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Royal London Global Equity Income Fund

Quarterly Investment Report

31 March 2025

Quarterly Report

The fund as at 31 March 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.

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The fund

Fund performance objective and benchmark

The Fund's investment objective is to achieve a combination of income and capital growth (a total return) over the medium term, which should be considered as a period of 3-5 years, by predominantly investing in shares of companies globally. The Fund's performance target is to outperform, after the deduction of charges, the MSCI World Net Total Return Index GBP (the "Index") by 2% p.a. over rolling 3-year periods. The Fund also aims to produce an income 20% higher than the Index's income p.a. over rolling 3-year periods (after the deduction of any charges).

Fund value

	Total £m
31 March 2025	840.60

Fund analytics

	Fund
Fund launch date	25 February 2020
Fund base currency	GBP
Benchmark	MSCI World Net Total Return Index GBP
Number of holdings	61
Active share (%)	78.5
Tracking error (%)	4.8

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

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(3.11)	(4.71)	1.60
1 Year	4.39	4.76	(0.37)
3 Years (p.a.)	11.40	7.91	3.49
5 Years (p.a.)	18.69	14.44	4.25
Since inception (p.a.)	14.55	10.77	3.78

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 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 its benchmark index during the first quarter of the year, but it was not immune to the volatility affecting global markets and fell slightly in value. The outperformance came from a mixture of stock picking and asset allocation. Selections within financials, consumer staples and healthcare performed particularly well, while the fund notably benefited from its overweight position in consumer staples and its comparative underweight in consumer discretionary. Stocks in the consumer discretionary sector suffered from concerns that stubborn inflation and declining growth prospects would impact spending.

The most significant sector move over the quarter was the unwind in technology stocks. Many of these companies came under pressure as the emergence of DeepSeek's competitive, low-cost AI model, which raised concerns about future levels of hyper-scaler capital expenditure and led investors to question the extent of US superiority in AI. Amid this heightened uncertainty, the fund's underweight in the so-called 'magnificent seven' stocks was beneficial to performance.

That said, the main negative individual contributors to performance were where the fund had exposure to large-cap technology stocks. These positions included Broadcom (semiconductor solutions) and Taiwan Semiconductor Manufacturing Corp (semiconductor manufacturing).

Financial stocks performed well during the period based on expectations that interest rates may have to be held higher for longer. The fund's holdings in Lloyds Banking Group and BNP Paribas proved positive contributors.

Performance and activity

Top 10 holdings

	Weighting (%)
MICROSOFT CORP	4.97
ALPHABET INC CLASS A	4.30
UNITEDHEALTH GROUP INC	3.20
BROADCOM INC	2.91
CME GROUP INC CLASS A	2.65
TAIWAN SEMICONDUCTOR MANUFACTURING	2.57
CISCO SYSTEMS INC	2.34
SHELL PLC	2.30
BRITISH AMERICAN TOBACCO	2.27
STEEL DYNAMICS INC	2.10
Total	29.60

Fund activity

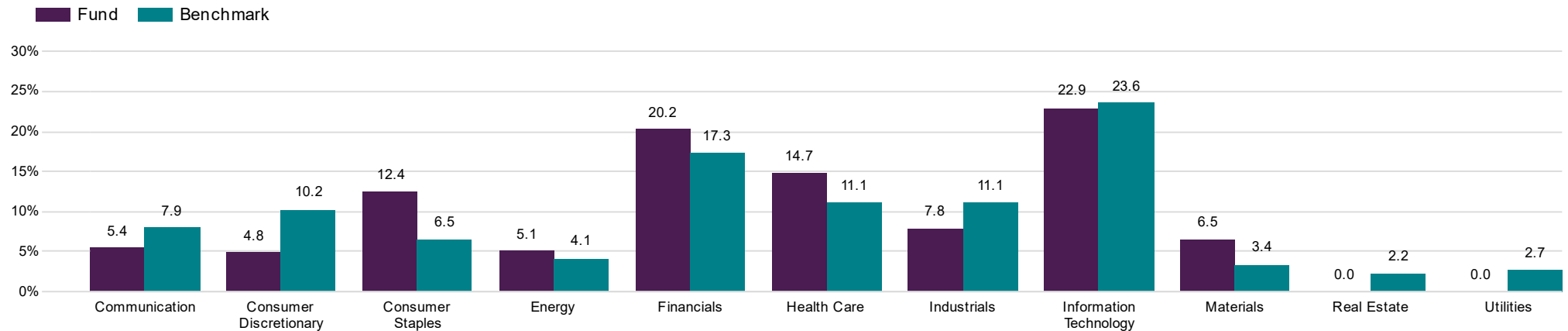
In January, we exited the small position in US Bancorp and established a new position in Home Depot.

