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Royal London Asset Management

Equity Fund Commentary

28 February 2026

Fund Commentary

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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 low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during February, benefiting from strong stock selection. Samsung Electronics, TSMC, and Vertiv were standout contributors to performance. On the downside, the largest detractors were Alphabet, Booking Holdings and Amazon.

We recently took the opportunity to trim some of the portfolio's strong performers, including South Korean bank KB Financial, Canadian gold minder Agnico Eagle, and Steel Dynamics. Key additions to the portfolio were Hubbell, Itochu and Royalty Pharma.

Royal London Global Equity Diversified Fund (IRL)

Global equities delivered low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during February, benefiting from strong stock selection. Samsung Electronics, TSMC, and BHP were the standout contributors to performance. On the downside, the main detractors were Alphabet, Amazon and Microsoft.

The portfolio remains highly diversified, with balanced exposures across regions, sectors, and the Corporate Life Cycle. There remains a modest overweight to Slowing & Maturing companies, where we see the greatest opportunity for positive mean reversion, and a corresponding underweight to Compounding names.

Royal London Global Equity Income Fund

Global equities delivered low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during February. Stock selection was the main driver of performance, though the Fund also benefited from its overweight position in consumer staples and industrials stocks. Samsung and TSMC were among the main outperformers.

During February we initiated positions in BASF, Royalty Pharma and RELX. We exited the positions in Kenvue and L'Oreal.

Equity

Royal London Global Equity Select Fund

Global equities delivered low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during the month, boosted by strong stock selection, particularly among AI-related names. Contributors included Vertiv Holdings, which develops digital infrastructure and communications networks.

We recently took the opportunity to trim some of the portfolio's strong performers, including South Korean bank KB Financial, Canadian gold minder Agnico Eagle, and Steel Dynamics. Key additions to the portfolio were Hubbell, Itochu and Royalty Pharma.

Royal London Global Equity Select Fund (IRL)

Global equities delivered low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during the month, boosted by strong stock selection, particularly among AI-related names. Contributors included Vertiv Holdings, which develops digital infrastructure and communications networks.

We recently took the opportunity to trim some of the portfolio's strong performers, including South Korean bank KB Financial, Canadian gold minder Agnico Eagle, and Steel Dynamics. Key additions to the portfolio were Hubbell, Itochu and Royalty Pharma.

Royal London Global Equity Transitions Fund

Global equities delivered low-single-digit gains in sterling terms during February. Investors were encouraged by a backdrop of gradually slowing, but still positive, economic growth, easing inflation, and signs that monetary policy was becoming slightly less restrictive. Investors rotated away from mega-cap technology leaders toward a broader mix of sectors, including cyclicals and defensives.

The Fund outperformed its benchmark index during February, which was the result of strong stock selection. Samsung and TSMC delivered another month of strong returns. On the downside, our e-commerce holdings in Alibaba, Amazon and MercadoLibre were headwinds to performance.

We continue to focus on enhancing the long-term wealth creation and valuation in the portfolio. The result is a highly idiosyncratic portfolio aiming to be balanced across the Corporate Life Cycle, while identifying improvers and enablers aligned with our four transitions themes.

Equity

Royal London UK Dividend Growth Fund

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. Larger companies performed better than smaller ones, with the FTSE-100 posting stronger gains than the FTSE-250.

The Fund underperformed the benchmark and peers in the month, placing in the third quartile within its peer group. Key detractors were holdings in Johnson Matthey, where a deal to sell off one of their businesses was renegotiated to a lower price by the buyer; and Hikma, who downgraded earnings expectations. Additionally, though the Fund holds HSBC, Astra Zeneca and Rolls Royce, it does so at lower weightings than the benchmark, and as those stocks were strong that was a detractor from performance relative to the benchmark. The main trades were to exit the holding in Howden, whose shares were strong on results and to add to positions in RELX, Experian, Informa and Unite.

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

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. Larger companies performed better than smaller ones, with the FTSE-100 posting stronger gains than the FTSE-250.

The Fund underperformed the benchmark in the month, but outpaced peers placing in the second quartile within its peer group. Key detractors included Prudential and St James's Place, both affected by market concerns about the potential impact of AI on financial advisors. Another detractor was Johnson Matthey, where a deal to sell one of their businesses was renegotiated to a lower price by the buyer. Howden was a key positive contributor after reporting better than expected results and announcing a new share buyback programme. Tesco was also a positive contributor, recovering strongly from its soft Christmas results.

