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Royal London UK Mid Cap Growth 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 Mid Cap Growth 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

Fund performance objective and benchmark

The Fund aims to provide a return greater than that of the FTSE® 250 ex-IT (Investment Trust) Total Return GBP Index (the "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.

Fund value

	Total £m
31 March 2026	338.98

Fund analytics

	Fund
Fund launch date	1 June 2006
Fund base currency	GBP
Benchmark	FTSE 250 (ex-Investment Trusts) Index (Total Return, GBP)
Number of holdings	67

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	(6.40)	(5.69)	(0.71)
1 Year	1.68	12.51	(10.83)
3 Years (p.a.)	2.73	7.50	(4.78)
5 Years (p.a.)	(0.48)	2.72	(3.20)
10 Years (p.a.)	3.68	4.69	(1.01)
Since inception (p.a.)	4.23	4.86	(0.64)

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 Z Acc GBP. Source: Royal London Asset Management; Net performance; Since inception date of the share class is 6 May 2014.

Performance commentary

During the first quarter of 2026, the fund slightly underperformed the FTSE 250 ex Investment Trusts Index.

Bellway was a detractor from relative performance. The company's interim results were poorly received as it lowered its outlook for margins due to ongoing build cost inflation and increased use of sales incentives. The shares also weakened as concerns grew that escalation in the Middle East conflict would lead to higher interest rates and hence softer demand for new homes. GlobalData was another detractor as investors focused on the potential for AI to disrupt its business model. ICG was weak amid negative sentiment towards private markets. Pan African Resources, which wasn't held for a reasonable proportion of the quarter, strengthened largely due to higher precious metal prices. A position was started in the company in the second half of February as part of the fund's repositioning (detailed below) to increase commodity exposure and to reflect our positive view of the investment case.

Beazley was a significant contributor following the announcement that Zurich Insurance Group would acquire the company. The cash proposal valued Beazley at approximately a 60% premium to the undisturbed share price. IMI contributed to relative performance after delivering a solid set of full-year results which included strong growth in its Process Automation division and a £500m share buyback. WPP also contributed to relative performance as its shares were weak as its guidance for the coming year fell short of expectations and following continued concerns about the impact that AI will have on advertising agencies. Homebuilders Vistry and Taylor Wimpey, which were not held, also weakened over the period amid a more uncertain outlook for the sector. Vistry's share price decline also reflected concerns around its balance sheet and debt position.

Performance and activity

Top 10 holdings

	Weighting (%)
ROTORK PLC	3.28
COATS GROUP PLC	3.01
AJ BELL PLC	3.00
HILL AND SMITH PLC	2.80
INTEGRAFIN HOLDINGS	2.73
CRANSWICK PLC	2.72
SHAFTESBURY CAPITAL PLC	2.45
PARAGON BANKING GROUP PLC	2.39
BODYCOTE PLC	2.35
SAFESTORE HOLDINGS PLC	2.35
Total	**27.09**

