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# **Royal London Asset Management**

**Equity Fund Commentary**

**30 November 2025**

# Fund Commentary

30 November 2025

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

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But they were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

The fund outperformed its benchmark during November, helped by strong stock selection. Google owner Alphabet was a strong performer. Within the healthcare sector, Eli Lilly and Merck also performed well.

We purchased three new stocks for the portfolio: 3i Group, Ferrari, and Hubbell. We took profits in Alphabet and Hoya, both of which had enjoyed a strong period of performance.

## Royal London Global Equity Diversified Fund (IRL)

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But they were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

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## Royal London Global Equity Income Fund

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But markets were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

The fund outperformed its benchmark during November, boosted by strong stock selection. Two pharmaceutical companies, Eli Lilly and Merck, were among the best performers. Google owner Alphabet also contributed strongly to performance after announcing strong results.

We exited positions in Reliance Steel and KB Financial and trimmed positions in a range of other holdings. The proceeds were used to start positions in Union Pacific Corp and PNC Financial Services.

# Equity

## Royal London Global Equity Select Fund

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But markets were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

The main contributors to performance included Google owner Alphabet, along with some more defensive stocks, such as Eli Lilly and Merck. Key detractors included 3i Group and Synopsis.

We made three new purchases for the portfolio: Intel, Corplay and Kinder Morgan. In order to fund these trades, we sold our positions in Wolters Kluwer and Constellation Software. These companies have rising competitive threats from AI.

## Royal London Global Equity Select Fund (IRL)

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But they were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

The main contributors to performance included Google owner Alphabet, along with some more defensive stocks, such as Eli Lilly and Merck. Key detractors included 3i Group and Synopsis.

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## Royal London Global Equity Transitions Fund

Global equities paused for breath in November, producing mixed results in response to strong corporate profits and hopes of an imminent US rate cut. But they were weighed down by concerns about the trajectory of technology-sector earnings. Some of the more defensive parts of the market, such as healthcare and communications services outperformed.

The fund outperformed its benchmark during November. Google owner Alphabet was a strong contributor to performance after announcing strong results. Eli Lilly performed well and is benefiting from strong momentum around its obesity drugs.

We continue to focus on enhancing the long-term Wealth Creation/valuation in the portfolio. The result is a highly idiosyncratic portfolio aiming to be Life Cycle balanced alongside identifying Improvers and Enablers aligned with our four Transitions themes.

# Equity

## Royal London UK Dividend Growth Fund

The UK equity market and corporate bonds were both up in November, albeit with a fair degree of volatility. There was lots of speculation about the Budget, although when this finally arrived it contained little that shocked the market. Other themes were weakness in defence stocks, as the US looked to broker a peace deal between Ukraine and Russia, and ongoing weakness in a number of stocks which are perceived as potential losers from the adoption of Artificial Intelligence.

The fund underperformed the benchmark in the month. The two main contributors to underperformance were the holdings in pharmaceutical company Hikma and defence company Chemring. Hikma was weak after guiding down its profit margin targets and Chemring fell in sympathy with the broader defence sector. During the month, the fund's most significant trades were to sell out of holdings in SSE and Tesco and started a new position in Marks & Spencer.

Geopolitics and the global economy remain very hard to predict but 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 fund performance to continue to be driven by the success of our hunting for undervalued long term cashflows.

## Royal London UK Equity Fund

UK equities crept higher in November. The main event of the month was the long-awaited government budget that was received smoothly by the markets, but not without volatility in the run up owing to a steady stream of intense speculation, policy rumours and U-turns.

The fund underperformed the benchmark in the month. 3i Group shares came under pressure after a trading update showed a slowdown in France for its main business - Action - a European discount retailer. Marks & Spencer shares were also weaker after expectations for a swift recovery from its recent cyber-attack were slightly dampened.

The fund started a new holding in ITV, where we anticipate value unlock as the group considers splitting itself up. We also topped up 3i Group on weakness and we continued to build positions in Informa and Istock. The fund modestly reduced its holding in Relx to manage risk in stocks perceived to be impacted by AI.

# Equity

## Royal London UK Equity Income Fund

The UK equity market and corporate bonds were both up in November, albeit with a fair degree of volatility. There was lots of speculation about the Budget, although when this finally arrived it contained little that shocked the market. Other themes were weakness in defence stocks, as the US looked to broker a peace deal between Ukraine and Russia, and ongoing weakness in a number of stocks which are perceived as potential losers from the adoption of Artificial Intelligence.

The fund underperformed the benchmark in the month. The fund benefitted from its holding in ITV, which rose after announcing talks to sell its broadcasting division to Comcast, but this gain was offset by the holding in Hikma, whose shares were weak after guiding down its profit margin targets. During the month, the fund added to existing holdings in Chemring, NewRiver Retail and Cranswick. Holdings in Astra Zeneca, Drax, BP and Spirax Sarco were reduced.

