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Royal London Asset Management

Equity Fund Commentary

31 January 2026

Fund Commentary

31 January 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 made a steady start to the year as investors' attention remained focused on the path of disinflation, the timing of policy easing, and the resilience of economic activity. Markets were supported by expectations that major central banks will cut rates again.

Holdings in Micron, SK Hynix and Samsung Electronics again performed well, as the AI-linked demand for memory continued to surge, benefitting all three. On the negative side, the most significant detractor was not owning ASML. However, we have plenty of AI exposure in the fund along various parts of the supply chain, but this is one that got away.

Investors' focus in coming weeks will be on the next round of central bank meetings and whether policymakers signal greater confidence about the inflation outlook. Earnings season will continue to shape market leadership, especially in areas where expectations have risen.

Royal London Global Equity Diversified Fund (IRL)

Global equities made a steady start to the year as investors' attention remained focused on the path of disinflation, the timing of policy easing, and the resilience of economic activity. Markets were supported by expectations that major central banks will cut rates again.

Holdings in Micron, SK Hynix and Samsung Electronics again performed well, as the AI-linked demand for memory continued to surge, benefitting all three. On the negative side, the most significant detractor was not owning ASML. However, we have plenty of AI exposure in the fund along various parts of the supply chain, but this is one that got away.

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Royal London Global Equity Income Fund

Global equities made a steady start to the year as investors' attention remained focused on the path of disinflation, the timing of policy easing, and the resilience of economic activity. Markets were supported by expectations that major central banks will cut rates again.

Holdings in the information technology sector contributed significantly to performance during the month. Micron and Samsung carried their strong performance in 2025 into the first month of this year, supported by further tightening of the semiconductor memory market. Shares in BE Semiconductor and Ebara, two equipment suppliers to the semiconductor market, also benefited.

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Equity

Royal London Global Equity Select Fund

Global equities made a steady start to the year as investors' attention remained focused on the path of disinflation, the timing of policy easing, and the resilience of economic activity. Markets were supported by expectations that major central banks will cut rates again.

The fund made a positive start to the year. AI-related names started the year where they left off in 2025, with tools maker ASM International, leading fab chip manufacturer TSMC), and data centre energy management firm Vertiv all contributing. Detractors included Visa, Ferrari and Microsoft.

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Royal London Global Equity Select Fund (IRL)

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The fund made a positive start to the year. AI-related names started the year where they left off in 2025, with tools maker ASM International, leading fab chip manufacturer TSMC), and data centre energy management firm Vertiv all contributing. Detractors included Visa, Ferrari and Microsoft.

Investors' focus in coming weeks will be on the next round of central bank meetings and whether policymakers signal greater confidence about the inflation outlook. Earnings season will continue to shape market leadership, especially in areas where expectations have risen.

Royal London Global Equity Transitions Fund

Global equities made a steady start to the year as investors' attention remained focused on the path of disinflation, the timing of policy easing, and the resilience of economic activity. Markets were supported by expectations that major central banks will cut rates again.

The fund outperformed during January. One of the key contributors to performance was the position in Samsung, which is linked to further tightening of the semiconductor memory market. A range of technology holdings were also positive contributors, including Alibaba, TSMC, Analog Devices and Intel. Detractors included some of the more defensive holdings including vertical software provider Topicus and Microsoft, which was linked to AI disruption fears.

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 rose in January, against a backdrop of extremely volatile international markets. Defence stocks were strong following some aggressive comments from Donald Trump about his desire to control Greenland. Those comments also weighed on the US dollar and boosted precious metals prices to be strong, buoying the mining sector. Miners were also driven up by the announcement of a possible mega-merger between Rio Tinto and Glencore.

The fund underperformed the benchmark and peers in the month. Holdings in RELX and Sage were weak on AI disruption concerns, although this was partly offset by not holding Experian. ICG was also a detractor. The main trades in the month were to add to the holding in HSBC along with buying into the cohort of stocks seen as being AI losers, starting a new holding in Experian and adding to RELX, London Stock Exchange and Sage. It is worth noting that Sage and Experian both announced trading results in the month and continue to exhibit good growth.

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 lifecycle stages is the correct one, and will allow fund performance to be driven by the success of our hunting for undervalued long term cashflows.

Royal London UK Equity Fund

January marked a positive start to the year for UK equities, yet beneath the surface it was a month of heightened volatility with geopolitical risks and AI developments capturing the attention of investors. The US operation to remove the Venezuelan president followed by Donald Trump's threats to take over Greenland prompted further gains for precious metals and commodities, driving strong performance for the mining sector and defence stocks.

The fund underperformed the benchmark and peers in the month. The biggest detractor to performance was the holding in information services business Experian which came under pressure from market concerns around the risk of disruption from AI competitors. Tesco was also a detractor after reporting softer than expected Christmas trading. In contrast, Marks & Spencer was a notable positive contributor after an encouraging trading update confirming a growing recovery following the impact of last year's cyber-attack. Defence contractor Babcock was also strong on geopolitical tensions.