In March, we exited a position in Gilead Sciences and initiated a position in Merck & Co. Merck is a pharmaceuticals company in the Slowing & Maturing phase of the Life Cycle. The market is pricing in a dramatic downturn in returns given its leading drug Keytruda is facing loss of exclusivity in 2028. However, we believe investors underappreciate the potential for Merck's earnings to endure, due to its existing pipeline of assets and its proven track record in drug development and commercialisation. We also initiated a modest position in BE Semiconductors, a leading provider of semiconductor assembly equipment.

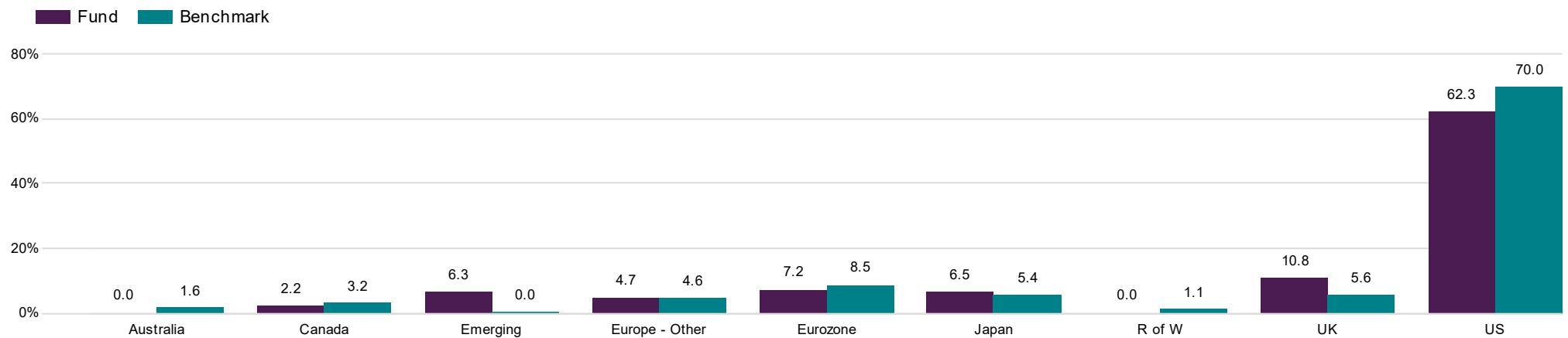
During the quarter we also reduced holdings in HCA Healthcare, Infosys and Booking Holdings, and added to Samsung Electronics, Glencore, CME Group and Eli Lilly.

Fund breakdown

Sector weights



Regional weights



Fund Engagement

Engagement definition

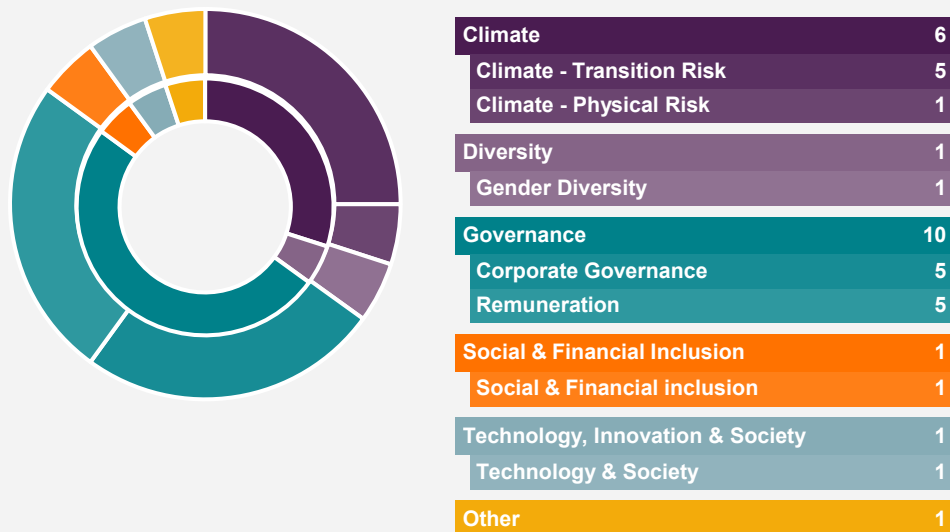
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	13	38
Number of engagements	16	91

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

Safran SA – Net zero

Purpose:

As part of our Net Zero Stewardship Programme (NZSP), we have committed to engaging with our top 50% financed emissions. We met with Safran, an aerospace company, to discuss its climate strategy and provide feedback based on our Climate Transition Assessment.

