higher than the market had been expecting. The general consensus was that the global supply chains of goods would be seriously impacted, resulting in reduced economic activity coupled with higher prices.

Markets sold off aggressively and the levels of volatility were some of the highest seen since previous crises such as Covid and the Global Financial Crisis. Potentially as a reaction to these market movements, the US applied a 90-day delay to implementation, prompting a significant recovery in markets. Markets continued their recovery in May and June as better economic data, coupled with a dialling down of President Trump's tariff rhetoric, resulted in a decline in fears of an economic slowdown. June's rise was punctuated by significant volatility after Israel attacked nuclear facilities in Iran. The oil price, which had been weak on tariff worries, spiked and equities again declined, although as hostilities de-escalated and a ceasefire was announced, markets quickly recovered and oil prices moderated.

In the UK, markets had a positive quarter, with small and mid-sized companies particularly strong. Corporate activity was a very notable feature. There was considerable consolidation activity in the smaller end of the real estate sector, but the biggest deals were in the IT and industrials space. Spectris received a bid approach from private equity at a very large premium to the existing share price and Johnson Matthey sold off one of its divisions to a US bidder for a price that was close to the value that the equity market was ascribing to the entire company. The quarter also saw rumours of a real mega-deal, with speculation that Shell might bid for oil rival BP, but Shell quickly denied this story.

Outlook

There are considerable economic and political uncertainties going forward. Economic policy from President Trump is extremely hard to predict and conflicts in Ukraine and the Middle East remain very concerning. Closer to home, the state of UK government finances face challenges, particularly following the Labour government having to severely water down their welfare reforms in the face of a rebellion within the party. There are now suggestions that taxes may need to rise again later this year. Despite these challenges, corporate results remain reasonably robust and the UK market is seeing support from bids for companies and a very high level of share buybacks.

Further Information

Please click on the links below for further information:

Stewardship and Responsible Investment at RLAM

Royal London Voting and Engagement

TCFD climate report

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, including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.

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The Trust is an authorised unit trust scheme. 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.

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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. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

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 30 June 2025

Cumulative (%) / Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	5.30	8.10	10.16	30.21	57.78	9.19	9.54
Fund (net)	5.04	7.57	9.07	25.91	48.63	7.98	8.24

Year on year performance (%)

	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021
Fund (gross)	10.16	15.91	1.97	2.32	18.43
Fund (net)	9.07	14.63	0.71	1.05	16.82

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 30 June 2025. All figures are mid-price to mid-price for the Royal London UK Income with Growth Trust A Inc GBP share class.

Glossary

Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

Number of holdings

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

Performance

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

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.