

For professional clients only, not suitable for retail clients. This is a marketing communication.



Royal London UK Equity Fund

Quarterly Investment Report

31 March 2026

Quarterly Report

The fund as at 31 March 2026

The purpose of this report is to provide an update on the Royal London UK Equity 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.

Contents

The fund	3
Performance and activity	4
Fund breakdown	6
ESG	7
Market commentary	11
Further information	12
Disclaimers	13
Performance net and gross	15
Glossary	16

The fund

Fund performance objective and benchmark

The Fund aims to provide a return greater than that of the FTSE® All-Share Total Return GBP Index over rolling 5-year periods, through capital growth, after the deduction of charges. The Index has been selected as a target benchmark because it is representative of the type of companies in which the Fund invests, and it is therefore an appropriate measure for the Fund's performance. Management of the Fund is not restricted by this target benchmark and the Fund does not base its investment process upon the Index. As a result, the Fund can invest in companies that are not part of the Index. The performance comparator for the Fund is the IA UK All Companies sector (the "IA Sector").

Fund value

	Total £m
31 March 2026	938.84

Fund analytics

	Fund
Fund launch date	11 April 1984
Fund base currency	GBP
Benchmark	FTSE All-Share Index (Total Return, GBP)
Number of holdings	65

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.65	2.41	(0.76)
1 Year	19.55	21.54	(1.98)
3 Years (p.a.)	11.73	13.32	(1.59)
5 Years (p.a.)	10.79	11.10	(0.31)
10 Years (p.a.)	8.46	8.67	(0.21)
Since inception (p.a.)	7.93	8.12	(0.19)

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. The impact of fees reduces your investment. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on M Acc GBP. Source: Royal London Asset Management; Net performance; Since inception date of the share class is 1 May 2012.

Performance commentary

The fund lagged the benchmark but outperformed the peer group average, placing in the second quartile over the quarter.

Detractors to performance included 3i Group, the majority owner of Action – a major European retailer – which came under renewed pressure following their trading statement owing to a tough consumer environment in France and a generally cautious outlook. A gloomy domestic outlook also weighed heavily on UK housebuilders, including Persimmon, with rising mortgage rates set to weigh on affordability and dent hopes for a volume led recovery in 2026. Holdings in Experian and Sage came under pronounced share price pressure as concerns that AI technology could prove to be disruptive to their business models as providers of data and analytics tools to businesses, although this remains to be seen for now in their financial performance. Finally, after a strong performance in 2025 and facing heightened global growth risks from the conflict in the Middle East, Asian exposed financials Standard Chartered and Prudential underperformed.

Positive contributors included BP, which was very strong on the back of higher oil prices, while other perceived beneficiaries of energy market disruption included Glencore and Centrica. BAE Systems was also a perceived beneficiary of heightened military action and outperformed. Finally, Diploma was a key positive contributor after an encouraging trading update where the company raised profit guidance for the forthcoming year.

Performance and activity

Top 10 holdings

	Weighting (%)
HSBC HOLDINGS PLC	7.29
ASTRAZENECA PLC	7.20
SHELL PLC	7.09
BP PLC	3.98
ROLLS-ROYCE HOLDINGS PLC	3.26
UNILEVER PLC	3.04
RIO TINTO PLC	2.74
BAE SYSTEMS PLC	2.74
GLAXOSMITHKLINE	2.70
GLENCORE PLC	2.68
Total	42.73

