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Royal London UK 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 UK 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 total return (combination of capital growth and income) over the medium term (3-5 years) by investing at least 50% in the shares of UK companies listed on the London Stock Exchange. The Fund's performance target is to outperform, after the deduction of charges, the FTSE All-Share Total Return GBP Index (the "Index") over rolling 3-year periods. The Fund also aims to produce an income in excess of the Index's income over rolling 3-year periods. The Index is regarded as a good measure of the share-price performance of the approximately 600 largest companies on the London Stock Exchange. 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 UK Equity Income sector is considered to be an appropriate benchmark for performance comparison.

Benchmark: FTSE All-Share Total Return GBP Index

Fund value

	Total £m
30 September 2024	1,186.34

Fund analytics

	Fund
Fund launch date	11 April 1984
Base currency	GBP
Number of holdings	50

Performance and activity

Performance

	Fund (%)	Benchmark (%)	Relative (%)
Quarter	1.79	2.26	(0.46)
YTD	11.00	9.85	1.15
1 Year	17.53	13.40	4.13
3 Years (p.a.)	9.93	7.41	2.52
5 Years (p.a.)	7.32	5.74	1.58
10 Years (p.a.)	7.85	6.26	1.59
Since inception (p.a.)	9.76	6.66	3.10

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 UK Equity Income Fund (M Inc). Source: Royal London Asset Management; Gross performance; Since inception date of the share class is 5 November 2010.

Performance commentary

The fund underperformed the benchmark during the period under review.

Key detractors from relative performance were actually from not holding some index constituents that performed well. For example, Rolls Royce, Haleon, London Stock Exchange and Compass Group. In terms of companies held, shipping broker Clarkson was the main detractor on a weak reaction to the company's results.

Performance and activity

Top 10 holdings

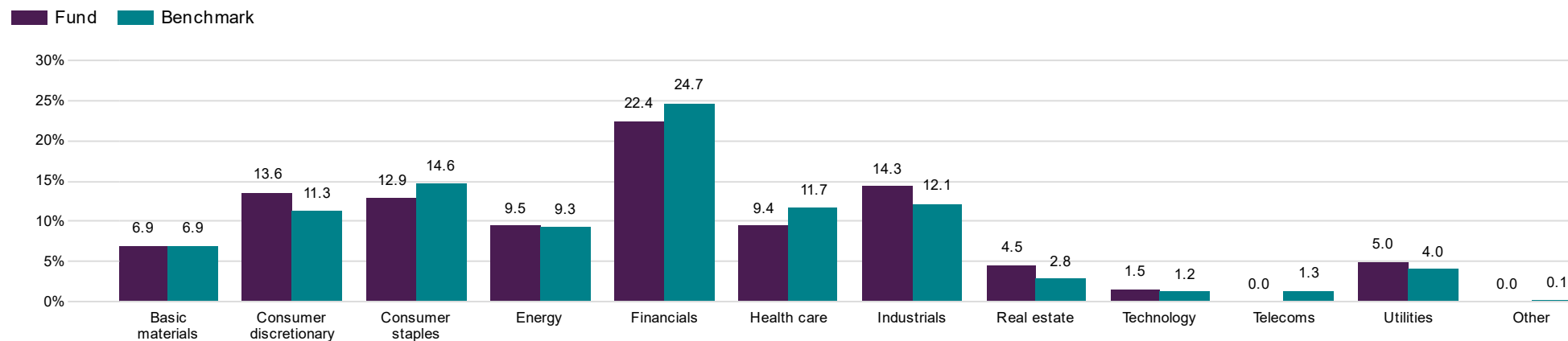
	Weighting (%)
Shell Plc	6.80
AstraZeneca PLC	4.64
Unilever PLC	4.08
RELX PLC	4.00
Imperial Brands PLC	3.48
British American Tobacco p.l.c.	3.45
3i Group plc	2.79
NatWest Group Plc	2.76
Drax Group plc	2.72
Glencore plc	2.71
Total	37.43

Fund activity

The main sales in the quarter were to reduce the large positions in 3i Group and IG Group and to exit the holding in Anglo American. A number of existing holdings were topped up, particularly Glencore and Rio Tinto. More significantly, two new holdings were established, in Spirax Sarco and Croda. Spirax Sarco is a company that the fund has held in the past, but which was exited at higher levels. Both companies have seen their share prices moving down after weak trading statements and are now trading at levels that we see as attractive long term entry points.

Fund breakdown

Sector weights



Market commentary

Market Overview

The quarter saw the FTSE All-Share index rise, with the bigger companies of the FTSE-100 outpaced by the medium sized companies of the FTSE-250. This was in part due to the quarter starting with a positive reaction to the decisive UK general election result, spurring demand for domestic UK companies. Additionally, some large constituents of the FTSE-100 weighed on the index. Astra Zeneca was down on some disappointing drug development updates and BP and Shell were both under pressure from oil price weakness; this was caused by Saudi Arabia saying that they may not manage their production levels to target \$100 per barrel. The Energy sector was the worst performing sector in the quarter, while more defensive sectors like Consumer Staples and Utilities did better.

The equity market took on a more defensive feel in the middle of the quarter, with sectors like Healthcare and Consumer Staples faring best; while sectors like Materials, Energy and Technology struggled. With inflation seemingly now under control and interest rates on a downward trajectory, concerns have turned to how much economies might slow. The new UK government has also been at some pains to stress how stretched public finances are, leading to concerns that the budget later this year may contain some hard measures to address this.

Markets rallied towards the end of the quarter, after news from China that the authorities were considering injecting significant stimulus into their economy.

Corporate activity continues, with Informa revealing a £1bn bid for events peer Ascential and Hargreaves Lansdown and Rightmove both finding themselves as bid targets.

Outlook

Given the often-conflicting macroeconomic data of the moment, we feel justified in our consistent approach of trying to filter out the noise and focus on investing over the long term.

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 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.

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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.

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.

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	5 Years	3 Years (p.a.)	5 Years (p.a.)
Fund (gross)	1.79	7.42	17.53	32.88	42.41	9.93	7.32
Fund (net)	1.61	7.04	16.69	30.05	37.39	9.14	6.55

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
Fund (gross)	17.53	19.10	(5.07)	32.77	(19.28)
Fund (net)	16.69	18.25	(5.75)	31.82	(19.86)

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 RL UK Equity Income Fund (M 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.