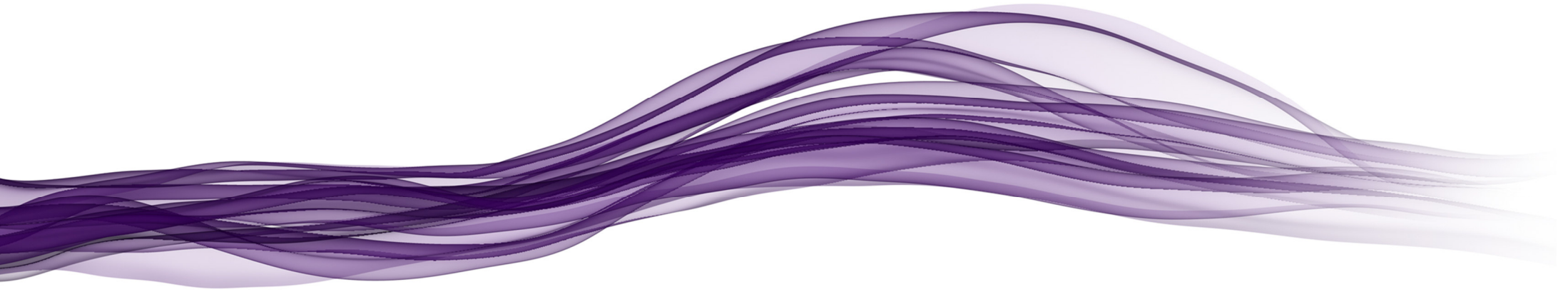


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# Royal London UK Income with Growth Trust

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 UK Income with Growth Trust. 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 an above-average income with some capital growth over the medium-to-long term (5-7 years) by primarily investing in the shares and sterling-denominated bonds of UK companies listed on the London Stock Exchange. The Fund's income target is to produce an annual income that exceeds the income of the FTSE All-Share Index (the "Index") by at least 20% over a rolling 7-year period. The Index is considered an appropriate benchmark for the Scheme's performance, as the Scheme's potential investments will predominantly be included in the Index.

Benchmark: FTSE All-Share Index

## Fund value

	Total £m
30 June 2024	224.55

## Fund analytics

	Fund
Fund launch date	25 September 1989
Base currency	GBP
Number of holdings	222

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	4.25	3.73	0.52
YTD	6.72	7.43	(0.70)
1 Year	15.91	12.98	2.93
3 Years (p.a.)	6.53	7.40	(0.86)
5 Years (p.a.)	6.26	5.53	0.73
10 Years (p.a.)	5.79	5.92	(0.13)
Since inception (p.a.)	8.66	7.65	1.01

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 UK Income with Growth Trust (A Inc). Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 September 1989.

## Performance commentary

The fund beat its benchmark in the second quarter, with the equity portfolio outperformance the driving factor. The fund outperformance was despite asset allocation being a headwind, with bonds weaker than equities.

The main drivers of equity outperformance were the holdings in NatWest, Imperial Brands and Workspace.

The best performing sectors in the UK equity market were Financials, Telecommunications and Healthcare, while Consumer Discretionary, Utilities and Real Estate were the weakest.

Corporate activity remains a notable feature, with bids announced for Hargreaves Lansdown, DS Smith and Anglo American. The offer for Anglo from BHP later lapsed, as terms could not be agreed.