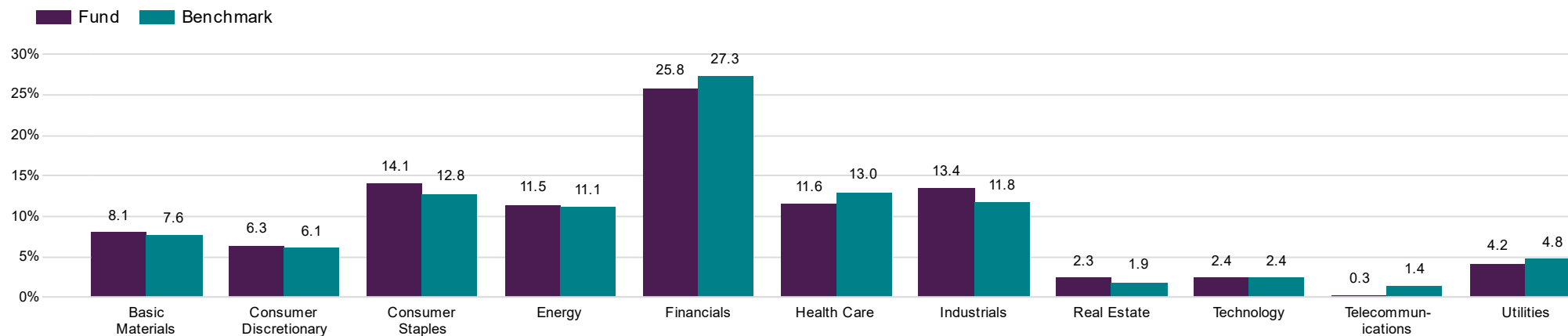
Fund activity

Most of the activity over the quarter took place early, with less trading in March following the outbreak of war in the Middle East. This was largely related to moderating exposure towards banks after a sustained period of outperformance in recent years, to the extent that valuations are now less attractive at a time of increased risks for the global economy. In particular, the holding in Lloyds was reduced but some profits were also taken in Standard Chartered and HSBC.

The fund exited Sage, preferring to reinvest in Relx and new holding Rightmove which have a stronger moat against AI disruption. Ahead of its re-listing in the US, we also exited Ashtead. The proceeds of these sales were predominately directed towards new holdings IMI and RS Group, both attractively valued industrial companies, as well as increasing holdings in BP and British American Tobacco

Fund breakdown

Sector weights



Fund Engagement

Engagement definition

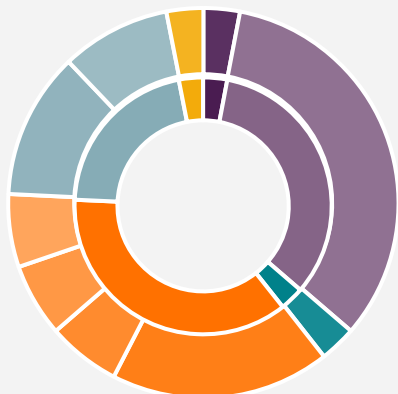
Engagement is active dialogue with investee companies (or other entities). There are two types: engagement for information, which is dialogue as part of investment research or ongoing monitoring, without specific objectives for change, and engagement for change, which is purposeful dialogue to influence positive change, with defined objectives and demonstrable outcomes.

Engagements

Engagement activity	Fund 3 months	Fund 12 months
Number of entities engaged	18	54
Number of engagements	26	155

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	1	Technology, Innovation & Society	1
Climate	11	Technology & Society	1
Climate - Transition Risk	11		
Environment	1		
Governance	12		
Corporate Governance	6		
Board	2		
Remuneration	2		
Strategy	2		
Social & Financial Inclusion	7		
Just transition	4		
Labour & Human Rights	3		

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.

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

Fund Engagement

Engagement outcomes

Anglo American PLC – Net Zero

Purpose:

Anglo American PLC, a mining company, was engaged to understand how it approaches the management of downstream Scope² emissions, which represent most of its carbon footprint. We explored the company's view of what constitutes a credible transition plan for mining companies' downstream emissions, particularly those linked to steelmaking, and how such an approach could support transition finance.

Outcome:

Anglo American shared that it had introduced a new downstream Scope² emissions target covering steelmaking emissions from its iron ore products. It also highlighted the role of its higher-grade iron ores in enabling lower-carbon steel production. The company noted that assessing the credibility of transition plans ultimately sits with investors, but the new target represents a clear step forward in addressing its largest source of emissions.

Barclays PLC – Just Transition

Purpose:

We engaged with Barclays PLC, a UK-listed bank, to gain clarity on how social dimensions, such as workforce impact and community vitality are being reflected in its climate transition planning.

Outcome:

Barclays now recognises the importance of just transition and has begun embedding social factors into its internal frameworks and sector strategies. While specific tools are still emerging, the bank has shared early examples of social considerations being incorporated into new product frameworks and just transition is a component of its Transition Finance Framework, e.g., targeted support to ensure that impacted communities benefit from the low-carbon energy transition. Barclays acknowledged that more consistent, measurable application of these principles is required across its business.

RELX PLC – Sustainable and Ethical AI

Purpose:

RELX PLC, an information and analytics company, was engaged to discuss its approach to ethical and sustainable AI, with a particular focus on governance, customer due diligence for sensitive use cases (including government contracts), safeguards against misuse, and emerging environmental impacts of AI. The engagement sought to understand how responsible AI principles are operationalised across the business, how human rights risks are assessed, and how oversight is exercised at senior and board level, in line with our expectations on responsible and ethical AI.

