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Royal London Asset Management

Equity Fund Commentary

31 August 2026

Fund Commentary

31 August 2026

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 delivered a solid August, with the MSCI World index producing positive returns in sterling terms. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

The fund delivered another strong return, which was driven by a broad range of holdings rather than any single theme or sector, highlighting the benefits of the fund's diversified approach. Key contributors included Recruit, which continues to benefit from the increasing use of AI within its digital recruitment platform and has been one of the more notable beneficiaries of the evolving AI investment theme, and Halozyme, which delivered another set of strong earnings.

It was a busy month within the portfolio, as we rightsized positions following some strong moves. In addition, we added some new names, including Bloom Energy, Hermes, Seagate Technology and SSE.

Royal London Global Equity Diversified Fund (IRL)

Global equities delivered a solid August, with the MSCI World index producing positive returns in sterling terms. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

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It was a busy month within the portfolio, as we rightsized positions following some strong moves. In addition, we added some new names, including Bloom Energy, Hermes, Seagate Technology and SSE.

Royal London Global Equity Income Fund

Global equities delivered a solid August, with the MSCI World index producing positive returns in sterling terms. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

The fund outperformed its benchmark during August. Holdings in the financial sector were among the strongest contributors, led by FactSet, due to easing concerns about AI disruption. In healthcare, Merck performed strongly following encouraging drug developments. Qualcomm and Micron also delivered positive returns.

Looking ahead, investors will focus on forthcoming central bank meetings and labour market data for further indications of the path of monetary policy. The next round of corporate earnings will also be important in determining whether recent earnings momentum can be sustained into the final quarter of the year.

Equity

Royal London Global Equity Select Fund

Global equities delivered a solid August, with the MSCI World index producing positive returns in sterling terms. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

The fund outperformed its benchmark during August, further extending the outperformance so far this year. Earnings from our holdings in Halozyme Therapeutics and CACI were well ahead of market expectations and contributed significantly to performance during the month. On the downside, Steel Dynamics was the most significant detractor as the US reconsidered its stance on tariffs with Canada.

Transactions have been focused on changing prices and expectations within the Slowing & Maturing cohort, although we also took advantage of the rotation out of AI to introduce an underappreciated beneficiary of the capex demand. We sold CACI following a significant rerating and also trimmed some Halozyme to an appropriate position size given the nature of the biotech industry. We used the proceeds to buy Meta Platforms and Seagate Technology.

Royal London Global Equity Select Fund (IRL)

Global equities delivered a solid August, with the MSCI World index producing positive returns. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

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Royal London Global Equity Transitions Fund

Global equities delivered a solid August, with the MSCI World index producing positive returns. Markets were supported by resilient economic growth and another robust earnings season. Although investors continued to debate the path of interest rates, elevated valuations and the durability of the AI investment cycle, they largely looked through the macroeconomic uncertainty. The market's gains were spread beyond the largest technology stocks.

The fund outperformed its benchmark during August. The key contributor to performance was our holding in Recruit where our Compounding investment thesis has played out, that their digital recruitment platforms (e.g. Indeed) are benefiting from AI. Halozyme was a positive contributor to performance following strong earnings. On the downside, Steel Dynamics was weaker due to uncertainties around the tariff regime in the US.

We took profits in names such as Recruit and Halozyme and recycled this into resilient Compounders with now more attractive valuations. We also built up our position in Anglo American and reduced our position in UnitedHealth Group following a recovery in the share price and consequently valuation.

Equity

Royal London UK Dividend Growth Fund

UK equities delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The fund underperformed the benchmark and the peer group over the month. Detractors included Imperial Brands following reports of a major cost-cutting programme in the US and Europe (despite this being very much part of the group strategy) and Prudential, which fell on reports that Chinese authorities have imposed tax levies on offshore Hong Kong insurance policies that have historically been an attractive source of growth. This was partially offset by stock selection within industrials, with M&A once again a positive feature as Bodycote attracted a bid from two private equity suitors in what is now a competitive situation. Elsewhere our holding in specialty chemicals group Croda contributed positively on the back of improving earnings momentum.

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 delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The fund underperformed the benchmark over the month. Detractors included Prudential and Burberry. Prudential fell on reports that Chinese authorities have imposed tax levies on offshore Hong Kong insurance policies that have historically been an attractive source of growth. Burberry underperformed amid a wider sell-off in the luxury sector, driven by concern over deteriorating consumer demand. Positive contributors included Savills, which reported better-than-expected results despite mixed market conditions, and Glencore, which benefited from strength in commodity prices.