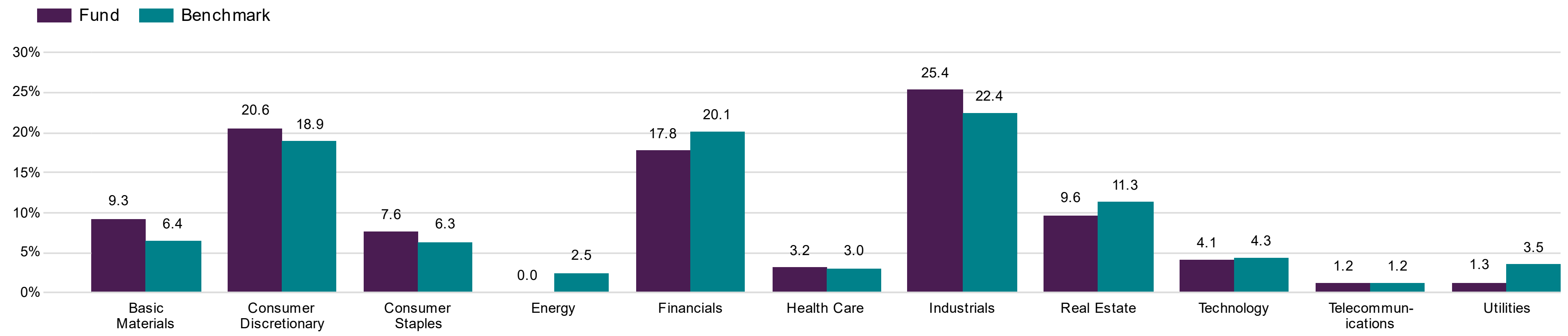
Fund activity

Following the change in fund manager, the fund's investment approach will be run with a more balanced exposure across sectors and the corporate lifecycle. We believe this approach will allow performance to be driven more by the success of our hunting for undervalued long-term cashflows than by the prevailing winds of the macroeconomy, or factors such as growth or value styles being in vogue.

As part of the restructuring of the fund, we have increased exposure to Mature and Turnaround companies within the corporate lifecycle, reduced exposure to off-benchmark holdings and broadened the sector exposure. As a result, 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. Additional portfolio activity included the sale of Beazley following the bid, as well as the initiation of new positions in Hikma and EasyJet and a reduction in IG Group following the index changes.

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	9	46
Number of engagements	10	71

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

Governance	13
Corporate Governance	11
Remuneration	2

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

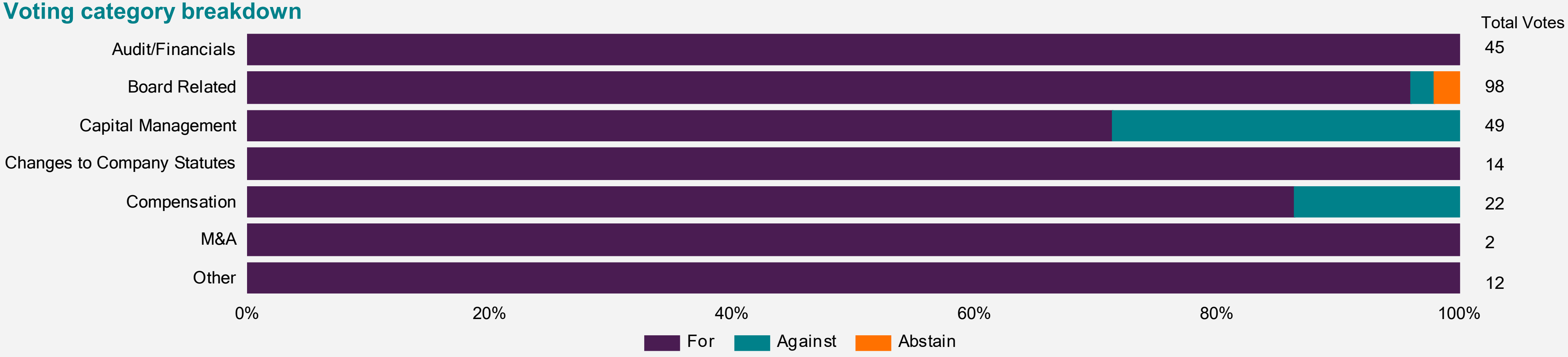
Engagement focus

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.

Fund Voting

Voting category breakdown



Notable votes

Chemring Group Plc

Remuneration Report - against:
We voted against as, despite engagement and context provided, we would prefer greater stretch in LTIP targets-particularly threshold set above external forecasts and maximum outcomes more stretching than brokers' expectations.
Authority to Issue Shares w/o Preemptive Rights - against:
We voted against due to concerns regarding potential dilution, particularly when considering the combined non-pre-emptive issuance authorities.
Authority to Issue Shares w/o Preemptive Rights (Specified Capital Investment) - against:
We voted against for the same reason, given dilution risk from the combined authorities.

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:

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.

Performance to 31 March 2026

Cumulative (%)

	3 Month	6 Month	1 Year	3 Years	5 Years
Fund (gross)	(6.26)	(5.68)	2.31	10.44	0.68
Fund (net)	(6.40)	(5.97)	1.68	8.41	(2.39)

Annualised (%)

	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	3.36	0.14
Fund (net)	2.73	(0.48)

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)	2.31	(0.86)	8.88	(7.69)	(1.24)
Fund (net)	1.68	(1.47)	8.21	(8.26)	(1.85)

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 Mid Cap Growth Fund Z 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.