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Royal London UK Dividend Growth 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 UK Dividend Growth 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 growing income with some capital growth over the medium term (3-5 years) by investing at least 80% in the shares of medium-sized and larger UK companies listed on the London Stock Exchange. The Fund's performance target is to outperform, after the deduction of charges, the FTSE All-Share Total Return GBP Index (the "Index") over rolling 5-year periods. 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 Fund's performance, as the Fund's potential investments will predominantly be included in the Index. In addition to the benchmark for the Fund's performance as noted above (the "Index"), the IA UK All Companies sector is considered an appropriate benchmark for performance comparison.

Fund value

	Total £m
31 March 2025	1,171.30

Fund analytics

	Fund
Fund launch date	1 June 1981
Fund base currency	GBP
Benchmark	FTSE All Share (Total Return)
Number of holdings	56

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.47	4.51	(3.03)
1 Year	5.53	10.46	(4.93)
3 Years (p.a.)	5.50	7.21	(1.71)
5 Years (p.a.)	12.91	12.03	0.88
Since inception (p.a.)	5.57	4.97	0.60

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; Net performance; Since inception date of the share class is 15 May 2018.

Performance commentary

The fund underperformed the benchmark during the period under review.

Not holding shares in Rolls Royce and having an underexposure to BAE Systems relative to the benchmark were key headwinds to performance after defence stocks performed strongly on the news of significantly higher European defence spending. The holding in Clarkson was also a detractor, as the company accompanied a very strong set of full year results with some cautious comments on how current uncertainties are impacting shipping markets.

Performance and activity

Top 10 holdings

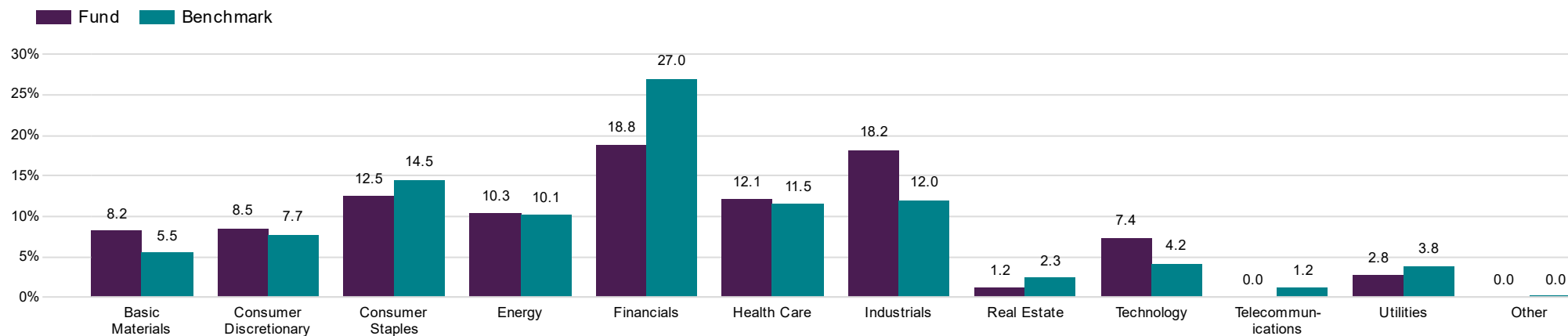
	Weighting (%)
SHELL PLC	7.21
ASTRAZENECA PLC	5.27
RELX PLC	4.78
BARCLAYS PLC	4.00
UNILEVER PLC	3.92
LLOYDS BANKING GROUP PLC	3.76
IMPERIAL BRANDS PLC	3.23
RIO TINTO PLC	3.12
BP PLC	2.97
GLAXOSMITHKLINE	2.83
Total	41.08

Fund activity

The main sales in the quarter were to exit the holdings in National Grid and Reckitt Benckiser. The most significant purchase was in HSBC. Holdings in Clarkson and Drax were trimmed early in the quarter before being rebuilt later in the quarter, at lower prices.

