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Royal London Global Equity Income Fund

Quarterly Investment Report

31 December 2024

Quarterly Report

The fund as at 31 December 2024

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

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The fund

Fund performance objective and benchmark

The Fund's investment objective is to achieve a combination of income and capital growth (a total return) over the medium term, which should be considered as a period of 3-5 years, by predominantly investing in shares of companies globally. The Fund's performance target is to outperform, after the deduction of charges, the MSCI World Net Total Return Index GBP (the "Index") by 2% p.a. over rolling 3-year periods. The Fund also aims to produce an income 20% higher than the Index's income p.a. over rolling 3-year periods (after the deduction of any charges).

Benchmark: MSCI World Net Total Return GBP

Fund value

	Total £m
31 December 2024	876.08

Fund analytics

	Fund
Fund launch date	25 February 2020
Base currency	GBP
Number of holdings	60
Active share (%)	81.9
Tracking error (%)	4.8

Ex-post tracking error calculated since inception to 31 December 2024. Please refer to the glossary for a description of the tracking error used.

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	5.57	6.93	(1.36)
1 Year	18.39	20.79	(2.40)
3 Years (p.a.)	12.86	8.69	4.18
Since inception (p.a.)	16.09	12.46	3.63

Past performance is not a guide to future performance. Please refer to the Glossary for the basis of calculation and impact of fees. Performance and since inception date based on M Inc GBP. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 February 2020.

The benchmark in the above performance table shows MSCI All Countries World Net Total Return Index since inception up to 21 August 2023, and the MSCI World Net Total Return Index, when the benchmark changed, thereafter.

Performance commentary

The fund underperformed the benchmark during the period under review. However, the fund performed well within its peer group, placing in the top decile.

Holdings in US healthcare, specifically HCA and United Healthcare were the biggest drag on relative performance as investors worried about the impact of the change of government within the sector. The sector was also rocked by the murder of the United Healthcare CEO, while he on his way to an investor meeting in New York.

Not holding Tesla was also a drag on relative performance. Tesla shares performed well after Donald Trump's election, given Tesla CEO Elon Musk's close ties with the president elect.

The biggest positive contributions to performance came from holdings in the microchip manufacturers Broadcom and TSMC. Broadcom was particularly strong after revealing very strong growth in sales of chips for AI applications.

Performance and activity

Top 10 holdings

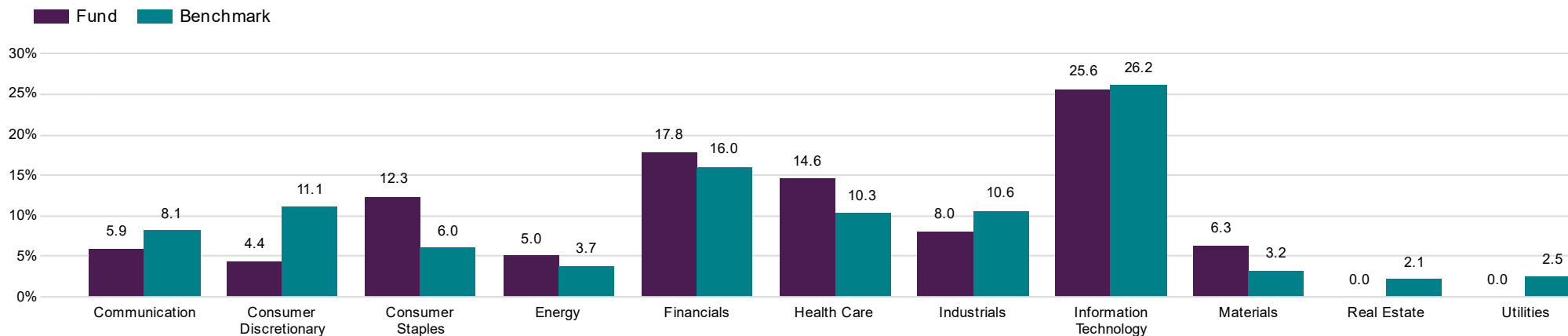
	Weighting (%)
MICROSOFT CORP	5.66
ALPHABET INC CLASS A	4.74
BROADCOM INC	4.07
UNITEDHEALTH GROUP INC	3.14
TAIWAN SEMICONDUCTOR MANUFACTURING	3.09
BRITISH AMERICAN TOBACCO	2.53
SHELL PLC	2.46
CISCO SYSTEMS INC	2.28
ABBVIE INC	2.06
INFOSYS ADR REPRESENTING ONE LTD	2.05
Total	32.08