Key activity over the month included exiting the holding in Segro following the recommended takeover bid, while we also sold our holding in Rentokil in full due to growing concerns about competitive disruption in the US pest control market. Tesco was likewise exited on valuation grounds. Proceeds from these sales were used to initiate new positions in several UK mid-cap stocks, including industrial thread manufacturer Coats, food producer Cranswick, online trading platform IG Group, shipping broker Clarkson, and residential REIT Grainger.

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 Equity Income Fund

UK equities delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The fund underperformed the benchmark and the peer group over the month. Detractors included Imperial Brands following reports of a major cost-cutting programme in the US and Europe (despite this being very much part of the group strategy) and Prudential, which fell on reports that Chinese authorities have imposed tax levies on offshore Hong Kong insurance policies that have historically been an attractive source of growth. This was offset by strong share price performance from specialty chemicals group Croda on the back of improving earnings momentum, along with a strong recovery in software company Sage Group with easing concerns around the potential disruption from AI.

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 delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The Trust underperformed the benchmark and the peer group over the month. Detractors included Imperial Brands following reports of a major cost-cutting programme in the US and Europe (despite this being very much part of the group strategy) and Prudential, which fell on reports that Chinese authorities have imposed tax levies on offshore Hong Kong insurance policies that have historically been an attractive source of growth. This was partially offset by stock selection within industrials, most notably Volex, as the shares jumped after the company upgraded its full-year profit outlook.

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

UK equities delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The fund underperformed the benchmark over the month, with the equity portfolio trailing the index the main driver. BAT was the main detractor, as a large US dollar earner. The main activity was to reduce the equity position in the chemicals company Croda and to start a new holding in Vesuvius, a business that supplies materials to extreme manufacturing environments such as steel works.

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

UK equities delivered modest gains in August against a backdrop of rising central bank interest rate expectations and US dollar weakness, reflecting broad concerns about the persistency of inflation and the US fiscal trajectory. The announcement from the US Treasury that it would increase repurchases of long-term government securities – in an attempt to stem rising borrowing costs – was taken as a negative signal for the US dollar and precious metals rallied as investors rotated into hard assets.

The fund underperformed the benchmark over the month. Detractors relative to the index included GB Group as it lowered its revenue growth guidance for the full year, and Trainline which fell following news that the CMA were investigating its presentation of booking fees. Not holding precious metal miner Hochschild was also a detractor to relative performance as precious metals prices rose during the month, though this was offset by the fund's position in Pan African Resources which equally benefited from this dynamic. Bodycote was another contributor as it was revealed that it had received bids from two private equity firms.

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.

Disclaimers

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RL Global Equity Diversified, RL Global Equity Income Fund, RL Global Equity Select, RL UK Dividend Growth, RL UK Equity, RL UK Equity Income, RL UK Mid-Cap Growth:

The Funds are sub-Funds 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.

RL Global Equity Diversified (IRL), RL Global Equity Select Fund (IRL), RL Global Equity Transitions Fund:

Notice for UK Investors

The Fund is recognised in the UK under the Overseas Fund Regime (OFR) but is not a UK authorised Fund and is not authorised by the Financial Conduct Authority (FCA). It is therefore not subject to the same regulatory oversight as UK authorised Funds and is not required to adhere to the UK sustainable investment labelling disclosure requirements. Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available. Investors are strongly encouraged to seek independent financial advice before making any investment decisions.

The Fund is a sub-Fund of Royal London Asset Management Funds plc, which is an umbrella Fund with segregated liability between sub-Funds. As a consequence, the holdings of one sub-Fund are kept separate from the holdings of other sub-Funds and your investment in the Fund cannot be used to pay the liabilities of any other sub-Fund. Investors may exchange their shares in the Fund for shares in other sub-Funds of Royal London Asset Management Funds plc.

The Prospectus and Key Investor Information Document (KIID) are available in English. A summary of investor rights is also available in English. RLAM may terminate the arrangements made for marketing of the Fund pursuant to Article 93a of Directive 2009/65/EC.

RL UK Growth Trust and RL UK Income With Growth Trust:

The Trusts are authorised unit Trust schemes. 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.

Disclaimers

Important information

For more information on the Funds 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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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

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.