

For professional clients only, not suitable for retail clients.



Royal London Global Equity Funds

Fund Manager Commentary

28 February 2025

Fund Manager Commentary

28 February 2025

The purpose of this report is to provide an update on the Royal London Global Equity Funds. The report has been produced by Royal London Asset Management. The report starts with a performance summary followed by Fund Manager commentary for each of the Funds. All data within this report is at the report date unless otherwise stated.

Contents

[RLAM Equity Performance](#)

[Royal London Global Equity Select Fund](#)

[Royal London Global Equity Diversified Fund](#)

[Royal London Global Equity Income Fund](#)

[Disclaimers](#)

[Performance net and gross](#)

Performance

	1 month (%)	Rolling 12 months (%)
RL Global Equity Select Fund M Acc	-4.55	12.48
MSCI World Net Index	-2.03	16.16
IA Global Sector	-3.31	10.39
RL Global Equity Diversified Fund M Acc	-4.23	13.15
MSCI World Net Index	-2.03	16.16
IA Global Sector	-3.31	10.39
RL Global Equity Income Fund M Inc	-3.03	14.39
MSCI World Index - Net Return	-2.03	16.16
IA Global Equity Income Sector	-0.37	11.87

Past performance is not a guide to future performance. The value of investments and the income from them is not guaranteed and may go down as well as up and investors may not get back the amount originally invested.

Source: RLAM and Morningstar, as at 28 February 2025. Returns quoted are net of fees. Please note that with effect from 1 February 2024 RLAM are using peer group comparisons provided by Morningstar. Prior to this peer comparisons were provided by Lipper so there may be some differences compared to the data provided historically.

Royal London Global Equity Select Fund

Portfolio commentary

Worries about the performance of mega-cap technology stocks and concerns about the effects of tariffs sent global equity markets lower in February. The US stock market was among the worst performers. The potential effects of a trade war also weighed on shares in some Asian markets, though Chinese equities were boosted by optimism around technology stocks and particularly AI. On the upside, there were gains for European shares, with investor confidence in the region boosted by encouraging economic data and strong earnings announcements.

The portfolio underperformed the benchmark index during February.

One of the top performers over the month was Progressive Corp, which is a US auto insurance group currently in the accelerating portion of the corporate Life Cycle. Results were reported at the end of January, and shares have since climbed as these were well received. Notably, five million policies were added in 2024 compared to 2023, as growth continues to exceed expectations. Progressive continues to track well against our investment thesis milestones, and the fundamental wealth creation characteristics remain strong.

Brown & Brown is a US insurance broker in the Compounding Life Cycle phase that offers a wide range of insurance and risk management solutions. Operating in a highly fragmented industry, Brown & Brown has a track record of historic wealth creation, primarily through acquisitions. Quarterly results were reported at the end of January, and the market initially seemed to react negatively to the outlook given for 2025, with growth expected to moderate. However, shares have since rallied, which we deem to be a better reflection of results that were, on the whole, positive against our investment thesis milestones.

Visa, in the Slowing and Maturing phase of its Life Cycle, supported by its strong network effects and secular growth potential, was a contributor to performance. The company reported solid quarterly results, with sales growing 10% year-over-year, driven by a 9% increase in payments volume, 16% growth in cross-border volume, and 11% growth in processed transactions. Management continues to focus on expanding new payment flows and value-added services, although execution in these areas remains a long-term challenge. The market remains cautious about Visa's regulatory risks, while also weighing potential tailwinds from a more business-friendly regulatory environment under the new US administration. Free cash flow generation was strong, and valuation remains a key consideration after strong recent performance. We continue to see Visa as a high-quality company with impressive wealth creation.

On the downside, Wolters Kluwer, which is in the Compounding stage of its Life Cycle, detracted from performance. The company delivers professional information, software, and services across a number of markets. Alongside fourth quarter results, which showed slightly weak organic growth, the company announced that its long-term CEO will be retiring in February 2026. The CEO will be replaced by the current head of the Health division, who has an impressive track record during her time at Wolters Kluwer. The company continues to track well against our milestones, and we have conviction in our long-term thesis.