The fund initiated a new holding in IMI, an attractively valued specialist engineering company, and trimmed positions in Standard Chartered and Tesco after good performance. 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 January, against a backdrop of extremely volatile international markets. Corporate bonds also produced positive returns, but lagged equities. Defence stocks were strong following some aggressive comments from Donald Trump about his desire to control Greenland. Those comments also weighed on the US dollar and boosted precious metals prices, buoying the mining sector. Miners were also driven up by the announcement of a possible mega-merger between Rio Tinto and Glencore.

The fund underperformed the benchmark in the month, with asset allocation the key factor (as bonds trailed equities). The equity portion of the fund was ahead of the benchmark helped by holdings in Marks & Spencer, Clarkson and Inchcape. The main trades in the month were to trim equity holdings in Rio Tinto and Drax, exit SSE and start new holdings in Experian and Currys. We also added to the holding in Dunelm. The fund increased its allocation to corporate bond holdings.

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 be driven by the success of our hunting for undervalued long term cashflows.

Royal London UK Growth Trust

January marked a positive start to the year for UK equities, yet beneath the surface it was a month of heightened volatility with geopolitical risks and AI developments capturing the attention of investors. The US operation to remove the Venezuelan president followed by Donald Trump's threats to take over Greenland prompted further gains for precious metals and commodities, driving strong performance for the mining sector and defence stocks.

The Trust lagged the benchmark and the peer group over the month. The biggest detractor to performance were holdings in information services businesses Experian, London Stock Exchange, and RELX, all of which were under pressure from market concerns around the risk of disruption from AI competitors. Holdings in Glencore and Rio Tinto both performed strongly after the announcement of a possible mega-merger between the two businesses, although the lack of exposure to the mining sector more broadly contributed to the Trust's underperformance. Marks & Spencer was a notable positive contributor after an encouraging trading update confirming a growing recovery following the impact of last year's cyber-attack.

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 potential for growth in cash flows.

Equity

Royal London UK Income With Growth Trust

The UK equity market rose in January, against a backdrop of extremely volatile international markets. Corporate bonds also produced positive returns, but lagged equities. Defence stocks were strong following some aggressive comments from Donald Trump about his desire to control Greenland. Those comments also weighed on the US dollar and boosted precious metals prices, buoying the mining sector. Miners were also driven up by the announcement of a possible mega-merger between Rio Tinto and Glencore.

The fund underperformed the benchmark in the month, with asset allocation the key factor (as bonds trailed equities). The equity portion of the fund was ahead of the benchmark helped by holdings in Marks & Spencer, Clarkson and Inchcape. The main trades in the month were to trim equity holdings in Rio Tinto and Drax, exit SSE and start new holdings in Experian and Currys. We also added to the holding in Dunelm. The fund increased its allocation to corporate bond holdings.

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

January 2026 was marked by heightened geopolitical tensions; US military action in Venezuela, widespread protests in Iran, US threats to Greenland and proposed US tariffs on Europe, and an investigation into the Federal Reserve Chair - all of which fuelled periods of risk off sentiment. Commodities were very strong, with energy, industrial metals and precious metals strengthening largely due to geopolitical risks, increased demand for safe haven assets and US dollar weakness. There was also fresh M&A interest in several UK companies, with Beazley, Pinewood Technologies, Kitwave and Auction Technology Group receiving bids.

Beazley was a significant contributor following news that Zurich had made several bids to acquire the Lloyds insurer. Genus delivered a positive trading update, driven by strong performance in its Porcine division. The company also announced that the Canadian regulators had approved the PRRS Resistant Pig. ICG's shares were weak as the market remained concerned about private assets. ICG did however deliver a relatively positive trading update with fee earning AUM in line with expectations and fundraising ahead. Dunelm was another detractor as it delivered a weaker than expected second quarter trading update as a result of a tough external environment and availability issues.

The fund started a new position in Softcat which was funded by the disposal of Bytes Technology Group.

Equity

Royal London UK Smaller Companies Fund

January 2026 was marked by heightened geopolitical tensions; US military action in Venezuela, widespread protests in Iran, US threats to Greenland and proposed US tariffs on Europe, and a criminal investigation into the Federal Reserve Chair - all of which fuelled periods of risk off sentiment. There was also fresh M&A interest in several UK companies, with Beazley, Pinewood Technologies, Kitwave and Auction Technology Group receiving bids.

Cohort was a notable contributor, with its shares rebounding following a sell off during the prior month. The company also announced a major UK contract win, which helps underpin revenue for the current financial year. Genus delivered a positive trading update, driven by strong performance in its Porcine division. The company also announced that the Canadian regulators had approved the PRRS Resistant Pig. XP Power and Pinewood Technologies, both not held in the fund, were detractors to relative performance. XP Power performed strongly following a positive trading statement and a positive read-across in the semiconductor market from TSMC. Pinewood's shares were strong after it confirmed it was in talks with Apax regarding a possible offer. Pinewood was previously held in the fund and we exited in the second half of 2025 at a price similar to the offer price. For the companies held in the fund, Craneware detracted after a trading update revealed a small slowdown in revenue growth, largely driven by a US district court's decision to pause a healthcare pilot programme.

The fund disposed of its position in Raspberry Pi following concerns about the valuation of the shares and the impact of higher input prices on near-term margins. The proceeds were largely used to build the holding of Mears Group.

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 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 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:

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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.