Fund breakdown

Sector weights



Fund Engagement

Engagement definition

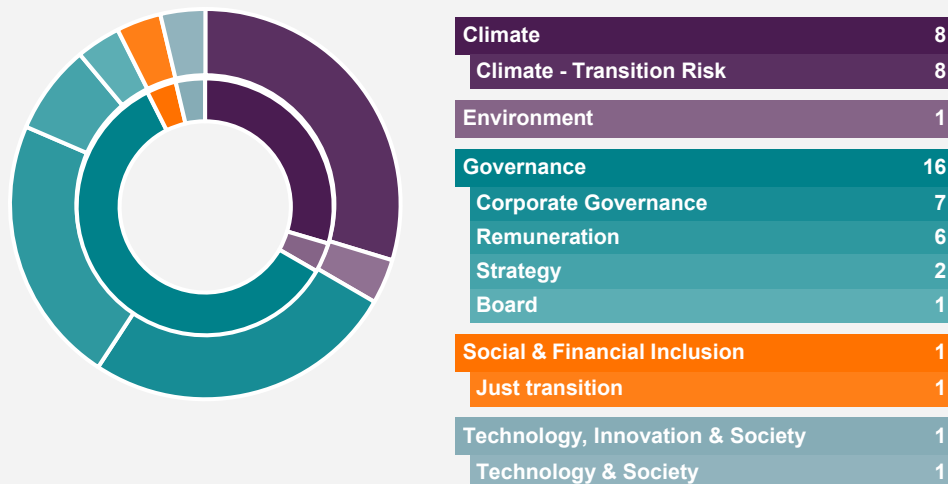
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence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

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	18	44
Number of engagements	24	141

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

Diageo Plc - Net zero

Purpose:

We met with the Head of Sustainability at Diageo, a beverage company, to provide feedback on its climate policy. During the meeting, we encouraged improvements in disclosures to ensure investors have a clear understanding of the company's climate plans.

Outcome:

Diageo has published elements of a strong climate plan and the company is actively seeking to enhance its approach. The company aims to use a sector-specific target-setting methodology and improve the measurement of supplier emissions. Diageo has demonstrated a strong approach to supplier engagement, with the Head of Sustainability actively contributing to and advocating for improved climate reporting standards. However, the plan currently lacks detail on the decarbonisation strategy and capital allocation needed to achieve its climate goals. We hope to see these areas addressed in the near future.

Rio Tinto Plc – Multi-thematic

Purpose:

We met with Rio Tinto, a mining company, to engage with the Chair on a shareholder proposal to review the dual listing structure, the company's approach to sexual harassment and its new climate transition plan.

Outcome:

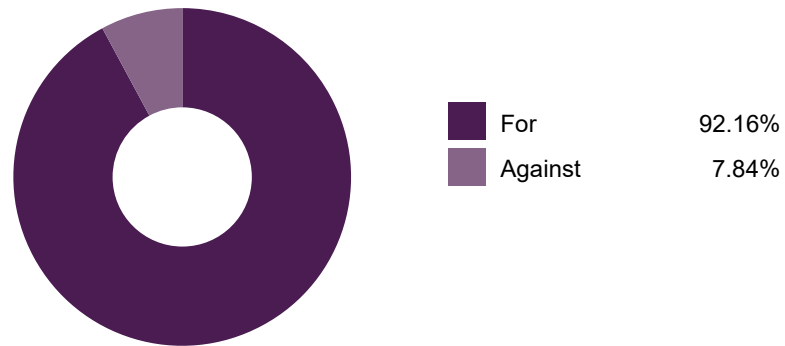
On climate, the company was asked to replicate its steelmaking decarbonisation approach for its bauxite and alumina value chain emissions, making timebound, measurable, and action-oriented commitments. The company responded favourably to this suggestion. Regarding Pilbara iron ores, the company acknowledged the transition risks posed by the shift to green steel and is collaborating with partners to find technological solutions.

We discussed the company's responsible mining policies and their effectiveness, particularly in relation to key transition metals and just transition issues.