Outcome:

Safran's next report will be Corporate Sustainability Reporting Directive (CSRD)-compliant, detailing capital allocation for climate goals and emissions reduction targets. While the company engages suppliers to improve climate strategies, switching suppliers is difficult due to long certification times, limiting the effectiveness of these engagements. Disappointed with the current supply of Sustainable Aviation Fuel (SAF), the company is advocating for supportive policies through industry associations. During the meeting, we asked how defence policy might impact the company's approach to climate. Safran confirmed that although the defence segment is included in climate commitments, national security will take precedence over carbon emissions when necessary.

Visa Inc – Ethical and sustainable AI

Purpose:

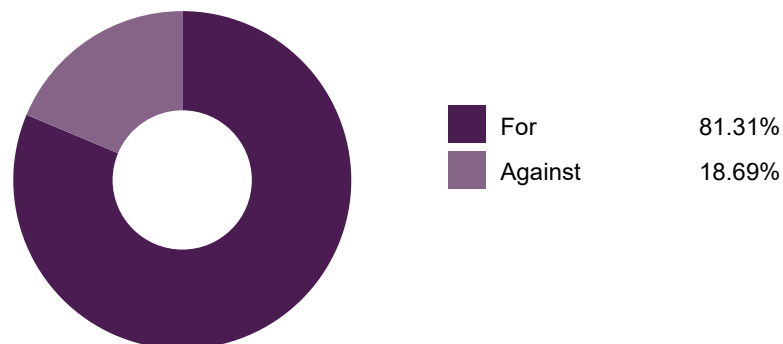
We initiated an engagement with Visa, a global payments company, to better understand its approach to sustainable and ethical AI. This meeting was in response to a questionnaire we sent to the company.

Outcome:

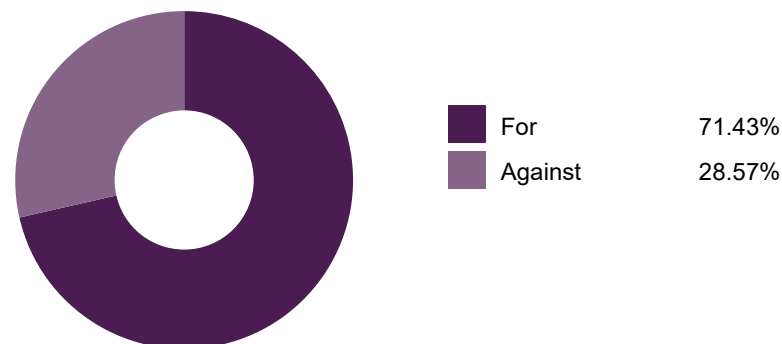
From the meeting, we gained confidence in Visa's approach to sustainable and ethical AI. Visa demonstrated its expertise in AI governance, aligning with the EU AI Act and US National Institute of Standards and Technology (NIST) standards. Since 2017, the company has tracked generative AI and enhanced its governance to ensure safety and compliance. The company's AI systems undergo thorough reviews and encourage experimentation within secure zones. Its governance process includes regular assessments and a dedicated model risk management team. Visa also regularly tests AI system security and robustness. The company is committed to transparency and fairness, conducting safety testing for bias and ensuring compliance with ethical standards. Additionally, Visa aims to achieve net zero targets by 2040, using clean electricity for data centres and partnering with suppliers to meet sustainability goals and monitor its environmental footprint.

Fund Voting

Total proxy voting activity



Executive remuneration voting activity



Notable votes

Apple Inc

Advisory Vote on Executive Compensation - against: Whilst we are cognisant of the company's size and performance, we retain our concerns over the overall quantum of awards granted to the CEO and would prefer to see more than a single performance measure under the LTIP.

Shareholder Proposal Regarding Abolishing Inclusion and Diversity Program and Policies - against: The proponent has not provided sufficient disclosure to justify the removal of the company's diversity programs and policies.

Tyson Foods Inc

Elect Les R. Baledge - against: The nominee is not independent and serves on the Nominating Committee that lacks sufficient independence. Moreover, the nominee is a member of the E&S Committee, and the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss the aforementioned issues.

Elect Mike D. Beebe - against: The nominee is a member of the E&S Committee, and the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss the aforementioned issues.

Elect David J. Bronczek - against: The nominee serves as chair of the nominating committee and the Company has not disclosed a policy requiring women and minorities to be included in any new executive-level recruitment (Rooney Rule or equivalent). Moreover, the company maintains a multi-class share capital structure with unequal voting rights and has not provided a reasonable time-based sunset provision on the structure.

Finally, the nominee chairs the E&S Committee, and the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss the aforementioned issues.

Fund Voting

Notable votes

Tyson Foods Inc

Elect Maria N. Martinez - against: The nominee is a member of the E&S Committee, and the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss the aforementioned issues.

Elect Kate B. Quinn - against: The nominee is a member of the E&S Committee, and the company has not clearly disclosed its commitment to assess climate risks. We would welcome further engagement to discuss the aforementioned issues.