Outcome:

The engagement provided greater insight into RELX's responsible AI governance, including a combination of senior-level oversight and distributed operational responsibility across teams, as well as ongoing updates to its responsible AI principles. The company described training, due diligence processes, and technical safeguards, and outlined emerging work on human rights impact assessments and AI-related emissions accounting. However, concerns remain around customer due diligence outcomes, measures to ensure products are not misused, and public disclosure of how AI-related risks are managed in practice. We will continue engagement to seek clearer evidence of how these risks are identified, mitigated and overseen, and to encourage alignment with evolving best practice on responsible AI governance, human rights due diligence, and sustainable AI.

Fund Engagement

Engagement outcomes

Shell PLC – Net Zero

Purpose:

We engaged Shell PLC, an energy company, as part of RLAM's Net Zero Stewardship Programme to gain clarity on its climate strategy and key priorities ahead of the company's 2026 Annual General Meeting.

Outcome:

Shell provided clear responses to questions on our engagement priorities and appeared receptive to suggestions made. We welcomed the additional disclosures the company had published on liquefied natural gas (LNG) following investor requests and discussed its upcoming AGM and a shareholder resolution filed by 'Follow This'. Shell expressed confidence in meeting its 2030 climate targets while continuing a modest growth in LNG and oil production and outlined its approach to new exploration and low-carbon investment. We communicated our desire for the reintroduction of a mid-term Scope 3 emissions target in its 2027 energy transition strategy, noting that the company expressed reluctance to 'take ownership' of Scope 3 emissions. We encouraged the company to provide greater clarity on its approach to emissions offsets, including timing, scale and quality. Shell agreed to follow up on the calculations behind recent asset divestments and to continue dialogue as its strategy evolves.

Unilever – Nature

Purpose:

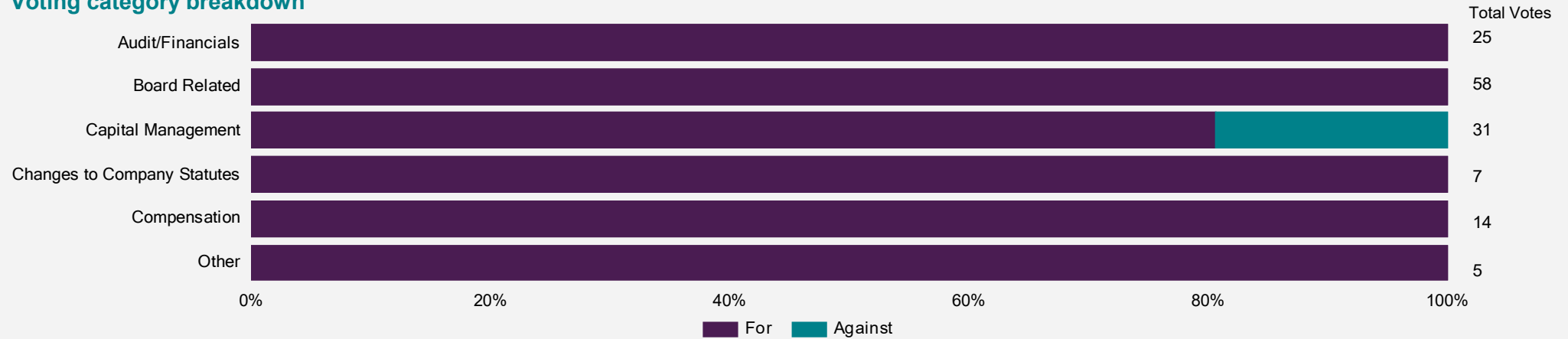
Unilever PLC, a consumer goods company, shared information on how it identifies and manages nature- and climate-related risks across its operations and supply chains. The information focused on areas where nature impacts are most material, including regenerative agriculture, deforestation-free sourcing and water stewardship.

Outcome:

Unilever outlined how its sustainability commitments are being translated into action through programmes focused on landscape protection, regenerative agriculture and water stewardship. The company described progress in scaling regenerative farming practices and using basin-level water risk assessments to inform sourcing and product innovation, including the development of water-efficient products. It also acknowledged that measuring and reporting outcomes remains an evolving area, with more robust data expected over the coming years. We will endeavour to continue engagement to monitor progress, encourage clearer disclosure on outcomes and methodologies, and assess how nature-related risks are reflected in longer-term planning.

Fund Voting

Voting category breakdown



Notable votes

Diploma Plc

Authority to Issue Shares w/o Preemptive Rights - against:

We voted against due to concerns regarding potential dilution, particularly when considered alongside related issuance authorities.

Authority to Issue Shares w/o Preemptive Rights (Specified Capital Investment) - against:

We voted against for the same reason, reflecting cumulative dilution risk.