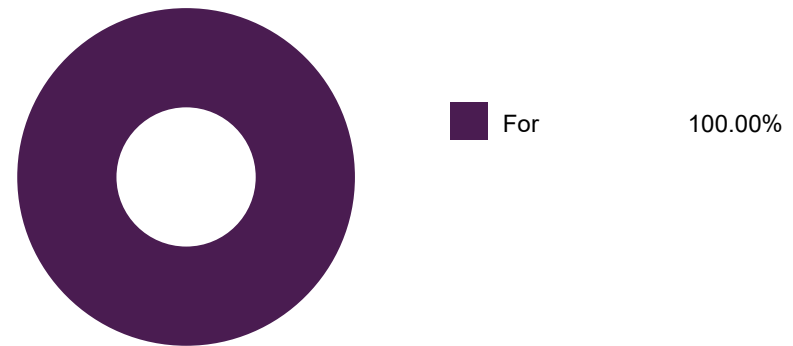
The new RemCo Chair intends to link workforce culture survey results to pay metrics and is seeking feedback on specific targets and measures. The meeting also addressed the early stages of the class action lawsuit concerning sexual harassment. The discussion underscored the company's commitment to transparency while balancing the legal risks associated with releasing the report. The court filings are not yet publicly available, and the next steps involve contacting women who worked between 2003 and the present to gather more information.

Fund Voting

Total proxy voting activity



Executive remuneration voting activity



Market commentary

The first quarter of 2025 proved to be volatile marked by political shifts that brought about a significant change in equity market leadership. US policy risk around tariffs has weighed on growth expectations and fanned stagflation fears, while an emboldened Europe has embarked on a fiscal spending path that has taken many by surprise in terms of its scale. A significant rotation in markets was evident, with US equities selling off in favour of more cyclical and value-oriented parts of the market, alongside notable momentum in defence-related companies. UK equities were no exception and delivered a positive return, outperforming many other regional markets.

An increasingly antagonistic stance from the Trump administration with regards to global trade seemingly leaves Europe no longer able to count on the US as a reliable trading partner let alone an ally. This appears to have galvanised policymakers on the continent. Germany's likely incoming coalition government opted to go for growth by removing its 'debt brake' to unlock spending on defence and a new €500bn infrastructure plan. This has triggered an even bigger policy response from the EU, following up with an €800bn defence fund for member states.

Closer to home investors had to wait until the end of March for the Chancellor's Spring Statement. Spending cuts worth £8.4bn were imposed to meet the government's own fiscal rules, while tax rises on employer National Insurance Contributions (NICs) are due to come into effect in April (at the same time as rises in the National Living Wage). It is expected that this will be inflationary as companies pass on costs in the form of higher prices to protect profit margins. It is unfortunate that UK fiscal tightening is taking place amid uncertainty around the global economy, but perhaps Germany's U-turn on its fiscal rules shows what could be possible.

This combination of volatile US trade dynamics and a divergence in fiscal policy has culminated in a fading of the widely held view around 'US exceptionalism.' Having had loose fiscal policy for the best part of a decade there is now bipartisan support in the US to reign in on spending, while Europe on the other hand is now turning on the taps and mobilising itself to unlock growth. This may be enough to reverse the wall of liquidity that has been finding its way towards US assets, and particularly its technology companies. For those that believe US exceptionalism lies in its innovation rather than being cyclical, even this thinking was dented earlier in January with the Chinese AI breakthrough coming from DeepSeek. It may not take much to prompt a significant re-rating of other parts of the market as we have seen in recent months.

Further Information

Please click on the links below for further information:



Find out more

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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

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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.

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)	1.65	(0.90)	6.28	19.96	90.18	6.25	13.71
Fund (net)	1.47	(1.25)	5.53	17.44	83.57	5.50	12.91

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)	6.28	12.35	0.46	11.97	41.58
Fund (net)	5.53	11.56	(0.24)	11.18	40.59

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 UK Dividend Growth Fund M 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.