Francois de Bruin
Fund Manager



Paul Schofield
Head of Global Equities

Royal London Global Equity Select Fund continued

UnitedHealth Group, a leading U.S. health insurance company in the Compounding stage of its Life Cycle, was a detractor to performance. In the short term, UnitedHealth is facing pressures from elevated medical costs and increased regulatory scrutiny. However, we remain positive about future growth given the focus on building out its Optum healthcare business, utilising data and technology to improve outcomes for customers, and expanding healthcare infrastructure. The valuation opportunity remains compelling given the quality of wealth creation.

Taiwan Semiconductor Manufacturing Company (TSMC), which is in the Accelerating phase of its Life Cycle, was a detractor to relative performance as the market has become more pessimistic about the company's future following the release of DeepSeek AI, which weighed on sentiment towards future semiconductor capital expenditure. However, the fundamentals of the business remain very strong, and TSMC is progressing well against our milestones as the leader in chip production necessary for future AI applications, with strong revenue visibility for the next few years.

Royal London Global Equity Diversified Fund

Portfolio commentary

Worries about the performance of mega-cap technology stocks and concerns about the effects of tariffs sent global equity markets lower in February. The US stock market was among the worst performers. The potential effects of a trade war also weighed on shares in some Asian markets, though Chinese equities were boosted by optimism around technology stocks and particularly AI. On the upside, there were gains for European shares, with investor confidence in the region boosted by encouraging economic data and strong earnings announcements.

The portfolio underperformed the benchmark index during February.

One of the top performers over the month was Progressive Corp, which is a US auto insurance group currently in the accelerating portion of the corporate Life Cycle. Results were reported at the end of January, and shares have since climbed as these were well received. Notably, five million policies were added in 2024 compared to 2023, as growth continues to exceed expectations. Progressive continues to track well against our investment thesis milestones, and the fundamental wealth creation characteristics remain strong.

Brown & Brown is a US insurance broker in the Compounding Life Cycle phase that offers a wide range of insurance and risk management solutions. Operating in a highly fragmented industry, Brown & Brown has a track record of historic wealth creation, primarily through acquisitions. Quarterly results were reported at the end of January, and the market initially seemed to react negatively to the outlook given for 2025, with growth expected to moderate. However, shares have since rallied, which we deem to be a better reflection of results that were, on the whole, positive against our investment thesis milestones.

Eli Lilly, a US pharmaceuticals company in the compounding stage of its Life Cycle, was a positive contributor to performance. Results are progressing positively against our investment milestones. It is taking market share from its main competitor Novo Nordisk and demonstrating better drug efficacy. The fundamentals remain very strong, and 2025 will be a key year for the business as we await readouts on a potential oral solution for obesity, as well as the potential for its GLP-1 diabetes treatments to be used across other therapeutic areas.

On the downside, Taiwan Semiconductor Manufacturing Company (TSMC), which is in the Accelerating phase of its Life Cycle, was a detractor to relative performance as the market has become more pessimistic about the company's future following the release of DeepSeek AI, which weighed on sentiment towards future semiconductor capital expenditure. However, the fundamentals of the business remain very strong, and TSMC is progressing well against our milestones as the leader in chip production necessary for future AI applications, with strong revenue visibility for the next few years.



Paul Schofield
Head of Global Equities



Matt Kirby
Fund Manager



Finn Provan
Assistant Fund Manager

Royal London Global Equity Diversified Fund continued

Wolters Kluwer, in the Compounding stage of its Life Cycle, detracted from performance. The company delivers professional information, software, and services across a number of markets. Alongside fourth quarter results, which showed slightly weak organic growth, the company announced that its long-term CEO will be retiring in February 2026. The CEO will be replaced by the current head of the health division, who has an impressive track record during her time at Wolters Kluwer. The company continues to track well against our milestones, and we have conviction in our long-term thesis.

