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# Royal London Global Equity Funds

Fund Manager Commentary

31 July 2024

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The purpose of this report is to provide an update on the Royal London Global Equity Funds. The report has been produced by Royal London Asset Management. The report starts with a performance summary followed by Fund Manager commentary for each of the Funds. All data within this report is at the report date unless otherwise stated.

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# Performance

	1 month (%)	Rolling 12 months (%)
<b>RL Global Equity Select Fund M Acc</b>	<b>0.50</b>	<b>26.95</b>
MSCI World Net Index	0.15	18.54
IA Global Sector	-0.05	13.67
<b>RL Global Equity Diversified Fund M Acc</b>	<b>0.09</b>	<b>21.55</b>
MSCI World Net Index	0.15	18.54
IA Global Sector	-0.05	13.67
<b>RL Global Equity Income Fund M Inc</b>	<b>1.98</b>	<b>22.89</b>
MSCI World Index - Net Return	0.15	18.21
IA Global Equity Income Sector	1.48	13.13

**Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.**

Source: RLAM and Morningstar, as at 31 July 2024. Returns quoted are net of fees. Please note that with effect from 1 February 2024 RLAM are using peer group comparisons provided by Morningstar. Prior to this peer comparisons were provided by Lipper so there may be some differences compared to the data provided historically.

# Royal London Global Equity Select Fund

## Portfolio commentary

Global Select outperformed during the month, driven primarily by stock selection effects. July witnessed a market rotation, with sectors that had been weaker earlier in 2024 such as Utilities & Real Estate coming to the fore to outperform during the period under review.

## Contributors

KB Financial Group is a Mature diversified financial services company primarily based in Korea. It focuses 95% of its operations within the domestic market, with banking activities contributing to approximately 70% of its net profit. The rest of its revenue comes from a variety of financial services. H1 2024 results were reported during the period and were well received by the market and sell-side analysts. Similarly, we viewed the results as positive versus our milestones. KB Financial remains committed to enhancing shareholder value and this was demonstrated in Q2 through an additional KRW 400bn share buyback.

UnitedHealth, the Compounding US health insurance company, positively contributed to performance in July following a strong set of quarterly results. The market was surprised to the upside as UnitedHealth reported growth across business segments with a strong contribution from Optum, their health services business segment. UnitedHealth continues to perform well against our compounding thesis.

Old Dominion Freight Line (ODFL) is a pure play 'less than truck load' (LTL) US trucking company in the Slowing & Maturing stage of the Life Cycle. ODFL reported quarterly results in July and the shares were up circa 19% in USD terms as a result. The results continue to reflect a weaker macroeconomic environment as opposed to a stock specific issue but there are signs of improvement which the market took a positive view of. We remain confident in the company's combination of Wealth Creation characteristics and valuation pay-off.

## Detractors

Microsoft is the largest company in the world, holding a dominant position in both computing operating systems and productivity suites through its Office software. The familiarity of users with the interface, combined with positive network effects as more users adopt Microsoft software, creates high switching costs and significant barriers to entry for competitors at any price point. Microsoft reported strong earnings towards the end of July, along with optimistic guidance for Azure for the end of this year. However, it has underperformed the market since then. Since the end of July, there has been a market-wide sell-off in the 'Magnificent Seven' stocks, which Microsoft has not been able to escape.

Delta Air Lines is a Turnaround business contesting in a cyclical market shadowed by concerns of the macro environment and overall industry demand. Delta reported its Q2 2024 results in July which led to a period of decline for the share price. Concerns of stalling growth following the post pandemic boom appear to be dominating the market's view. We remain positive on the wealth creation characteristics of this business and the valuation pay off remains skewed to the upside.

Dollar General, in the Slowing and Maturing stage of the life cycle, is the largest discount retailer in the US with over 20,000 stores in 47 states. The company offers a wide range of merchandise, including consumables, packaged food, health and beauty products, home products and more. Concerns of a weakening US consumer are the driving force of this month's underperformance.

We remain positive about the Wealth Creation characteristics of the business and the valuation opportunity it presents.



 **ALPHA  
MANAGER 2024**  
Mike Fox

**Mike Fox**

Head of  
Sustainable Investments



**George Crowdy**

Sustainable  
Fund Manager

# Royal London Global Equity Diversified Fund

## Portfolio commentary

Global Equity Diversified underperformed during the month.