Fund activity

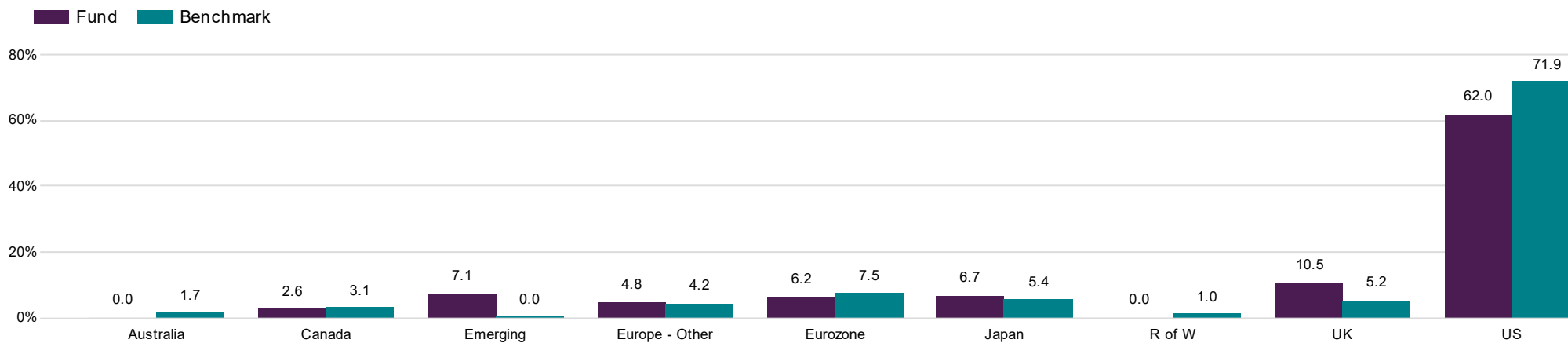
The most notable activity was towards the end of the quarter when the fund rebalanced some positioning. Holdings including 3i, Broadcom, Progressive, Gilead, Sylvamo and Steel Dynamics were reduced, and Apple, Alphabet, Lloyds, Pepsico and Ashstead were added to. New holdings in L'Oreal and Analogue Devices were also established.

Fund breakdown

Sector weights



Regional 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	28	34
Number of engagements	41	85

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
Climate	14
Climate - Transition Risk	13
Climate - Physical Risk	1
Governance	11
Corporate Governance	5
Remuneration	3
Strategy	3
Health	17
Mental Health	16
Health - Community	1
Social & Financial Inclusion	4
Just transition	4
Technology, Innovation & Society	4
Technology & Society	3
Cybersecurity	1

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

Eli Lilly and Company - Community health

Purpose:

The meeting aimed to discuss Eli Lilly's, an American multinational pharmaceutical company, initiatives related to access to medicines, with a particular focus on the Lilly 30x30 programme. In addition to understanding its strategy and approach of the company's new obesity drugs.

Outcome:

Eli Lilly provided detailed insights into its 30x30 programme, which aims to improve access to medicines in low- to middle-income countries. The company highlighted its partnerships and efforts to enhance healthcare infrastructure, emphasising the importance of supporting healthcare delivery beyond pricing strategies. Eli Lilly explained the governance and incentives for its 30x30 programme, stressing accountability and integration within the executive structure.

We discussed Eli Lilly's new obesity drug, the associated social risks, and challenges with the USA's Medicare coverage, advocating for broader insurance coverage. Eli Lilly addressed the social risks associated with obesity drugs, emphasising its commitment to genuine medical needs and continuous innovation supported by significant R&D investment. The company explained the barriers to entry in the obesity drug market and highlighted its strategy of continuous innovation. We will continue to monitor and engage with the company based on the research and recommendations from the Access to Medicine Index Foundation.

Glencore Plc - Net zero & just transition

Purpose:

The meeting aimed to provide feedback and suggestions on what Glencore, a Swiss multinational commodity trading and mining company, should include in its 2025 climate progress report, focusing on the climate strategy for steelmaking coal assets, the wind down of its thermal coal business, and just transition.

