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Royal London Global Equity Select Fund (IRL)

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 Select Fund (IRL). 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 capital growth over the long term, which should be considered as a period of 7-plus years. The Fund's performance target is to outperform, after the deduction of charges, the MSCI All Countries World Net Total Return Index USD (the "Benchmark") by 2.5% per annum over rolling three year periods. The Benchmark is being used by the Fund for performance comparison purposes only and the Fund does not intend to track it. While the Fund may invest in investments which are constituents of the Benchmark, the Fund will be actively managed and its portfolio will not be constrained by reference to any index.

Benchmark: MSCI All Countries World Net Total Return Index USD

Fund value

	Total \$m
30 June 2024	311.11

Fund analytics

	Fund
Fund launch date	9 November 2021
Base currency	USD
Number of holdings	41
Active share (%)	84.0
Tracking error (%)	5.2

Ex-post tracking error calculated since inception to 30 June 2024. Please refer to the glossary for a description of the tracking error used.

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	2.93	2.63	0.30
YTD	15.17	11.03	4.14
1 Year	27.45	19.09	8.37
Since inception (p.a.)	14.46	3.91	10.54

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 Select Fund (IRL) Z USD ACC. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 9 November 2021.

Performance commentary

The portfolio outperformed the index during the quarter. Taiwan Semiconductor Manufacturing Company (TSMC), currently in the Compounding phase of the life cycle, is the largest global semiconductor foundry (essentially outsourced semiconductor manufacturing). TSMC manufactures semiconductors for its clients, who are usually fabless semiconductor design companies like Qualcomm, NVIDIA, Broadcom, and AMD. TSMC reported strong quarterly earnings in April as it continues to play its role in enabling the AI revolution, but it is important to note that it is not solely reliant on this sector. Given the strong share performance this year, we still observe an attractive valuation pay-off opportunity.

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. Q1 2024 results were reported during the period alongside the announcement of a new shareholder return policy, signalling a strong commitment to enhancing shareholder value. We view the results as positive when assessed against our investment thesis milestones and we believe the valuation opportunity continues to be attractive.

Sumitomo Mitsui Financial Group (SMFG) is a leading Japanese financial institution offering banking, leasing, securities, and credit card services globally, currently in the mature phase of the corporate life cycle. During the period, Sumitomo announced positive quarterly results, beating analyst expectations and tracking well against our thesis milestones. We remain positive on the wealth creation characteristics of this business and the pay-off opportunity that exists.

Detractors included Thor Industries, the largest recreational vehicle (RV) manufacturer in the world, currently in the Slowing & Maturing Life Cycle segment. Thor's share price has consistently underperformed the market this year, perhaps through no fault of its own, other than the fact that it operates in a deeply cyclical industry where there is currently nowhere to hide. A combination of high inflation and high interest rates applies pressure to demand and margins, which the market appears not to tolerate well. We remain confident in Thor's ability to generate wealth for shareholders in the long run and continue to observe an attractive valuation pay-off opportunity.

Performance and activity

Performance commentary (continued)

Steel Dynamics, the US steel manufacturer which is currently in the Slowing & Maturing stage of the Life Cycle, detracted from performance in Q2. Steel Dynamics uses electric arc furnaces to recycle scrap steel differentiating itself from competitors who typically use coal blast furnaces. There has been a significant market rotation since mid-May with cyclical companies selling off which has driven Steel Dynamics share price against the flow of positive quarterly results announced in May. Steel Dynamics remains very strong in terms of fundamental wealth creation characteristics and the valuation pay-off continues to offer an attractive opportunity.

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 April which were not so well received by the market. The results reflect a weaker macroeconomic environment as opposed to a stock specific issue. We remain confident in the company's combination of Wealth Creation characteristics and valuation pay-off.

