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# Royal London Global Equity Income Fund

Quarterly Investment Report

30 September 2024



# Quarterly Report

## The fund as at 30 September 2024

The purpose of this report is to provide an update on the Royal London Global Equity Income 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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# The fund

## Fund performance objective and benchmark

The Fund's investment objective is to achieve a combination of income and capital growth (a total return) over the medium term, which should be considered as a period of 3-5 years, by predominantly investing in shares of companies globally. 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% p.a. over rolling 3-year periods. The Fund also aims to produce an income 20% higher than the Index's income p.a. over rolling 3-year periods (after the deduction of any charges).

Benchmark: MSCI World Net Total Return GBP

## Fund value

	Total £m
30 September 2024	1,115.53

## Fund analytics

	Fund
Fund launch date	25 February 2020
Base currency	GBP
Number of holdings	63
Active share (%)	81.8
Tracking error (%)	4.9

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

# Performance and activity

## Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	0.88	0.24	0.64
YTD	12.14	12.96	(0.82)
1 Year	19.38	20.50	(1.12)
3 Years (p.a.)	13.58	8.44	5.14
Since inception (p.a.)	15.67	11.54	4.13

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 Income Fund M Income. Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 25 February 2020.

The benchmark in the above performance table shows MSCI All Countries World Net Total Return Index since inception up to 21 August 2023, and the MSCI World Net Total Return Index, when the benchmark changed, thereafter.

## Performance commentary

The fund outperformed the benchmark in the third quarter of 2024.

Having spent much of the last year worrying about economies being too strong and inflation too high, and how quickly interest rates might be reduced, investor attitudes shifted in the quarter with concerns shifting to whether the economic slowdown was too pronounced. That led the market to take on a more cautious tone. Top performing sectors were Utilities and Real Estate, while Information Technology and Energy were weak. The geopolitical situation in the Middle East has been worsening and while this would normally lead to oil prices climbing, this was not the case following news that Saudi Arabia would not be managing its production levels to try to achieve and maintain oil prices of \$100 per barrel. At the end of the quarter Chinese authorities announced that they intended to inject stimulus into their economy, to try to counteract recent weakness. The reaction in market was dramatic, with stocks seen as closely linked to Chinese growth rallying very sharply (for example luxury goods and metals and mining).

The holdings which contributed most to the outperformance of the benchmark were Kenvue and HCA Healthcare, and not holding Nvidia for the majority of the period was also positive. Kenvue, the company which makes among other things Tylenol painkillers and Listerine mouthwash, performed well after the company reported solid results. HCA who operates private medical centres and hospitals also gained on strong results. The biggest drag on performance was the US discount retailer Dollar General, whose shares fell sharply after releasing a weak set of results, flagging that many of their customers are feeling financially squeezed.

# Performance and activity

## Top 10 holdings

	Weighting (%)
Microsoft Corporation	5.50
Alphabet Inc. Class A	3.56
UnitedHealth Group Incorporated	3.00
Broadcom Inc.	2.89
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	2.59
Steel Dynamics, Inc.	2.54
HCA Healthcare Inc	2.50
Shell Plc	2.46
British American Tobacco p.l.c.	2.44
Cisco Systems, Inc.	2.39
<b>Total</b>	<b>29.87</b>

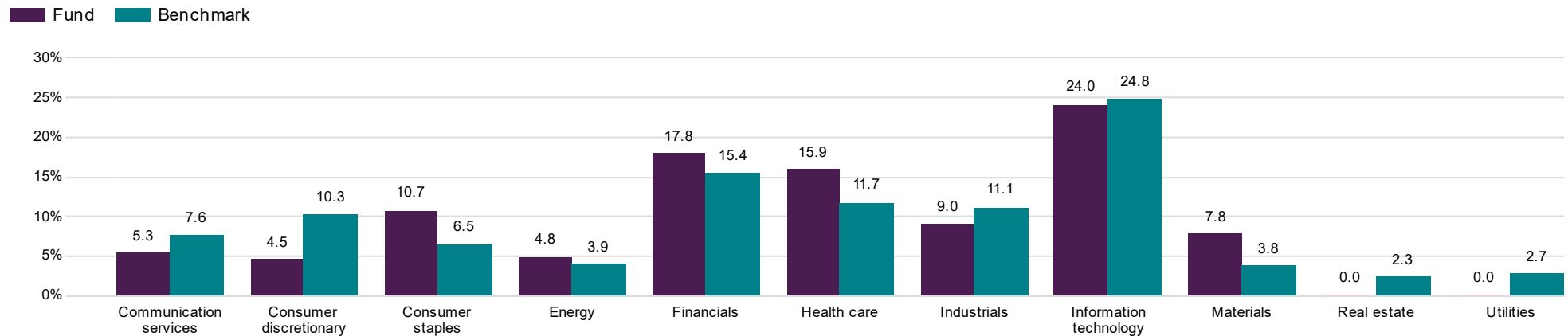
## Fund activity

The fund made a number of position readjustments during the quarter, most notably reducing the positions in Wolters Kluwer and Ashtead, adding to LVMH and starting a position in Nvidia. Nvidia shares had been quite weak and we took the opportunity to move to a fund positioning that was less underweight the benchmark. Not holding Nvidia had been flagging as the largest single risk contributor in the fund, a situation we were uncomfortable with as a core part of our process is to have well diversified risk, rather than performance being driven by a limited number of positions each of which contribute large amounts of risk.