Two new positions were initiated during the month: RS Group, a global distributor of industrial products and service solutions, and Rightmove, the online property portal. The Fund exited its holdings in Sage, preferring to reinvest in Relx which we believe has a stronger moat against AI disruption. Ahead of its re-listing in the US, we exited Ashtead and also reduced Lloyds on valuation grounds. 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

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries and data. Meanwhile, software stocks - perceived as being susceptible to disruption by AI - were weak. Larger companies performed better than smaller ones, with the FTSE-100 posting stronger gains than the FTSE-250.

The Fund underperformed the benchmark and peers in the month, placing in the third quartile within its peer group. Key detractors were holdings in Informa and Sage, which were down on AI worries; Johnson Matthey, where a deal to sell off one of their businesses was renegotiated to a lower price by the buyer; and Hikma, who downgraded earnings expectations. The main transactions in the month were to trim holdings in Imperial Brands, Shell, Nat West and Sainsbury and buy shares in Experian and RELX, which were weak on AI sentiment.

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

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. Larger companies performed better than smaller ones, with the FTSE-100 posting stronger gains compared to the FTSE-250.

The Trust underperformed the benchmark in the month, but outpaced peers placing in the second quartile within its peer group. Key detractors included Prudential and St James's Place, both affected by market concerns about the potential impact of AI on financial advisors. Another detractor was Johnson Matthey, where a deal to sell one of their businesses was renegotiated to a lower price by the buyer. Howden was a key positive contributor after reporting better than expected results and announcing a new share buyback programme. Tesco was also a positive contributor, recovering strongly from its soft Christmas results.

Three new positions were initiated during the month: RS Group, a global distributor of industrial products and service solutions; Mitie, a facilities management and consulting business; and Hikma, a generics pharmaceutical company. The Trust exited its holdings in Sage, preferring to reinvest in Relx which we believe has a stronger moat against AI disruption. It also exited Intermediate Capital Group, and ahead of its planned US re-listing, trimmed its stake in Ashtead. On valuation grounds, we reduced our position in banks, most notably in Lloyds. 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 rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. Larger companies performed better than smaller ones, with the FTSE-100 posting stronger gains than the FTSE-250. Corporate bonds also rose, but were not as strong as equities.

The Fund underperformed the benchmark in the month. With bonds weaker than equities, asset allocation was a drag, but the equity portfolio did rise less than the benchmark. Key detractors were Johnson Matthey, where a deal to sell off one of their businesses was renegotiated to a lower price by the buyer and Hikma, who downgraded earnings expectations. The main transactions in the month were to trim equity holdings in Marks & Spencer, Unilever, Rio Tinto and Glaxo SmithKline, to start a new holding in Aviva and to add to existing positions in RELX and Unite.

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

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. The Fund returned 1.0% in February, underperforming the FTSE 250 ex IT benchmark.

A broad range of industrial holdings contributed positively as the market rotated into businesses which have limited risk to AI disruption. Beazley was also a notable contributor, with its shares performing strongly amid increasing speculation that Zurich would make a firm offer. Pan African Resources was the largest relative detractor during the month. We have, however, started a position in the business as part of the repositioning of the Fund to increase commodity exposure in the portfolio and to reflect our positive view of the company's investment case. IntegraFin, held within the Fund, was a detractor as the market grew concerned about the potential impact of AI on its business.

During the month, we began repositioning the Fund by increasing exposure to Mature and Turnaround companies within the corporate lifecycle to improve alignment with the index composition and reduce the style tilt. We also reduced exposure to off benchmark holdings and broadened the sector exposure of the Fund. New positions were started in Currys, Investec, Chesnara and WPP, and existing holdings in ICG, Diploma, IMI and Games Workshop were either reduced or sold.

Equity

Royal London UK Smaller Companies Fund

The UK equity market rose in February, with themes seen in January continuing – defence, oil and metals continued to be strong on geopolitical worries. Meanwhile, data and software stocks - perceived as being susceptible to disruption by AI - were weak. The Fund returned -2.2% in February, underperforming the FTSE Small Cap ex IT benchmark.

Gooch & Housego contributed positively, with its trading update highlighting positive order momentum and improving end market conditions. Serica Energy also performed well, supported by higher oil prices and speculation that the Treasury was considering removing the windfall tax on North Sea oil and gas producers.

A number of the Fund's holdings, including Fintel, GlobalData and Alfa Financial Software, were weaker during the month amid concerns around potential AI disruption to their business models. EnQuest, which is not held, detracted from the relative performance of the Fund as its shares benefited from similar dynamics to Serica Energy. The company also announced a transaction to settle all future contingent considerations for one of its oilfields, alongside a solid production update.

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 and RL UK Smaller Companies:

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 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 Enhanced Fund, 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.