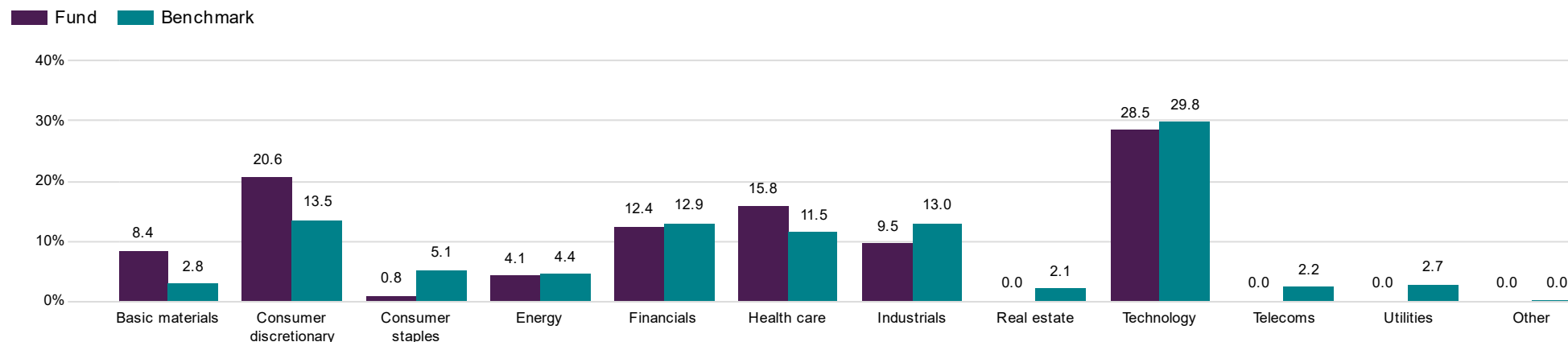
Performance and activity

Top 10 holdings

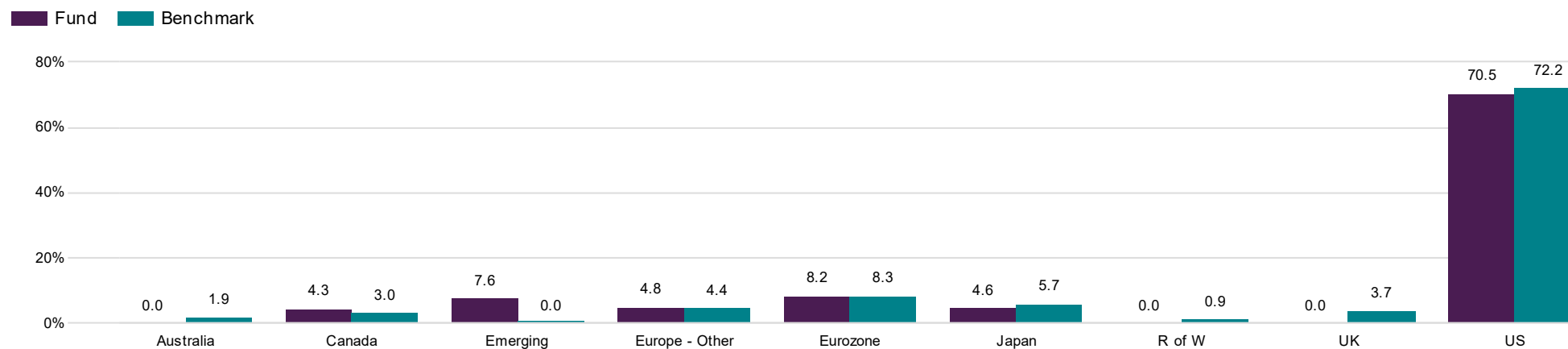
	Weighting (%)
Microsoft Corporation	8.73
Amazon.com, Inc.	6.22
UnitedHealth Group Incorporated	4.89
NVIDIA Corporation	4.34
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	4.33
Steel Dynamics, Inc.	4.23
Constellation Software Inc.	3.83
Safran SA	3.82
Progressive Corporation	3.33
HCA Healthcare Inc	3.29
Total	47.01

Fund breakdown

Sector weights



Regional weights



Characteristics and climate

ESG characteristics rationale

The Fund seeks to promote environmental characteristics relating to climate change mitigation by promoting those corporates with willingness and ability to accelerate decarbonisation towards net zero by 2050. We consider mitigation efforts to be most credible if there are tangible improvements by 2030. The Fund also promotes good governance using a principles based approach.

ESG characteristics

Royal London Asset Management has a controversial weapons exclusion across all investments. Our full policy can be found on our website: www.rlam.com/globalassets/media/literature/policies/controversial-weapons-policy.pdf

	Yes	No
ESG integration	✓	
Promotes environmental or social characteristics	✓	
Sustainable fund objective		✓
Additional exclusions		✓

Climate metrics

	Fund	Benchmark	Difference (%)
Financed emissions (tCO2e)	7,061	n/a	n/a
Financed emissions coverage	99.66%	n/a	n/a
Carbon footprint (tCO2e/\$M invested)	23.61	36.93	(36.06)
Carbon footprint coverage	99.66%	99.18%	0.48
Weighted average carbon intensity (tCO2e/\$M sales)	45.38	90.90	(50.08)
Weighted average carbon intensity coverage	99.66%	99.00%	0.66

All climate metrics presented above are for Scope 1-2 emissions. Unless specified in the objective, the data is for information only and should not be taken to mean they are being managed to/controlled.