Outcome:

The meeting provided clarity on when Glencore will produce a climate strategy for its steelmaking coal assets and the methodological reasons for not disclosing expansionary CAPEX for its coal business. It highlighted the need for further attention to the transition risks posed by Glencore's coal wind down trajectory and the adequacy of its responsible mine closure practices to address just transition concerns. Glencore will discuss its climate plan for steelmaking coal assets in the 2025 update, with targets set in 2027. The company will report on mine closures as they happen but will not provide forward-looking guidance. Additionally, Glencore will not disclose specific job loss or retraining figures, citing confidentiality and minimal just transition risks in Australia. We will continue to engage on metrics for disclosure and provide feedback to Glencore on its climate transition plans.

Fund Engagement

Engagement outcomes

Lloyds Banking Group Plc - Just transition

Purpose:

We met with Lloyds Banking Group, UK-based financial services group, as part of our collaborative engagement with banks on just transition, aiming for the bank to integrate this issue throughout its climate transition plan and demonstrate implementation at product, sector, and regional levels.

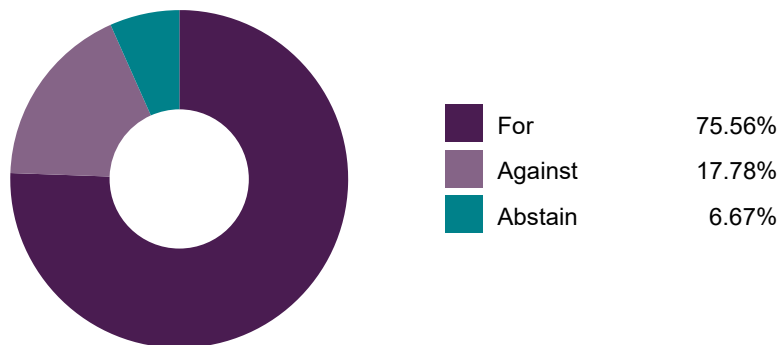
Outcome:

Lloyds Banking Group continues to view just transition as integral to the company's purpose and growth strategy. The positive call highlighted several innovative projects, supporting its alignment with just transition principles. Lloyds found our investor expectations helpful but noted that a sector lens might miss interdependencies, advocating for a system-based approach instead. The company provided examples of just transition integration across various systems, such as sustainable farming, greening the built environment, low carbon transport, and energy transition.

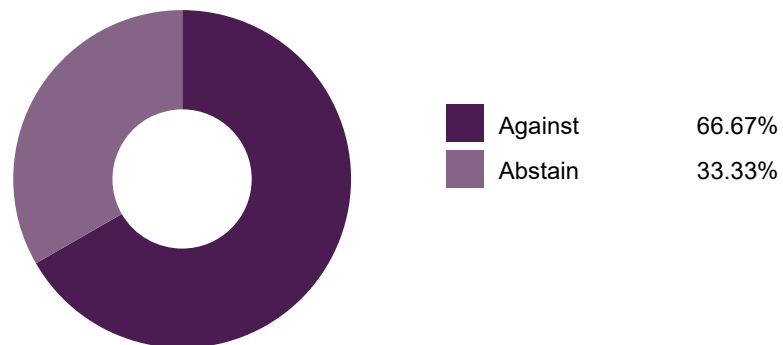
Lloyds has launched several innovative products aligned with just transition, including a £500mn social housing retrofit product. Lloyds have developed a roadmap with the Green Finance Institute and NatWest for property-linked finance for retrofit projects. The bank's regional approach to lending addresses challenges in across the UK, with initiatives like working with local authorities to tackle local issues, expected to create jobs and reduce regional inequalities. Combined with balance sheet lending for regional projects, Lloyds' approach appears relatively advanced.

Fund Voting

Total proxy voting activity



Executive remuneration voting activity



Notable votes

Microsoft Corporation

Advisory Vote on Executive Compensation - abstain: We retain some concerns with the short performance period of long-term incentive awards.

Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern - abstain: While we appreciate and back the aims of the proponent in this instance, we believe that the company already provides extensive disclosure and board level oversight of this issue, monitoring and engaging with the countries in which it operates and locates data centres.