## Contributors

Sprouts Farmers Market is a US-based grocery chain that offers fresh, natural, and organic food products. Sprouts leverages its scale to deliver a 'Farmers Market' experience to all consumers, focusing on providing fresh foods at good value. Sprouts reported Q2 2024 earnings at the end of July which were extremely well received by the market in similar vein to Q1. Management appears to be executing on sensible strategy for a Compounding business whilst the market values the company as if it were Slowing & Maturing, presenting a valuation opportunity.

UnitedHealth, the Compounding US health insurance company, positively contributed to performance in July following a strong set of quarterly results. The market was surprised to the upside as UnitedHealth reported growth across business segments with a strong contribution from Optum, their health services business segment. UnitedHealth continues to perform well against our compounding thesis.

## Detractors

Microsoft is the largest company in the world, holding a dominant position in both computing operating systems and productivity suites through its Office software. The familiarity of users with the interface, combined with positive network effects as more users adopt Microsoft software, creates high switching costs and significant barriers to entry for competitors at any price point. Microsoft reported strong earnings towards the end of July, along with optimistic guidance for Azure for the end of this year. However, it has underperformed the market since then. Since the end of July, there has been a market-wide sell-off in the 'Magnificent Seven' stocks, which Microsoft has not been able to escape.

Delta Air Lines is a Turnaround business contesting in a cyclical market shadowed by concerns of the macro environment and overall industry demand. Delta reported its Q2 2024 results in July which led to a period of decline for the share price. Concerns of stalling growth following the post pandemic boom appear to be dominating the market's view. We remain positive on the wealth creation characteristics of this business and the valuation pay off remains skewed to the upside.



**Piers Hillier**  
Chief Investment Officer



**Matt Burgess**  
Head of Passive and  
Quantitative Equities

# Royal London Global Equity Income Fund

## Portfolio commentary

During July, the fund outperformed its benchmark and was ahead of its peer group median.

The shares of businesses in the semiconductor industry were volatile in the month, and the biggest positive and negative contributors to fund performance came from that sector. The holding in Applied Materials was the biggest negative contributor, but this was more than offset by the positive impact from not holding NVIDIA. Two other significant positive contributors were the holdings in the IT firm Infosys and tobacco company BAT, both of whom released trading statements that were well received by the market.

Trading activity was light in the month, with no changes made to the fund structure.



**Piers Hillier**  
Chief Investment Officer



**Richard Marwood**  
Head of Equity Income



**Matt Burgess**  
Head of Passive and  
Quantitative Equities

# Disclaimers

## Important information

For professional clients only, not suitable for retail clients.

This is a financial promotion and is not investment advice.

Telephone calls may be recorded. For further information please see the Privacy Policy at [www.rlam.com](http://www.rlam.com).

Issued in August 2024 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 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.

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.

## **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 stockmarket 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.

## **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.

## **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**

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.



# Performance to 31 July 2024

## Cumulative (%)

		3 Month	6 Month	1 Year	3 Years	5 Years
RL Global Equity Select Fund M Acc	Gross	5.80	12.69	27.85	67.79	135.59
RL Global Equity Select Fund M Acc	Net	5.61	12.30	26.95	64.26	127.40
RL Global Equity Diversified Fund M Acc	Gross	5.44	11.15	22.04	44.23	82.85
RL Global Equity Diversified Fund M Acc	Net	5.33	10.92	21.55	42.47	79.15
RL Global Equity Income Fund M Inc	Gross	4.99	10.54	23.78	50.48	97.62
RL Global Equity Income Fund M Inc	Net	4.80	10.14	22.89	47.26	91.42

## Annualised (%)

	3 Years (p.a)	5 Years (p.a)
	18.81	18.67
	17.97	17.84
	12.97	12.81
	12.51	12.35
	14.58	16.61
	13.76	15.77

## Year on year performance (%)

		30/06/2023 – 30/06/2024	30/06/2022 – 30/06/2023	30/06/2021 – 30/06/2022	30/06/2020 – 30/06/2021	30/06/2019 – 30/06/2020
RL Global Equity Select Fund M Acc	Gross	27.85	22.96	7.38	32.46	8.54
RL Global Equity Select Fund M Acc	Net	26.95	22.09	6.62	31.53	7.78
RL Global Equity Diversified Fund M Acc	Gross	22.04	16.03	0.93	24.78	5.70
RL Global Equity Diversified Fund M Acc	Net	21.55	15.56	0.52	24.27	5.26
RL Global Equity Income Fund M Inc	Gross	23.78	16.16	4.26	31.40	-
RL Global Equity Income Fund M Inc	Net	22.89	15.33	3.51	30.46	-

**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 July 2024. All figures are mid-price to mid-price in GBP unless otherwise stated.