Market commentary

Market review

Investors have had to contend with significant bouts of volatility in the first quarter of 2026 ranging from US policy risks, the flare up of geopolitical events, and growing fears around AI adoption as a force for disruption. Policy shocks from the US administration – specifically trade tariffs, questions around fiscal sustainability and interventions in Federal Reserve independence – prompted a rotation away from US dollar assets at the start of the year. Commodity prices, most notably precious metals, rallied strongly as a hedge against a weaker dollar and geopolitical tensions, providing a boon to the mining sector.

Having started the year strongly against this backdrop, UK equities came under pressure later in the quarter following the outbreak of war in the Middle East, with direct US intervention being met with escalation from Iran. Oil and gas prices surged following attacks on key infrastructure assets, in addition to the effective closure of the Strait of Hormuz that will further restrict the flow of supply from the region. This raised market concerns about renewed inflationary pressures, scuppering previous expectations of interest rate cuts and driving bond yields higher.

Alongside these macro currents, investors have become increasingly concerned with AI disruption risks for a wide range of sectors, prompting share price weakness among technology companies in the UK. While developments are fast-evolving, investor fears broadly amount to the extent to which future value will accrue to owners of data or whether they will lose out to competing AI platforms. High profile product launches, most notably from Anthropic, triggered declines across software, data and information services, and even extended in professional services such as insurance and wealth management.

Against the backdrop of war, energy stocks dominated market returns over the quarter while consumer facing sectors came under pressure as households face yet another inflationary shock in 2026. In a market also seeking refuge from AI disruption risk, market rotation towards capital-intensive industries with tangible asset backing was evident, with sectors such as energy, materials, utilities and telecoms outperforming.

Outlook

Looking forward, there is a high degree of uncertainty around the conflict in the Middle East with a wide range of potential outcomes. While markets have gone some way to pricing in the risks to global growth and inflation, it is still the expectation that there will be some form of de-escalation and resolution in the coming weeks as opposed to a long, protracted conflict in the region, which is not in the interests of the key actors. The challenge for investors is that the market implications from either scenario are likely to vary significantly and with the outlook uncertain, broad diversification against inflation and growth risks need to be considered. That said, even if there was a resolution tomorrow there is a new reality that investors and companies will have to adapt to. It arguably further reinforces the market environment we have experienced following the pandemic and the war in Ukraine – one that reflects a more inflationary world and with the benefits of a 'peace dividend' and globalisation firmly behind us.

In the UK the domestic outlook is increasingly gloomy with households and businesses facing renewed inflationary pressures and interest rate cuts from the Bank of England. In fact, market expectations point to two interest rate hikes this year. This could well be an overly cautious view exhibited by the bond market, as interest rate rises will do little to ease pressures from what is an external supply shock. Demand conditions are also generally more subdued and labour markets less tight than in the period following the pandemic. However, market expectations themselves will likely act as a brake on growth as credit costs work their way through the economy.

As we often highlight, it is worth noting that the fortunes of the UK equity market are not closely tied to the economy, such is its international make up. That said, significant share price underperformance from domestically sensitive parts of the market suggests, in our view, that recessionary risks are somewhat priced in. While the timing of recovery is not possible to predict, any ceasefire of the conflict in Iran could see a very strong rebound in a number of sectors and companies that have been punished over the last quarter. Offsetting some of these headwinds are the factors that buoyed the UK in 2025 – high levels of mergers and acquisitions amid a market with a well-diversified sector mix and attractive valuations.

Further Information

Please click on the links below for further information:



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.

Disclaimers

Important information

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls and written communications may be recorded and monitored. For further information please see the Privacy Policy at www.rlam.com.

Issued in April 2026 by Royal London Asset Management Limited, 80 Fenchurch Street, London EC3M 4BY. Authorised and regulated by the Financial Conduct Authority, firm reference number 141665. A subsidiary of The Royal London Mutual Insurance Society Limited.

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.

FTSE indexes and data are an intellectual property of FTSE International Limited ("FTSE"). "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE under licence. The Index is calculated by FTSE or its agent.

FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

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.

Performance to 31 March 2026

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	1.82	8.19	20.35	42.33	72.64	12.47	11.53
Fund (net)	1.65	7.83	19.55	39.51	66.97	11.73	10.79

Year on year performance (%)

	31/03/2025 - 31/03/2026	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022
Fund (gross)	20.35	9.15	8.34	4.50	16.07
Fund (net)	19.55	8.43	7.62	3.81	15.30

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. The impact of fees reduces your investment.

Source: RLAM as at 31 March 2026. All figures are mid-price to mid-price for the Royal London UK Equity Fund M Acc 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 5-Year Period

A rolling 5-year period is any period of five 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.