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# Royal London Asset Management

Equity Fund Commentary

31 May 2026

# Fund Commentary

31 May 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 moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund outperformed its benchmark in May. The outperformance was led by holdings in the technology, healthcare and industrial sectors.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

## Royal London Global Equity Diversified Fund (IRL)

Global equities moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund outperformed its benchmark in May. The outperformance was led by holdings in the technology, healthcare and industrial sectors.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

## Royal London Global Equity Income Fund

Global equities moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund outperformed its benchmark during May. The outperformance was led by holdings in the technology and healthcare sectors.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

# Equity

## Royal London Global Equity Select Fund

Global equities moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund outperformed its benchmark in May. Equity markets continued to rise during the month, although strength broadened within the technology sector and cyclical names outperformed defensive sectors.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

## Royal London Global Equity Select Fund (IRL)

Global equities moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund underperformed its benchmark in May. Equity markets continued to rise during the month, although strength broadened within the technology sector and cyclical names outperformed defensive sectors.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

## Royal London Global Equity Transitions Fund

Global equities moved higher in May. The broad move reflected a market that remained willing to look through elevated geopolitical noise and higher energy prices, helped by resilient earnings, ongoing enthusiasm around AI-related investment, and a policy backdrop that still pointed to gradual easing outside the US.

The fund underperformed the benchmark during May. The underperformance was driven by exposure to more quality-oriented semiconductor companies which the market didn't reward over the month.

Geopolitics remains the most obvious near-term swing factor. Developments in the Middle East still have the potential to affect oil prices, inflation expectations and broader risk sentiment quite quickly. For now, markets appear willing to treat this as a volatility event rather than a fundamental derailment of the equity outlook, but that judgement depends on energy prices stabilising and trade routes remaining open.

# Equity

## Royal London UK Dividend Growth Fund

UK equities rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make the energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and prime minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity. A number of UK companies have revealed bid approaches, including DCC, Intertek, Bodycote, Easyjet and Tate and Lyle.

The fund outperformed the benchmark but was slightly behind the peer group median over the month. Relative performance benefited from holdings in Tate and Lyle, Bodycote and DCC, all of whom are in bid talks, and the holding in IG Group was strong following a positive trading statement from the company. The holding in DCC was trimmed and new holdings were added in Reckitt Benckiser and Rightmove.

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 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 rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and Prime Minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity, with several UK companies revealing bid approaches.

The fund underperformed the benchmark and peer group median over the month, placing in the third quartile of its peer group. Tesco was a key detractor following softer market share data and general uncertainty from possible government pressure to limit food price inflation. Centrica and SSE also underperformed on government policy uncertainty. Positive contributors included Compass Group, Marks & Spencer and Standard Chartered which all reported better than expected results.

Three new positions were initiated during the month: Weir Group, a mining equipment engineering company; Halma, a specialist engineering company focussed on sensors and precision monitoring; and Vesuvius, a metal flow engineering company. The fund exited its holding in Unite Group and Smith & Nephew. Imperial Brands was also trimmed. 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 rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and prime minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity. A number of UK companies have revealed bid approaches, including DCC, Intertek, Bodycote, Easyjet and Tate and Lyle.

The fund outperformed the benchmark but was slightly behind the peer group median over the month. Relative performance benefited from holdings in Tate and Lyle and DCC, both of whom are in bid talks, and the holding in IG Group was strong following a positive trading statement from the company. The holdings in DCC, Cranswick and Clarkson were trimmed and additions made to the holdings in AG Barr, Rotork and Drax.

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 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 rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and Prime Minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity, with several UK companies revealing bid approaches.

The Trust lagged the benchmark and the peer group over the month. Tesco was a detractor to performance following softer market share data and general uncertainty from possible government pressure to limit food price inflation. 3i Group shares also came under pressure after results showed a further weakening in sales growth at its main business - Action - a European discount retailer. Positive contributors included Compass Group, Marks & Spencer and Standard Chartered which all reported better than expected results. The underweight to the utility sector was also a positive contributor from a relative performance standpoint, as government policy uncertainty weighed on the sector.

Four new positions were initiated during the month: Weir Group, a mining equipment engineering company; Anglo American, a mining company with significant copper assets; Rightmove, the online property portal; and Vesuvius, a metal flow engineering company. The trust exited its holding in Workspace, the flexible office operator and trimmed its holding in Imperial Brands. On valuation grounds, the trust continued to trim Lloyds and Standard Chartered. 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 and corporate bonds both rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and prime minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity. A number of UK companies have revealed bid approaches, including DCC, Intertek, Bodycote, Easyjet and Tate and Lyle.

The trust outperformed the benchmark over the month, with equity outperformance the key driver. Relative performance benefited from holdings in Tate and Lyle and DCC, both of whom are in bid talks, and the holding in IG Group was strong following a positive trading statement from the company. The holdings in DCC and Legal and General were trimmed and holdings in Sainsbury and Drax were increased.

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 rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make the energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and Prime Minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity. A number of UK companies have revealed bid approaches, including DCC, Intertek, Bodycote, Easyjet and Tate and Lyle.

The fund outperformed the benchmark and its peer group median over the month, placing in the top decile. Relative performance benefited from the holdings in Bodycote which is in bid talks, and AJ Bell, who released strong half year results.

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 appropriate and will allow fund performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

# Equity

## Royal London UK Smaller Companies Fund

UK equities rose in May, despite significant uncertainties both at home and internationally. The US conflict in Iran remains unresolved and the sentiment towards the conflict continues to make energy prices volatile, though over the month the oil price fell significantly. Domestically, Labour suffered heavy losses in council elections, prompting speculation about challenges to Keir Starmer's role as party leader and prime minister. Sectors closely linked to government policy, like utilities, were weak. Mid-sized and smaller companies performed better than larger companies, with the FTSE-250 up more than the FTSE-100. This was in part due to less exposure to sectors like utilities and oil, but also thanks to a significant boost from corporate activity. A number of UK companies have revealed bid approaches, including DCC, Intertek, Bodycote, Easyjet and Tate and Lyle.

The fund outperformed the benchmark but placed in the third quartile of its peer group. A wide range of sales were made to raise cash for client redemptions.

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 allows diversified exposure to smaller UK listed stocks.

# Disclaimers

## Important information

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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](http://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](http://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.