Shareholder Proposal Regarding Report on Risks of AI Data Sourcing - for: Although we recognise the company's existing and planned disclosures, we believe that support for this proposal could be warranted as a means to encourage the company to ensure that its forthcoming disclosures are robust, and provide a solid context for shareholders to allow them to assess the potential risks to the company from its use of external data in the development of its AI technology.

Market commentary

Market Review

Global equities finished slightly lower amid losses in many non-US markets. US shares advanced following Donald Trump's presidential election victory, but other regional markets lost ground owing to concerns about trade tariffs.

Alongside political events, attention remained on the Federal Reserve, European Central Bank and Bank of England to see if expected rate cuts would materialise. However, with inflation remaining higher than central bankers would like, expectations for rate cuts in 2025 were revised down. The Federal Reserve cut rates by 50bps over the quarter to a 4.25% - 4.5% target range. However, they signalled fewer cuts for 2025 than previously indicated. Only 50bps cuts are now expected for 2025 compared to 100bps previously. This had a negative effect on investor sentiment. Elsewhere, the European Central Bank's final decision of the year was for another 25bps rate cut, taking with the deposit rate to 3.00%. France and Germany have been affected by political/policy uncertainty.

The fourth quarter was dominated by the outperformance of the US market following the election of Donald Trump on a platform of low taxes and de-regulation which are viewed as pro-business. In addition, Q3 corporate results highlighted weaknesses in manufacturing activities but continued strength in the technology and financial sector. Overall, the best performing sectors were consumer discretionary, technology and communication services all driven by the mega-cap stocks such as Tesla, Nvidia and Alphabet. On the opposite, healthcare and rate sensitive sectors such as utilities and real estate underperformed. Healthcare stocks underperformed due to concerns about political reforms under the new Trump administration. During the fourth quarter, the MSCI World Growth Index posted a gain of 3.85% while the MSCI World Value Index posted a loss of 4.06%.

The price of WTI crude oil rose 6.87% over the quarter to \$73.96 a barrel, while copper futures lost 12.82% in US dollar terms.

Outlook

While there remains significant geopolitical and macroeconomic risk, we remain focused on using our established investment process to generate alpha through bottom-up stock picking. With this volatile background, we believe that our approach of diversifying the strategies across broad range of companies from different sectors and stages of their Life Cycle will allow performance to continue to be driven more by the success of our hunting for superior shareholder wealth creating companies with undervalued long-term cash flows than by the prevailing winds of the macroeconomy, or factors such as growth or value styles being in vogue.

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.

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Issued in January 2025 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.

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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.

Exchange rate risk

Changes in currency exchange rates may affect the value of your investment.

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.

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.

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.

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.

Performance to 31 December 2024

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
Fund (gross)	5.57	6.50	18.39	43.82	106.25	12.86	16.09
Fund (net)	5.38	6.11	17.54	40.74	99.18	12.06	15.26

Year on year performance (%)

	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021	31/12/2019 - 31/12/2020
Fund (gross)	18.39	17.53	3.36	26.64	-
Fund (net)	17.54	16.69	2.62	25.73	-

Past performance is not a guide to future performance. The impact of fees or other charges including tax, where applicable, can be material on the performance of your investment.

Source: RLAM as at 31 December 2024. All figures are mid-price to mid-price for the Royal London Global Equity Income Fund M Inc GBP share class. Since inception date 25 February 2020.

Glossary

Active share

Active share is a measure used to assess the degree of difference between the portfolio's holdings and its benchmark.

Fund value

Total value of the fund as of the last business day of the calendar month. The fund value is as at close of business and on a mid-price basis.

Number of holdings

Total number of unique holdings of the Fund excluding cash, currency and derivatives.

Performance

Official Fund performance is shown on a mid-to-mid price basis, gross of fees and taxes, with gross income reinvested unless otherwise stated. Supplementary end of day performance has also been provided at fund level in order to show a comparison vs the benchmark which is also priced at end of day.

Sector weights

Breakdown of holdings by GICS (Global Industry Classification Standard) sector relative to the benchmark index.

Top 10 holdings

Top 10 assets held by market value, excluding derivatives and cash.

Tracking error

Tracking error indicates how closely a fund follows its benchmark index. It is a measure of the risk in the fund that is due to active management decisions made by the fund manager. It is calculated on an ex-post basis (actual basis, post period end).