

For professional clients only, not suitable for retail clients.



Royal London Global Equity Select 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 Select 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.

Contents

The fund	3
Performance and activity	4
Fund breakdown	7
Market commentary	8
Further information	9
Disclaimers	10
Performance net and gross	12
Glossary	13

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, by predominantly investing in the shares of companies globally that are listed on a stock exchange. The Fund's performance target is to outperform, after the deduction of charges, the MSCI World Net Total Return Index GBP (the "Index") by 2.5% per annum over rolling 3-year periods. The Index is considered an appropriate benchmark for the Fund's performance, as the Fund's potential investments will predominantly be included in the Index. In addition to the benchmark for the Fund's performance as noted above (the "Index"), the IA Global sector is considered an appropriate benchmark for performance comparison.

Benchmark: MSCI World

Fund value

	Total £m
30 June 2024	667.36

Fund analytics

	Fund
Fund launch date	10 October 2017
Base currency	GBP
Number of holdings	41
Active share (%)	78.4
Tracking error (%)	4.5

Ex-post tracking error calculated 3 years to 30 June 2024 using EOD prices. Please refer to the glossary for a description of the tracking error used.

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	2.81	2.56	0.25
YTD	17.02	12.69	4.33
1 Year	29.54	20.88	8.66
3 Years (p.a.)	19.57	10.06	9.51
5 Years (p.a.)	19.69	11.91	7.78
Since inception (p.a.)	18.54	11.87	6.67

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 RL Global Equity Select Fund (M Acc). Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 5 March 2018.

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.

Kinsale Capital Group is an Accelerating US insurance business focused on Excess & Surplus (E&S) lines, also known as non-admitted insurance. This type of insurance does not fit within the regulated insurance market due to market regulations or the cost of providing coverage. Kinsale shares sold off in Q2 following the release of quarterly results at the end of April. Despite positive results overall, the market is increasingly concerned about Kinsale's ability to replicate the premium growth numbers it has seen over the past several years. However, we believe that Kinsale is uniquely positioned to continue growing its market share in the E&S market and to continue disrupting this market.

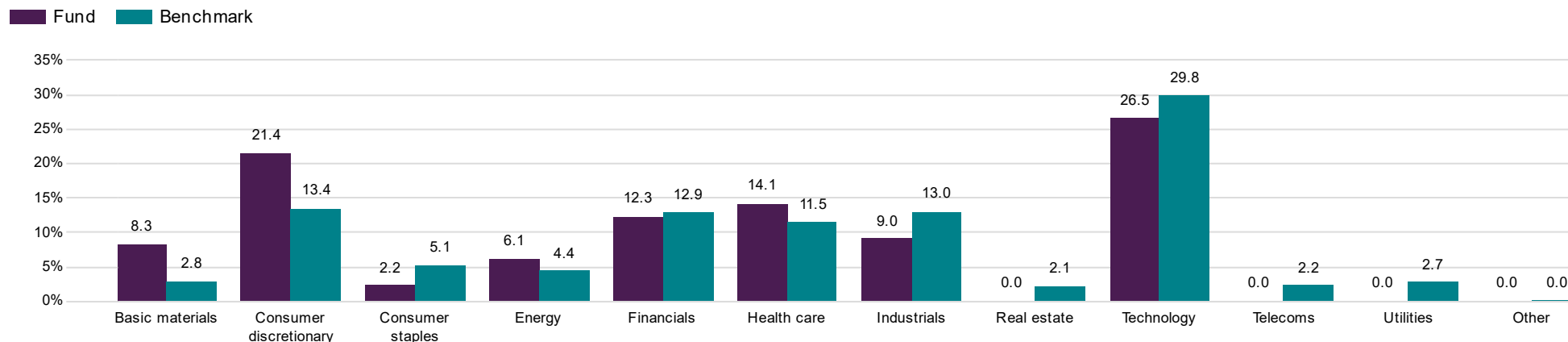
Performance and activity

Top 10 holdings

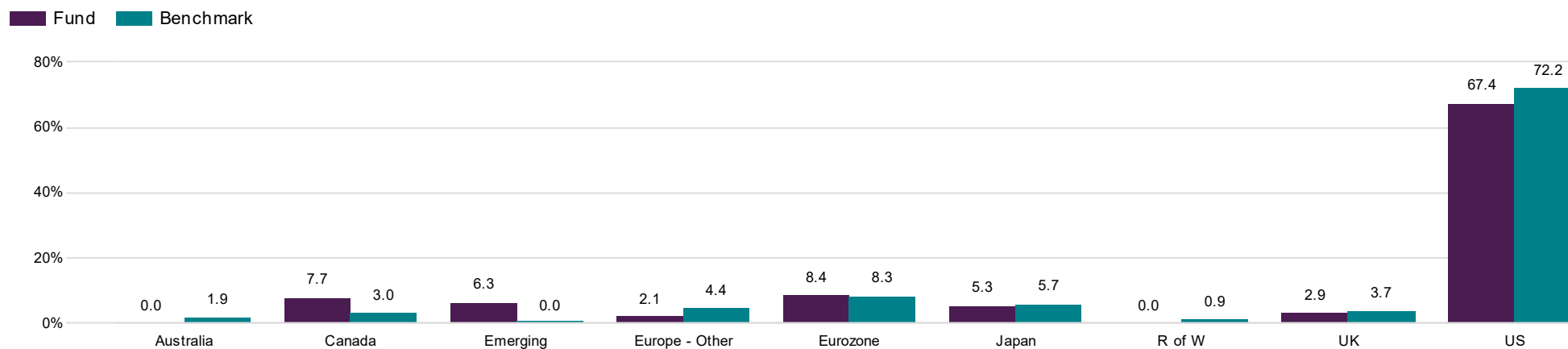
	Weighting (%)
Microsoft Corporation	8.24
Amazon.com, Inc.	5.69
NVIDIA Corporation	4.60
UnitedHealth Group Incorporated	4.18
Steel Dynamics, Inc.	3.89
Constellation Software Inc.	3.77
Safran SA	3.39
Apple Inc.	3.20
KB Financial Group Inc.	3.20
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	2.99
Total	43.15

Fund breakdown

Sector weights



Regional weights



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 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.

MSCI indexes and data are the intellectual property of MSCI Inc. MSCI has no liability to any person for any loss, damage, cost, or expense suffered as a result of any use of or reliance on any of the information.

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.

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.

Performance to 30 June 2024

Cumulative (%)

Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	2.81	17.02	29.54	71.04	145.91	19.57	19.69
Fund (net)	2.63	16.61	28.63	67.44	137.36	18.73	18.85

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)	29.54	22.96	7.38	32.46	8.54
Fund (net)	28.63	22.09	6.62	31.53	7.78

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 RL Global Equity Select Fund (M Acc).

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.

Regional weights

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

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).