Implied temperature rise

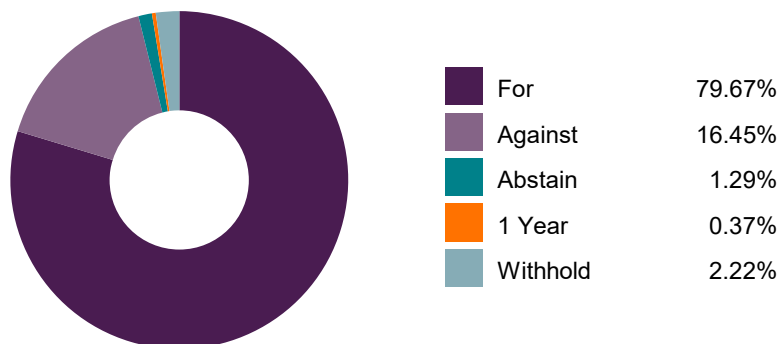
	Fund (%)	Benchmark (%)	Difference (%)
Implied temperature rise (ITR) coverage	99.66	99.17	0.49
% of portfolio below 2°C ITR	49.45	54.62	(9.46)
% of portfolio below 1.5°C ITR	17.04	25.30	(32.64)

SBTi net - zero

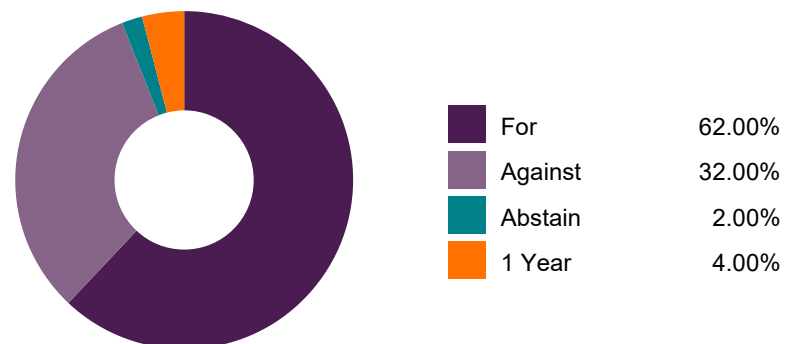
	Fund (%)	Benchmark (%)	Difference (%)
SBTi Net-Zero committed	30.96	26.73	15.85
SBTi Near-Term committed	11.49	11.81	(2.72)
SBTi Near-Term targets set	34.35	41.90	(18.01)

Fund Voting

Total proxy voting activity



Executive remuneration voting activity



Notable votes

Amazon.com

Shareholder Proposal Regarding Report on Customer Due Diligence - for: We are supportive of the request for an independent review into Amazon's customer due diligence process to determine whether use of its products and services with surveillance, computer vision and cloud storage contributes to human rights violations.

Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report - for: While we acknowledge the Company's current disclosures around pay equity, we are supportive of the Company increasing its reporting in this area.

Shareholder Proposal Regarding Just Transition Reporting - for: We support further disclosures on just transition and the development of a plan to address the social impacts of climate transition.

Shareholder Proposal Regarding Third-Party Assessment of Freedom of Association - for: We are supportive of the request for the company to disclose how it ensure workers' rights to freedom of association and collective bargaining as guaranteed by the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights; particularly given the ongoing issues raised over the company's labour practices and anti-unionisation rhetoric at some sites.

Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology - for: We are supportive of increased disclosure in this area given the potential for human and civil rights violations associated with the use of Recognition.

Shareholder Proposal Regarding Report on Working Conditions - for: We are supportive of increased scrutiny in this area given the significant allegations around the Company's working conditions.

Fund Voting

Notable votes

Nestle SA

Elect Paul Bulcke - against: We would prefer to see the appointment of a fully independent Chair to the board.

Shareholder Proposal Regarding Sales of Healthier and Less Healthy Foods - abstain: While the proponent's asks for further disclosure are welcomed, we have some concerns over the prescriptive nature of the proposal.

Taiwan Semiconductor Manufacturing

Elect KUNG Ming-Hsin - withhold: The nominee has attended less than 75% of meetings without a valid excuse.