Geopolitics and the global economy remain very hard to predict but 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 fund performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

## Royal London UK Growth Trust

UK equities crept higher in November. The main event of the month was the long-awaited government budget that was received smoothly by the markets, but not without volatility in the run up owing to a steady stream of intense speculation, policy rumours and U-turns. Other themes were weakness in defence stocks as the US looked to broker a peace deal between Ukraine and Russia, and ongoing concerns for a number of technology companies around the potential for disruption from Artificial Intelligence.

The trust lagged the benchmark over the month. The main negatives were from a sector standpoint, notably the underweight to the healthcare sector as sentiment towards the US regulatory environment has improved, along with the overweight to industrials. 3i Group shares came under pressure after a trading update showed a slowdown in France for its main business - Action - a European discount retailer. Marks & Spencer shares were also weaker after expectations for a swift recovery from its recent cyber-attack were slightly dampened. Partially offsetting this was strong performance from UK banks, which has very much been a consistent theme for 2025. Our holding in SSE also jumped to a record high after outlining a new major investment plan to upgrade UK electricity networks.

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.

# Equity

## Royal London UK Income With Growth Trust

The UK equity market and corporate bonds were both up in November, albeit with a fair degree of volatility. There was lots of speculation about the Budget, although when this finally arrived it contained little that shocked the market. Other themes were weakness in defence stocks, as the US looked to broker a peace deal between Ukraine and Russia, and ongoing weakness in a number of stocks which are perceived as potential losers from the adoption of Artificial Intelligence.

The fund outperformed the benchmark in the month. Asset allocation had little impact, and the outperformance was driven by the equity portfolio outpacing the index. Key contributors were the holdings in ITV and SSE and also not holding 3i. ITV shares were strong on news that they are in talks with Comcast to sell their TV broadcast business and SSE rose after announcing an equity placing, anticipation of which had previously weighed on the share price. 3i shares fell sharply after announcing that its discount retail business, Action, was trading less well in France than had been forecast.

Geopolitics and the global economy remain very hard to predict but 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 fund performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

## Royal London UK Mid Cap Growth Fund

Rachel Reeves delivered her long-awaited Budget in November. This delivered the expected tax rises and increased spending, while maintaining fiscal headroom. The market on the day was relatively muted, as most key policy changes had been trailed ahead of the event. One area of surprise was the increased business rates burden on hospitality companies. The fund returned -0.2% in November, underperforming the FTSE 250 ex IT benchmark but outperforming the broader IA UK All Companies peer group. Stock selection in the consumer discretionary sector contributed positively.

Games Workshop was a positive after delivering impressive interim results, with core revenues growing mid-teens despite lapping a record prior year. ICG's interim results were also solid, with fee earning AuM and fundraising ahead of analysts' forecasts.

Chemring's shares fell along with the broader Defence sector following headlines about the latest attempt by the US to broker a Russia-Ukraine peace deal. The company did however release a trading update in the month, highlighting further growth in its record order book. Beazley was also a negative, as management announced they would invest to \$500m into their Bermuda platform thereby reducing the likelihood of another large share buyback. The fund started new positions in Tate & Lyle and Mitchells & Butlers, which partly funded by the disposal of Hilton Food Group.

# Equity

## Royal London UK Smaller Companies Fund

Rachel Reeves delivered her long-awaited Budget in November. This delivered the expected tax rises and increased spending, while maintaining fiscal headroom. The market on the day was relatively muted, as most key policy changes had been trailed ahead of the event. One area of surprise was the increased business rates burden on hospitality companies. The fund saw a negative return in November, underperforming the FTSE Small Cap ex IT benchmark. Stock selection in the consumer discretionary and information technology sectors contributed positively, whilst stock selection in industrials detracted.

The largest contributors came from poorly performing benchmark stocks not held in the portfolio. Evoke suffered as new gambling taxes were announced in the Budget, Tullow Oil as concerns grew about debt refinancing, and Crest Nicholson who issued a negative trading update. Of the companies held in the fund, XPS was a positive as interim results highlighted sustained organic growth across all divisions, and Genus shares rallied after management upgraded earnings expectations due to strong trading in its Porcine division.

Cohort shares fell along with defence sector peers following headlines about the latest attempt by the US to broker a Russia-Ukraine peace deal. Serica Energy was a detractor after they were blocked from proceeding with their previously announced deal to acquire UK North Sea assets (including a stake in the Culzean field) from BP. This was after a pre-emption clause was exercised by a third party.

# Disclaimers

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## Important information

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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.