UnitedHealth Group, a leading U.S. health insurance company in the Compounding stage of its Life Cycle, was a detractor to performance. In the short term, UnitedHealth is facing pressures from elevated medical costs and increased regulatory scrutiny. However, we remain positive about future growth given the focus on building out its Optum healthcare business, utilising data and technology to improve outcomes for customers, and expanding healthcare infrastructure. The valuation opportunity remains compelling given the quality of wealth creation.



Paul Schofield
Head of Global Equities



Matt Kirby
Fund Manager



Finn Provan
Assistant Fund Manager

Royal London Global Equity Income Fund

Portfolio commentary

The fund underperformed a declining benchmark in February. Positioning in consumer discretionary, consumer staples and financials were the largest contributors to performance, while holdings in information technology and communications services detracted.

Philip Morris delivered strong performance as it continued to evidence its transition towards reduced-risk products, with IQOS and other smoke-free offerings contributing a growing share of revenues. US biopharmaceuticals company Gilead was another company to announce impressive results during the month, with growth surprising to the upside in its core HIV business.

In healthcare, Gilead's strong performance mitigated the negative impact of UnitedHealth Group on the fund. UnitedHealth continues to face pressures from elevated medical costs and increased regulatory scrutiny, but our faith remains in the company's differentiated business model.

Positions in Alphabet, Broadcom, and Taiwan Semiconductor Manufacturing Company (TSMC) detracted from performance. Companies exposed to the AI theme continued to suffer from market pessimism following the release of DeepSeek's low-cost AI model the previous month. Each of these companies are progressing well against our wealth creation milestones.

Portfolio Activity

During the month holdings in HCA Healthcare and Volvo were reduced, while Glencore and PACCAR were added to.



Richard Marwood

Head of UK and European Equities



Matt Kirby

Fund Manager

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 March 2025 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 Funds are sub-funds 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 funds 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.

FC RLAM PD 0069 RA

Risk 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.

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.

Efficient portfolio management (EPM) techniques

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.

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.

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.

Performance

Cumulative (%)

		3 Month	6 Month	1 Year	3 Years	5 Years
RL Global Equity Select Fund M Acc	Gross	-2.63	6.70	13.28	64.19	160.41
RL Global Equity Select Fund M Acc	Net	-2.80	6.33	12.48	60.74	151.36
RL Global Equity Diversified Fund M Acc	Gross	-0.95	6.43	13.62	47.47	109.37
RL Global Equity Diversified Fund M Acc	Net	-1.05	6.22	13.15	45.67	105.13
RL Global Equity Income Fund M Inc	Gross	0.81	7.57	15.21	52.92	-
RL Global Equity Income Fund M Inc	Net	0.63	7.19	14.39	49.65	-

Annualised (%)

	3 Years (p.a)	5 Years (p.a)
	17.95	21.08
	17.12	20.23
	13.81	15.92
	13.35	15.44
	15.19	-
	14.37	-

Year on year performance (%)

		31/12/2023 – 31/12/2024	31/12/2022 – 31/12/2023	31/12/2021 – 31/12/2022	31/12/2020 – 31/12/2021	31/12/2019 – 31/12/2020
RL Global Equity Select Fund M Acc	Gross	22.21	27.77	1.84	30.64	17.33
RL Global Equity Select Fund M Acc	Net	21.35	26.87	1.12	29.72	16.51
RL Global Equity Diversified Fund M Acc	Gross	20.80	20.49	-6.55	27.22	11.32
RL Global Equity Diversified Fund M Acc	Net	20.31	20.00	-6.93	26.71	10.86
RL Global Equity Income Fund M Inc	Gross	18.39	17.53	3.36	26.64	-
RL Global Equity Income Fund M Inc	Net	17.54	16.69	2.62	25.73	-

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 28 February 2025 unless otherwise stated. All figures are mid-price to mid-price in GBP.