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Royal London Global Equity Enhanced Fund

Quarterly Investment Report

30 June 2024

Quarterly Report

The fund as at 30 June 2024

The purpose of this report is to provide an update on the Royal London Global Equity Enhanced 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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ROYAL LONDON
ASSET MANAGEMENT

The fund

Fund performance objective and benchmark

The Fund's investment objective is to outperform the MSCI World Index USD before fees per annum over rolling three-year periods. This is considered an appropriate benchmark for the Fund's performance. In addition to the benchmark for the Fund's performance as noted above, The Equity - International sector is considered an appropriate benchmark for performance comparison.

Benchmark: MSCI World Net Total Return Index

Fund analytics

	Fund
Fund launch date	8 November 2022
Base currency	USD
Number of holdings	479

Fund value

	Total $m
30 June 2024	3,401.80

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	3.00	2.63	0.37
YTD	11.99	11.75	0.25
1 Year	21.53	20.19	1.33
Since inception (p.a.)	25.18	23.37	1.82

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 Royal London Global Equity Enhanced (Z Acc) (USD). Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 8 November 2022.

Performance commentary

Largest positive contributions during the period come from technology names including gains from NVIDIA buoyed by a first quarter earnings beat and continued Artificial Intelligence (AI) leadership / chip demand. Apple gained on positive first quarter earnings and AI optimism. Vistra, the Texas based power producer, also gained. The company is well positioned to benefit from the state's shift towards renewable energy, due to its expertise as a renewables developer.

Detractors came mainly from industrials during the period including Seatrium an offshore engineering company focused on solutions in the marine and energy industries. Old Dominion Freight Line – an inter-regional 'less than truckload' carrier – also detracted on earnings disappointment, a challenging demand backdrop and a weaker second quarter outlook.

Performance and activity

Top 10 holdings

	Weighting (%)
Apple Inc.	4.85
NVIDIA Corporation	4.70
Microsoft Corporation	4.56
Alphabet Inc. Class A	3.30
Amazon.com, Inc.	2.57
Meta Platforms Inc Class A	1.85
Broadcom Inc.	1.21
Eli Lilly and Company	1.16
JPMorgan Chase & Co.	1.00
Novo Nordisk A/S Class B	0.85
Total	**26.05**

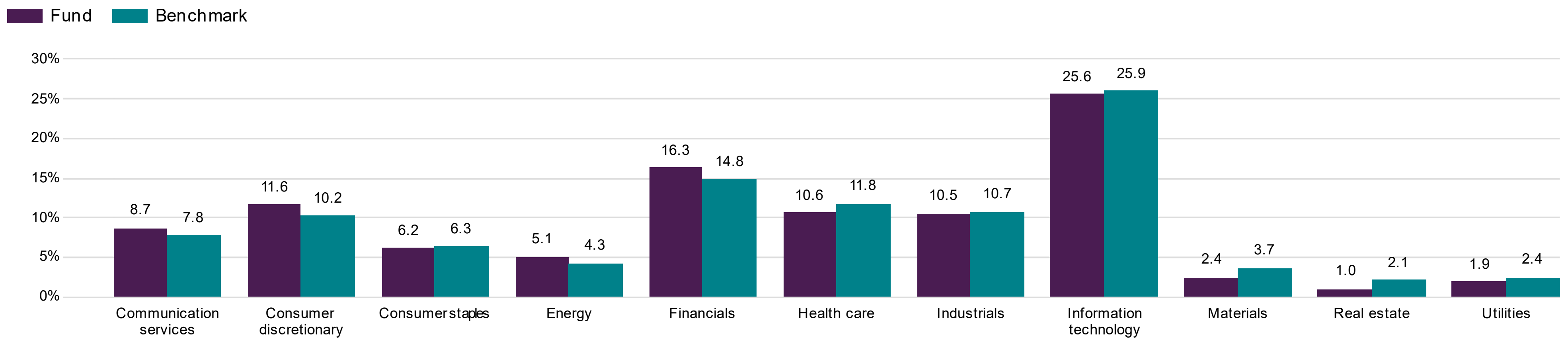
Fund activity

We believe that business fundamentals are the long-term drivers of stock prices. However, we recognise that different fundamentals matter at different points of a company's life, and that these are often unappreciated or misunderstood by the market. Our approach therefore aims to identify and exploit these inefficiencies, identifying stocks that we believe have superior shareholder wealth creation potential, at attractive prices. During the quarter, the team continued to manage the portfolio in line with the investment guidelines.

When constructing our portfolio, we manage our exposure relative to the index across a number of dimensions. These include sector, region, country, size and lifecycle. We ensure that a position in any single company does not make up too significant a proportion of our risk budget. We build the portfolio by using a portfolio optimisation algorithm to maximise exposure to stocks with high wealth creation potential.

Fund breakdown

Sector weights



Market commentary

Global equities continued to rally over Q2, with stronger than expected earnings growth fuelled by artificial intelligence (AI) demand. Some of the same trends that were driving markets during the first quarter continued into the second quarter of 2024. The technology sector has remained the best performing sector driven by AI which is triggering significant investments in technology infrastructure particularly semiconductors.

The macroeconomic backdrop remain uncertain and political factors have added another element of volatility this quarter. However, broadly speaking, the scene has been set with steady but slowing growth, sticky inflation and slow easing by central banks.

Markets have once again been dominated by interest rates during the quarter, despite little or no movement in this area. 2024 started with expectations that central banks would cut early and cut several times. However, as the year has progressed, those expectations have changed. Inflation data having generally been stronger than expected has left central banks particularly the Federal Reserve to push back against rate cuts. While the European Central Banks cut rates in June, the Federal Reserve and the Bank of England have held off so far.

Ahead of the US Presidential elections in November, snap parliamentary elections were called in the UK and France, providing reminders that voter dissatisfaction with the seeming consensus on economic policy and a demand for change from citizens.

The price of WTI crude oil lost 2.0% over the quarter to $82 a barrel, stagnating after the strong gains made in the prior quarter. Copper futures meanwhile gained 8.3% in US dollar terms.

The US dollar appreciated by 6.3% against the yen, by 0.7% against the euro, and was flat against sterling.

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.

Disclaimers

Important information

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Issued in July 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 Fund is a sub-fund of Royal London Asset Management Funds plc, an open-ended investment company with variable capital (ICVC), with segregated liability between sub-funds.

Incorporated with limited liability under the laws of Ireland and authorised by the Central Bank of Ireland as a UCITS Fund. It is a recognised scheme under the Financial Services and Markets Act 2000.

The Management Company is FundRock Management Company SA, Registered office: 33 rue de Gasperich, L - 5826 Hesperange, Luxembourg and is authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

The Investment Manager is Royal London Asset Management Limited.

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.

Most of the protections provided by the UK regulatory system, and the compensation under the Financial Services Compensation Scheme, will not be available.

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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.

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.

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.

Derivative risk
Derivatives are highly sensitive to changes in the value of the underlying asset which can increase both Fund losses and gains. The impact to the Fund can be greater where they are used in an extensive or complex manner, where the Fund could lose significantly more than the amount invested in derivatives.

Glossary

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

Performance is calculated using the daily end of day NAV per share produced by HSBC based on the mid price.

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.