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Royal London UK Equity Income Fund

Quarterly Investment Report

30 September 2025

ROYAL LONDON
ASSET MANAGEMENT

Quarterly Report

The fund as at 30 September 2025

The purpose of this report is to provide an update on the Royal London UK 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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ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund's investment objective is to achieve a total return (combination of capital growth and income) over the medium term (3-5 years) by investing at least 50% in the shares of 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 3-year periods. The Fund also aims to produce an income in excess of the Index's income over rolling 3-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 Equity Income sector is considered to be an appropriate benchmark for performance comparison.

Fund value

	Total £m
30 September 2025	1,145.85

Fund analytics

	Fund
Fund launch date	11 April 1984
Fund base currency	GBP
Benchmark	FTSE All-Share Index (Total Return, GBP)
Number of holdings	49

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	4.10	6.87	(2.77)
YTD	16.09	16.58	(0.50)
1 Year	13.08	16.17	(3.09)
3 Years (p.a.)	16.52	14.45	2.07
5 Years (p.a.)	14.80	12.98	1.82
10 Years (p.a.)	8.72	8.11	0.60
Since inception (p.a.)	9.97	7.27	2.71

Past performance is not a guarantee or reliable indicator of future returns. 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 5 November 2010.

Performance commentary

The fund underperformed the benchmark during the period under review but outperformed the peer group.

Not holding Rolls Royce was the largest detractor from relative performance, as defence related stocks continued to be strong. Holdings in Hikma, Marshalls and WH Smiths were also detractors after the companies downgraded their earnings expectations.

Performance and activity

Top 10 holdings

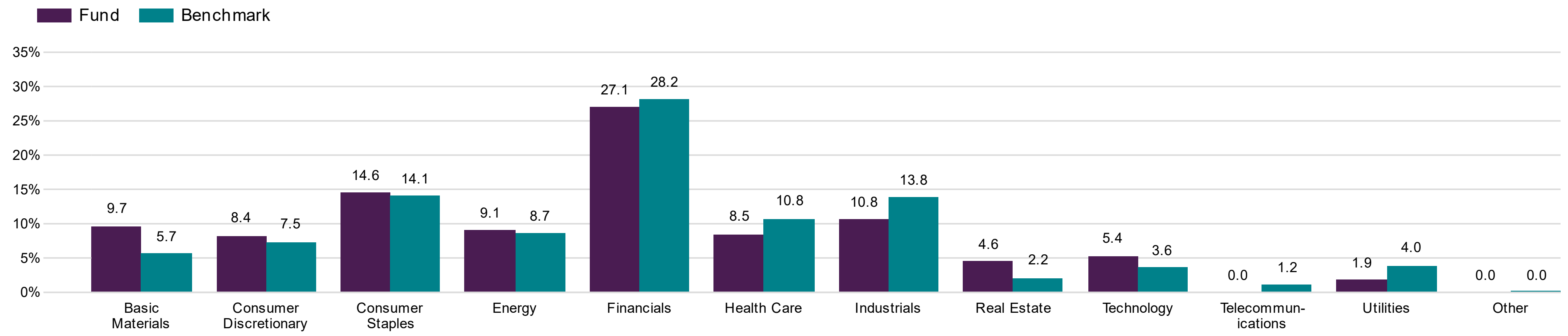
	Weighting (%)
SHELL PLC	6.25
HSBC HOLDINGS PLC	4.30
BRITISH AMERICAN TOBACCO	3.93
RELX PLC	3.85
UNILEVER PLC	3.81
ASTRAZENECA PLC	3.63
AVIVA PLC	3.56
IMPERIAL BRANDS PLC	3.01
INFORMA PLC	2.88
GLAXOSMITHKLINE	2.73
Total	**37.96**

Fund activity

The largest transactions in the quarter were to sell the holding in Spectris, into the bid for the company. The position in Investec was also reduced. The fund continued to add to its relatively new holding in the drinks company Diageo, into share price weakness and also significantly increased its holding in the chemicals company Croda.