# Performance and activity

## Top 10 holdings

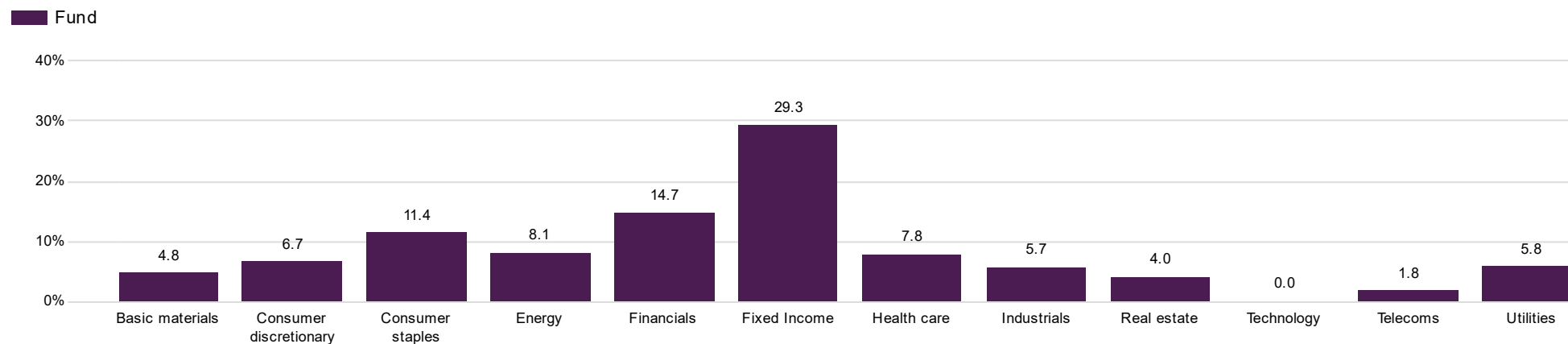
	Weighting (%)
Shell Plc	5.71
AstraZeneca PLC	4.15
HSBC Holdings Plc	3.06
Unilever PLC	2.92
NatWest Group Plc	2.79
British American Tobacco p.l.c.	2.77
GSK plc	2.74
Imperial Brands PLC	2.67
RELX PLC	2.44
IG Group Holdings plc	2.20
<b>Total</b>	<b>31.45</b>

## Fund activity

During the quarter the fund exited the equity holdings in DS Smith and Cranswick and reduced the positions in Sabre, BP and Drax. Existing holdings in Johnson Matthey, Sainsbury and Spectris were added to.

# Fund breakdown

## Sector weights



# Market commentary

## Market overview

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 hold off so far. Most central bank forecasters now only expect one or two cuts from each of these banks over the course of 2024 as a whole.

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.

In the second quarter, the UK equity market rose 3.7% (FTSE All-Share index) building on the first quarter's 3.6% growth. In overall terms, UK equities (both FTSE 100 and 250) outperformed the Europe ex UK index. For UK equity markets, financials and healthcare stocks enjoyed a strong quarter, while the basic resources, media, and construction & materials sectors also saw solid returns. Consumer discretionary and utilities underperformed.

Gradually reducing inflation data – with the most recent reading hitting the Bank of England's target – and relative political certainty despite the upcoming elections helped sentiment in the UK. Even before the snap French election announcement dominated headlines, the market impact of the upcoming UK general election had been fairly limited. With polls pointing to a large and stable lead for the Labour party over the Conservatives, markets instead turned their attention to what a potential Labour government would mean for UK assets.

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 depreciated by 5.9% against the yen, by 0.8% against the euro, and was flat against sterling.

## Outlook

We believe our approach of investing in a broad range of companies who are in control of their own fates, irrespective of market conditions is the right one. As well as looking for durable businesses, a willingness to look through short-term extremes of sentiment and buy stocks when they are out of favour, or take profits when sentiment becomes exuberant should drive longer term performance.

## 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](http://www.rlam.com), including regular updates from our Fixed Income, Global Equity, Sustainable and Multi Asset teams.



# Disclaimers

## Important information

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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).

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The Trust is an authorised unit trust scheme. The Manager is RLUM Limited, authorised and regulated by the Financial Conduct Authority, with firm reference number 144032.

For more information on the Trust 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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FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by Royal London Asset Management.

# 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.

## Credit risk

Should the issuer of a fixed income security become unable to make income or capital payments, or their rating is downgraded, the value of that investment will fall. Fixed income securities that have a lower credit rating can pay a higher level of income and have an increased risk of default.

## 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.

## Interest rate risk

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. Unlike the income from a single fixed interest security, the level of income (yield) from a fund is not fixed and may go up and down. Bond yields (and as a consequence bond prices) are determined by market perception as to the appropriate level of yields given the economic background.

## 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.

## 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 30 June 2024

## Cumulative (%)

## Annualised (%)

	3 Month	6 Month	1 Year	3 Years	5 Years	3 Years (p.a.)	5 Years (p.a.)
<b>Fund (gross)</b>	4.25	6.72	15.91	20.93	35.53	6.53	6.26
<b>Fund (net)</b>	3.99	6.15	14.63	16.65	27.05	5.26	4.90

## 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
<b>Fund (gross)</b>	15.91	1.97	2.32	18.43	(5.37)
<b>Fund (net)</b>	14.63	0.71	1.05	16.82	(6.77)

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 UK Income with Growth Trust (A Inc).

# 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 FTSE ICB (Industry Classification Benchmark) sector relative to the benchmark index.

## Top 10 holdings

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