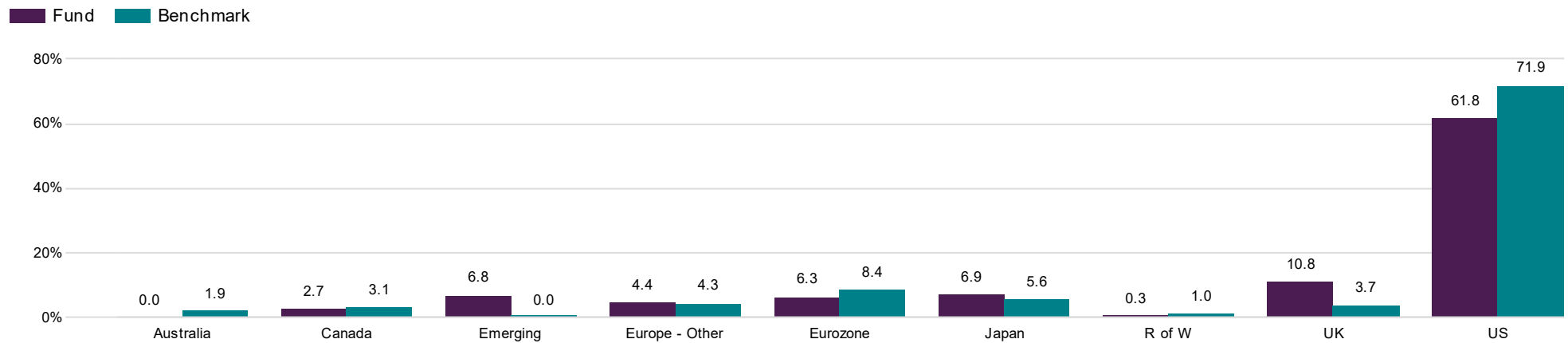
Whilst there remains significant geopolitical and macroeconomic risk, we remain focused on using our established investment process to generate alpha through bottom-up stock picking. With this volatile background, we believe that our approach of diversifying the strategies across broad range of companies 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.

# Fund breakdown

## Sector weights



## Regional weights



# Market commentary

## Market overview

Global equities were volatile during the third quarter amid heightened geopolitical tensions in the Middle East and ongoing inflationary pressures on the global economy. However, global equities have still posted gains on a year-to-date basis.

Markets continued to focus on central bank actions during the quarter, as both the Federal Reserve (Fed) and Bank of England (BoE) followed the European Central Bank in making the first rate cuts this cycle. This follows the significant rises through 2022 and 2023 as part of efforts to reduce inflation. Along with a significant stimulus package in China, this policy shift generally helped fixed income markets to perform positively over the quarter as yields fell to reflect lower central bank interest rates. Equity markets continued to rise, reflecting the hope that the policy easing would result in a soft-landing for the economy with the US S&P 500 index hitting an all-time high. Despite guidance from central banks that further cuts will be measured, markets are still pricing in material rate cuts over the next year or so.

During the third quarter, the MSCI World Index Growth Index posted losses of -0.87% while the MSCI World Value Index posted gains of 5.09%.

The price of WTI crude oil lost 12.1% over the quarter to \$70.1 a barrel, while copper futures meanwhile gained 2.1% in US dollar terms.

## 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](http://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](http://www.rlam.com).

Issued in October 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](http://www.rlam.com).

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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.

## 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.

## 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 September 2024

## Cumulative (%)

## Annualised (%)

	3 Month	6 Month	1 Year	3 Years	Since Inception	3 Years (p.a.)	Since Inception (p.a.)
<b>Fund (gross)</b>	0.88	2.05	19.38	46.58	95.37	13.58	15.67
<b>Fund (net)</b>	0.70	1.69	18.53	43.44	89.01	12.77	14.84

## Year on year performance (%)

	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021	30/09/2019 - 30/09/2020
<b>Fund (gross)</b>	19.38	17.75	4.27	30.05	-
<b>Fund (net)</b>	18.53	16.91	3.52	29.11	-

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 September 2024. All figures are mid-price to mid-price in GBP for the Royal London Global Equity Income Fund M Income; Since inception date 25 February 2020.

# 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.

## 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).