Visa Inc

Advisory Vote on Executive Compensation - against: There are long-standing concerns over the discretionary nature of the bonus plan, which can call into question the link between pay and performance. We would also prefer to see longer performance periods for performance share awards.

Elect Denise M. Morrison - against: The nominee serves as Chair of the Remuneration Committee, and we have long-standing concerns with remuneration at the company.

Shareholder proposal regarding mandatory director resignation policy - for: The adoption of this proposal would benefit shareholders by promoting board accountability and ensuring responsiveness to shareholder concerns.

Market commentary

Market review

The year kicked off with relative stability following a turbulent fourth quarter of 2024, with the global economy seeing modest growth and central banks easing monetary policy. As the quarter progressed, however, volatility became heightened, primarily due to elevated policy uncertainty in the US, with President Donald Trump pivoting away from Europe; the spectre of aggressive tit-for-tat tariffs; and Europe's fiscal regime change, led by Germany looking to alter decades of fiscal policy stability and ramp up spending.

The result of this uncertainty was global equity indices succumbing to weakness, led by the US market, which posted a torrid quarter as technology stocks experienced a dramatic sell-off following news of a new competitor in the AI industry: China's DeepSeek.

From a sector perspective, most of the unwind has happened in AI-related growth names. These companies face slowing rates of expansion, rising competition from China and were the most at risk from a downturn in sentiment given how well loved these stocks have been over the past two years. Consumer discretionary stocks also suffered from concerns that stubborn inflation and declining growth prospects would hit spending.

European and UK stocks fared much better, posting positive total returns for the three months. In Asia, markets were negatively affected by concerns about the effects of US tariffs and a potential trade war. During the fourth quarter, the MSCI World Growth Index posted a loss of 8.71% while the MSCI World Value Index posted a gain of 3.87%.

Most major central banks are running with interest rates above neutral, but increasingly not by much. If growth remains positive but unimpressive and if inflation reassures somewhat then central banks can continue to cut towards neutral. But stickier than expected inflation, substantial policy uncertainty, and rates being closer to neutral suggests that at least some slowing of the pace makes sense beyond just the US.

The price of WTI crude oil rose 0.87% over the quarter to \$71.71 a barrel, while copper futures rose 22.23% in US dollar terms.

Outlook

Investors have had to come to terms with an increasingly uncertain US policy backdrop. Related disruptions to global trade seem likely to weigh on growth in the US and beyond, though there are hopes that fiscal stimulus could provide something of a shield in economies like the euro area and China. And a few more rate cuts seem likely in major economies (except in Japan), albeit more gradual, careful ones. In the US, inflation outlook is uncertain enough that US rate hikes can't be ruled out either.

Within the US, growth concerns have become more pronounced. Investors had expected President Trump's rhetoric to exceed his actions, but this has not always been the case. For example, he threatened an additional hike to 50% on Aluminium imports on Canada the day 25% hike came into effect. Tariff announcements and negotiations are likely to continue dominating financial headlines in coming weeks and months.

We've also seen a growing rhetoric from various members of the Republican administration around being more focussed on the bond market than the equity market. Compared to Donald Trump's first term, where he led with tax cuts and de-regulation and later shifted to China and tariffs, the opposite is currently happening. The interest rate and inflation backdrop was very different in 2016.

Within Europe, the public humiliation of Ukraine's President Zelensky in the White House has been a catalyst to galvanise policy makers across Europe. While the policy focus has been on defence for now, the broader implications for fiscal spending could be a structural boost to European growth, which could benefit equities.

While there are still significant geopolitical and macroeconomic risks, we remain focused on using our established investment process to generate alpha through bottom-up stock picking. With this volatile background, we believe in our approach of diversifying the strategies across a broad range of companies from different sectors and stages of their Life Cycle. We continually hunt for superior shareholder wealth creating companies with undervalued long-term cash flows, which strongly drive and influence performance, rather than the prevailing winds of the macroeconomy, or factors such as growth and value styles being in vogue.

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

Disclaimers

Important information

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Issued in April 2025 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.

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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.

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

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.

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 March 2025

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	(3.11)	2.29	4.39	38.30	135.63	11.40	18.69
Fund (net)	(3.28)	1.93	3.65	35.34	127.31	10.60	17.84

Annualised (%)

Year on year performance (%)

	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022	31/03/2020 - 31/03/2021
Fund (gross)	4.39	25.34	5.70	18.86	43.34
Fund (net)	3.65	24.44	4.94	18.01	42.32

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 31 March 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.

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

Official Fund performance is shown on a mid-to-mid price basis, gross of fees and taxes, with gross income reinvested unless otherwise stated. Supplementary end of day performance has also been provided at fund level in order to show a comparison vs the benchmark which is also priced at end of day.

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.

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).