Elect Sir Peter L. Bonfield - withhold: The nominee is not independent with a board tenure of 22 years and serves on the Audit Committee which should remain fully independent in our view.

Elect Moshe N.Gavrielov - withhold: The nominee serves as Chair of the Nomination and Governance committee and we note that a Senior Independent Director or equivalent has not been appointed, particularly given the absence of an independent Chair on the board.

Market commentary

Market overview

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.

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.

Outlook

Whilst 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.

Telephone calls may be recorded. For further information please see the Privacy Policy at www.rlam.com.

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.

Responsible investment risk

The Fund can only invest in holdings that demonstrate compliance with certain sustainable indicators or ESG characteristics. This reduces the number securities in which the Fund can invest and there may as a result be occasions where it forgoes more strongly performing investment opportunities, potentially underperforming non-sustainable funds.

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.

Performance to 30 June 2024

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
Fund (gross)	2.93	15.17	27.45	-	42.85	-	14.46
Fund (net)	2.75	14.78	26.59	-	40.31	-	13.68

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
Fund (gross)	27.45	29.01	-	-	-
Fund (net)	26.59	28.14	-	-	-

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 30 June 2024. All figures are mid-price to mid-price in GBP for the Royal London Global Equity Select Fund (IRL) Z USD ACC; Since inception date 9 November 2021.

Glossary

Active share

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

Carbon footprint

Exposure to high emitters in the portfolio, expressed in tCO₂e/\$M invested. Financed emissions are divided by the portfolio value, the same approach for listed companies and private issuers is applied in this metric.

ESG Integration

The consideration of environmental, social and governance (ESG) risk as part of the investment process. ESG integration does not mean the fund is trying to achieve a particular positive ESG outcome. Please check prospectus documentation for details on specific fund-level objectives.

Exclusions

Explicitly prohibits investing in a particular company, sector, business activity, country or region.

Financed emissions

The emissions from activities in the real economy that are financed through lending and investment portfolios, expressed in tCO₂e. Emissions are attributed to a portfolio based on the portion of the company's value the portfolio holds, and using different accounting values for public and private corporates. We provide financed emissions for scope 1 and 2 emissions.

Fund restrictions definitions

Adult Entertainment: Companies which own or produce adult entertainment services, or engage in the distribution or sale of adult entertainment services.

Alcohol: Companies which have involvement in brewing, distillation or sale of alcoholic drinks.

Animal Welfare: Companies that conduct animal testing (other than for purposes of human or animal health and/or where it is required by law or regulation).

Armaments: Companies who manufacture armaments or nuclear weapons or associated products.

Controversial Weapons: Weapons which have an indiscriminate and disproportional impact on civilians or weapons that are illegal and prohibited by international conventions and treaties.

Fossil Fuels: Companies involved in the exploration, extraction or refining of oil, or gas, or coal, plus any activity relating to thermal coal.

Gambling: Companies who promote irresponsible gambling which includes betting shops, casinos or amusement arcades.

High Environmental Impact: Companies which have a high environmental impact, and which have 'no evidence' of appropriate environmental management systems.

Human Rights Risks: Companies with a strategic presence operating in countries of concern and which have 'no evidence' of policies or systems to manage human rights risks.

Nuclear Power: Companies who generate energy from Nuclear Power.

Nuclear Weapons: Companies that manufacture, nuclear; or are involved in the production of intended-use parts, whole weapons systems, or exclusive delivery platforms.

Tobacco: Companies which are growing, processing or selling tobacco products.

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.

Implied temperature rise (ITR)

ITR aims to measure the global warming outcome from the emissions trajectory of a company, if the whole economy followed the same trajectory.

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.

Promotes environmental or social factors

An ESG Fund promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

Regional weights

Breakdown of holdings by country of risk relative to the benchmark index and grouped using RLAM's proprietary regional classification scheme.

Glossary

SBTi

The Science-Based Targets initiative is a consortium of organisations that set up the definition and promotion of science-based target setting.

Sector weights

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

Sustainable fund objective

A product that has sustainable investment or a reduction in carbon emissions as its objective.

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).

Weighted Average Carbon Intensity (WACI)

Portfolio's exposure to carbon-intensive companies, expressed in tCO₂e / \$M revenue. Scope 1 and scope 2 GHG emissions are divided by companies revenues, then multiplied based on portfolio weights (the current value of the investment relative to the current portfolio value). The WACI is calculated as a weighted average sum of the holdings with carbon intensity coverage.