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.

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.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	23	41
Number of engagements	39	124

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

Biodiversity	3
Climate	11
Climate - Transition Risk	9
Climate - Physical Risk	2
Diversity	1
Gender Diversity	1
Environment	2
Governance	22
Corporate Governance	16
Board	2
Remuneration	2
Strategy	2
Social & Financial Inclusion	14
Just transition	8
Labour & Human Rights	5
Social & Financial inclusion	1
Technology, Innovation & Society	3
Technology & Society	2
Cybersecurity	1
Other	1

The numbers of engagements and themes/topics discussed may differ where a single engagement covers multiple themes/topics.

Fund Engagement

Engagement outcomes

BP Plc - Multi-thematic

Purpose:

This meeting was our first interaction with BP PLC, a global energy company, under the strategic engagement programme, covering various material issues beyond climate concerns. The meeting aimed to understand how BP is balancing traditional energy and renewables, embedding anti-corruption frameworks, improving safety culture, and managing pollution prevention and community engagement.

Outcome:

BP outlined its evolving strategy in response to global events, with a renewed focus on capital allocation and performance across oil, gas and renewables. Recent leadership changes, including a new Chair and CEO, are shaping strategic direction, supported by ongoing portfolio and cost reviews.

The company continues to strengthen ethical business practices through mandatory training, whistleblower protections, and anti-corruption policies. In 2024, 251 employee separations were linked to non-compliance with its Code of Conduct. Safety remains a top priority, with lessons from incidents like the Husky Toledo refinery fire driving improvements in emergency response and safety culture.

Environmental risk management is supported by digital platforms such as LENS, which track incidents and share learnings. BP is focused on designing out pollution risks and engaging with communities through liaison officers. Future engagement will monitor progress on strategic delivery, ethical conduct, safety performance, and environmental stewardship.

DCC Plc - Just adaptation

Purpose:

The meeting focused on DCC PLC, an international sales, marketing and support services group, exploring its exposure to physical climate risks, current adaptation plans and introducing the emerging concept of just adaptation. We aimed to assess whether the company's existing activities already reflect just adaptation principles and to begin a dialogue on how stakeholder impacts could be more explicitly integrated into future planning.

Outcome:

DCC has completed a comprehensive physical climate risk assessment across 100 strategically important sites using the Standard and Poor's Climanomics tool, finding no material risks at the group level. The company recognises the limitations of climate modelling and the need to strengthen its adaptation approach, particularly as evolving regulations such as the Corporate Sustainability Reporting Directive (CSRD) will require more detailed disclosures.

DCC has begun implementing adaptation measures to protect workers from extreme heat at a site in France including through nature-based solutions, such as planting shade trees to lower ambient temperatures. The company acknowledges the need for a more structured framework and metrics to guide future efforts. Stakeholder engagement is embedded in operations, and the company sees value in developing a formal just adaptation policy to address stakeholder impacts.

RLAM shared adaptation guidance from the Transition Plan Taskforce (TPT) and Accelerate Climate Transition (ACT) to support further development of DCC's approach.

Fund Engagement

Engagement outcomes

Drax Group Plc - Net zero

Purpose:

The purpose of our engagement with Drax Group PLC, an energy company, was to provide feedback on its recently published climate transition plan and to offer positive feedback on the clarity improvements that we have seen in its disclosure. We also took the opportunity to highlight areas for further improvement and to learn more about the company's overall sustainability strategy.

Outcome:

Drax provided valuable insight into its climate strategy, including how climate emissions are integrated into pay decisions and the models and assumptions used in scenario analysis. The updated strategy reflects a systems-based approach, strengthened governance and a focus on double materiality, looking at how sustainability issues affect the financial performance (financial materiality), but also on how its activities impact people, the environment, and society (impact materiality). The company is considering a 'say on climate vote' and is progressing towards its 2040 net zero target. Scenario analysis is focused on 1.5°C pathways, and the company is 71 per cent aligned with the European Union taxonomy while supporting the development of a United Kingdom green taxonomy.

We welcomed the updated climate transition plan and learned more about the three-pillar strategy of climate positive, nature positive and people positive, alongside a commitment to transparency in biomass sourcing through the development of a biomass tracker. Drax is progressing nature action plans aligned with the Taskforce on Nature related Financial Disclosures (TNFD) and is considering adoption of Science Based Targets for Nature (SBTN). The company remains on track for Scope 3 emissions and is working to secure credible third-party data for social impact reporting.

Next steps include a further call to discuss the three-pillar strategy and how Drax is addressing the climate nature nexus and its trade-offs. We also offered expertise on the just transition and will continue monitoring through our Net Zero Stewardship Programme. Our investment teams have also discussed the Cruachan pump storage hydroelectric plant role in grid stability and learning about its ability to generate electricity during peak demand and pump water uphill using surplus wind power. We also shared views on Drax's broader capital allocation, FlexGen strategy, and the regulatory challenges facing biomass and pellet production.

Imperial Brands Plc - Just nature

Purpose:

The meeting was convened to engage with Imperial Brands PLC, a global tobacco company, on its approach to just nature, and to understand what initiatives the company is already undertaking in this area. The discussion spanned workers, supply chains, communities, and consumers, with a particular emphasis on how fairness is being embedded across the supply chain. The engagement aimed to raise awareness of the just nature concept, surface existing efforts, and encourage stronger management of indirect supply chain impacts.

Outcome:

Imperial Brands PLC has made encouraging progress in integrating sustainability into its operations. The company has embedded climate key performance indicators into supplier contracts and plans to expand these to include nature related metrics, while mandating environmental harm reporting. Deforestation risk is actively considered in sourcing decisions, and governance has been strengthened by separating the leaf sustainability team from commercial operations. Although farmer support is viewed as the responsibility of suppliers, Imperial Brands facilitates sustainability transitions through education programmes, improved fertiliser and irrigation practices, and regular farm visits by field technicians to monitor environmental and social risks. These visits currently prioritise larger suppliers, with the expectation that learnings will cascade through the supply chain.

The company is committed to ensuring no farmers are left behind as technologies evolve and is exploring crop transition education to support generational shifts in farming. Imperial Brands acknowledges the complexity of land rights, particularly in regions with weak regulation, and conducts regular reviews of land ownership under frameworks such as the European Union Deforestation Regulation. While it does not directly engage with indigenous communities, supplier oversight indirectly affects them. Next steps include providing feedback on the company's climate transition plan, which will incorporate biodiversity considerations.

Fund Engagement

Engagement outcomes

Shell Plc - Multi-thematic

Purpose:

This meeting was our first interaction with Shell PLC, a global energy company, under the strategic engagement programme, covering various material issues beyond climate concerns. Our strategic engagement programme delivers structured, outcome-focused dialogue with companies where we hold significant cross-asset positions, aiming to address material ESG risks and opportunities. RLAM sought to understand Shell's environmental risk management, water stewardship, labour practices, and business ethics. Key topics included legacy liabilities in the Niger Delta, water management, supply chain labour rights, health and safety, and anti-bribery controls.

Outcome:

Shell provided detailed responses on its management of environmental liabilities in Nigeria, including financial provisions and lessons learned from the divestment of onshore assets. The company outlined its approach to remediation, compensation and ongoing stakeholder engagement, noting that outcome-based metrics and community feedback are increasingly integrated into risk mitigation strategies. On water stewardship, Shell has reduced freshwater consumption in high stress areas by 36 per cent, exceeding its 2025 target of 15 per cent reduction. The company has completed 18 water stewardship assessments and prioritises site level risk management, community engagement and governance processes aligned with the Corporate Sustainability Reporting Directive.

Labour practices were discussed in detail, with Shell highlighting enhanced value chain due diligence, contract clauses for suppliers and subcontractors and multiple grievance channels. The company described continuous improvement efforts, including linking executive compensation to safety performance and learning from severe incidents. On ethics and compliance, Shell's governance framework includes board oversight, dedicated whistleblowing hotlines and regular audits of high-risk suppliers. Shell emphasised its commitment to transparency, continuous improvement and stakeholder engagement. Next steps include continued dialogue on best practice disclosures, sharing examples with Shell's teams and monitoring progress on remediation, water stewardship, labour rights and ethics controls. We will continue to engage with Shell on climate issues in our Net Zero Stewardship Programme.

Market commentary

Market review

It was a positive three months for financial markets, buoyed by expectations for interest rate cuts in the US and a broadly resilient global economy despite the previous imposition of tariffs. Commodities also posted strong gains, most notably precious metals, as investors increasingly demand hard assets as a hedge against a weaker US dollar.

UK equities rose to an all-time high against this backdrop, perhaps serving a reminder that the fortunes of the market are not closely tied to that of the underlying economy. There was something of a cyclical shape to the market over the period, as seen by a very strong rally in the mining sector, while industrials also outperformed. Aerospace and defence companies continued to move higher, reflecting a strong outlook for European defence budgets. A weaker British pound also aided companies in sectors with a high degree of international earnings.

Corporate activity remains a theme that is alive and well in the UK market. In September, mining conglomerate Anglo American announced the proposal of a large-scale $53bn 'merger of equals' with Canadian copper miner Teck Resources that would create one of the world's largest copper producers. This underscores a growing desire among the sector to acquire copper assets given its importance in electrification. Elsewhere, shareholder returns in the form of dividends and share buybacks remained a support to the market.

Outlook

While an improved global backdrop has been supportive for equity markets, the domestic outlook remains somewhat subdued; consumers and businesses alike must wait late into November for the Chancellor to deliver a budget that is widely expected to further increase the UK tax burden. This is something of an overhang for the UK economy in what is normally a seasonally important period of trading. While clearly this presents risks of a slowdown in the final quarter of the year, and nobody knows for sure what the upcoming budget will contain, anything that falls short of the worst-case scenarios set out by various commentators may restore some confidence going into the new year.

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 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 30 September 2025

Cumulative (%) / Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	4.10	13.28	13.08	58.28	99.50	16.52	14.80
Fund (net)	3.91	12.87	12.27	54.91	92.47	15.69	13.98

Year on year performance (%)

	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021
Fund (gross)	13.08	17.53	19.10	(5.07)	32.77
Fund (net)	12.27	16.69	18.25	(5.75)	31.82

Past performance is not a guarantee or reliable indicator of future returns. 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 September 2025. All figures are mid-price to mid-price for the Royal London UK Equity Income Fund M Inc GBP share class.

Glossary

Efficient Portfolio Management (EPM) techniques

The Fund may engage in EPM techniques including holdings of derivative instruments. The use of these instruments may expose the Fund to volatile investment returns and increase the volatility of the net asset value of the Fund. EPM techniques may involve the Fund entering into transactions with counterparties where there may be a risk of counterparty default. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Number of holdings

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

Performance

The Fund price is taken at mid-day using swing prices where applicable, while the index performance is priced at close of business. Significant intra-day market movements at the start or end of the day may therefore distort comparisons.

Pricing

The Fund's price may swing to bid or offer to protect existing investors from the costs associated with buying or selling the fund's underlying assets when other investors are entering or leaving the fund. Performance is based on this pricing.

Rolling 3-year period

A rolling 3-year period is any period of three years, no matter which day you start on.

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.

Total return

A total return is a combination of capital growth and income. Capital growth is defined as the rise in an investment's value over time and income as the payment an investment generates, such as dividends or bond coupons.