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Royal London Asset Management

Equity Fund Commentary

31 July 2026

Fund Commentary

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The purpose of this report is to provide an update on the Royal London Equity Funds. The report has been produced by Royal London Asset Management. All content within this report is at the report date unless otherwise stated.

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ASSET MANAGEMENT

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Royal London Global Equity Diversified Fund

Global equities experienced mixed fortunes as investors digested macroeconomic signals and a subtle shift in central bank policy expectations. There was significant intra-month volatility and in the final days of July, global semiconductor and related technology stocks suffered a severe valuation reset, erasing over $1 trillion in market value.

The fund outperformed its benchmark in July, benefiting significantly from a sharp pullback in several semiconductor and AI infrastructure beneficiaries that had previously driven market gains. However, a number of our semiconductor and hardware holdings also experienced sharp falls during the month.

The next month or two will likely be shaped by three things: central bank messaging, inflation data and earnings delivery. Markets do not need perfect macro data to remain buoyant, but they do need enough evidence that inflation is not reaccelerating and that earnings expectations, particularly among US technology companies, are still realistic.

Royal London Global Equity Diversified Fund (IRL)

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Royal London Global Equity Income Fund

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The fund outperformed, which was the result of a broad range of factors. Positive stock selection came from industrials, driven by holdings including Wolters Kluwer, Hensoldt and Lockheed Martin. Later Life Cycle holdings in materials and energy sectors also contributed positively.

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Equity

Royal London Global Equity Select Fund

Global equities experienced mixed fortunes as investors digested macroeconomic signals and a subtle shift in central bank policy expectations. There was significant intra-month volatility and in the final days of July, global semiconductor and related technology stocks suffered a severe valuation reset, erasing over $1 trillion in market value.

The fund outperformed the market during the month, further extending the year-to-date outperformance relative to the benchmark. The benefits of our diversified portfolio across the corporate Life Cycle were seen in holdings such as Shell, Daimler Trucks and Steel Dynamics, which all produced gains.

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Royal London Global Equity Transitions Fund

Global equities experienced mixed fortunes as investors digested macroeconomic signals and a subtle shift in central bank policy expectations. There was significant intra-month volatility and in the final days of July, global semiconductor and related technology stocks suffered a severe valuation reset, erasing over $1 trillion in market value.

We continue to focus on enhancing the long-term Wealth Creation/valuation in the portfolio. The result is a highly idiosyncratic portfolio aiming to be Life Cycle balanced alongside identifying Improvers and Enablers aligned with our four Transitions themes.

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Equity

Royal London UK Dividend Growth Fund

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. After a record rally in the second quarter, the semiconductor and chip equipment sector experienced a sharp repricing as investors rotated towards tech companies that have – rightly or wrongly – been placed in the ‘AI loser’ basket and defensive sectors that have been overlooked in the year to date such as consumer staples.

Key activity over the month involved responding to takeover bids, reducing holdings Rotork and Segro. We also sold the position in DCC after an improved offer and exited our holding in Bunzl having staged a strong recovery in the year to date. The proceeds were partially reinvested into a new holding in Compass Group, the world’s largest contract caterer, and Shaftesbury where we view the shares as undervalued for the quality of its West End property portfolio.

It remains to be seen whether weakness in the AI trade represents fundamental concerns or whether it will reassert itself in the coming weeks and months. We continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

Royal London UK Equity Fund

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. A flare up of US-Iran geopolitical tensions pushed the oil price back above $90 per barrel and lifted energy stocks. These moves proved supportive to the UK market, further underpinned by a broadly positive earnings season and an ongoing flurry of M&A activity.

The fund outperformed the benchmark and peers in July. Positive contributors included Prudential where shares staged a recovery having been impacted last month by perceived risks around regulatory change in China, while Babcock performed strongly on the announcement of former Defence Secretary, John Healey, as the new UK Chancellor. Among the detractors was St James’s Place as reports suggest some loss of advisers to a competitor, while Rentokil underperformed on disappointing half-year results.

Key activity involved reducing the holding in Segro after the board recommended a ‘best-and-final’ offer for the company, having previously rejected multiple takeover bids. The proceeds were reinvested into a new holding in Shaftesbury, where we view the shares as undervalued for the quality of its West End property portfolio. We also initiated holdings in the healthcare companies Hikma and Convatec.

Equity

Royal London UK Equity Income Fund

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. A flare up of US-Iran geopolitical tensions pushed the oil price back above $90 per barrel and lifted energy stocks. These moves proved supportive to the UK market, further underpinned by a broadly positive earnings season and an ongoing flurry of M&A activity.

Key activity over the month involved responding to takeover bids, reducing holdings Rotork and Segro. We also sold the position in DCC which was subject to a takeover bid in the previous month. The proceeds were partially reinvested into a new holding in Compass Group, the world's largest contract caterer, and Shaftesbury where we view the shares as undervalued for the quality of its West End property portfolio.

It remains to be seen whether weakness in the AI trade represents fundamental concerns or whether it will reassert itself in the coming weeks and months. We continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is very appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

Royal London UK Growth Trust

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. A flare up of US-Iran geopolitical tensions pushed the oil price back above $90 per barrel and lifted energy stocks. These moves proved supportive to the UK market, further underpinned by a broadly positive earnings season and an ongoing flurry of M&A activity.

Key activity over the month involved responding to takeover bids, exiting Mitie Group in full and reducing the position in Segro. The proceeds were partly reinvested into a new holding in Volex, a specialist manufacturer of interconnect and power products where we see a long runway for growth in areas such as electric vehicles and data centres. We also initiated a new position in Shaftesbury where we view the shares as undervalued for the quality of its West End property portfolio.

It remains to be seen whether weakness in the AI trade represents fundamental concerns or whether it will reassert itself in the coming weeks and months. We continue to invest broadly across sectors and in companies at different stages of the corporate lifecycle that we believe are undervalued relative to their long-term cash flow potential.

Equity

Royal London UK Income With Growth Trust

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. A flare up of US-Iran geopolitical tensions pushed the oil price back above $90 per barrel and lifted energy stocks. These moves proved supportive to the UK market, further underpinned by a broadly positive earnings season and an ongoing flurry of M&A activity.

The fund underperformed the benchmark over the month, driven by asset allocation, as bonds were weaker than equities. Although the fund is mixed asset class, the comparator benchmark is all equity. The equity portion of the fund outperformed the benchmark, with the holdings in Victrex and Mondi the main contributors, as shares in both companies rose on well received results. The main activity in the month was to exit the positions in WH Smith and DCC (into a takeover bid), reduce the holding in Sainsbury and start new holdings in Pollen Street and Mondi.

Geopolitics and the global economy remain very hard to predict but we continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

Royal London UK Mid Cap Growth Fund

The UK equity market posted gains for a fourth consecutive month and was the best performing major developed market in July, showing resilience in light of a spike in volatility that saw global technology and AI stocks come under significant pressure. A flare up of US-Iran geopolitical tensions pushed the oil price back above $90 per barrel and lifted energy stocks. These moves proved supportive to the UK market, further underpinned by a broadly positive earnings season and an ongoing flurry of M&A activity.

The fund outperformed the benchmark in July. The largest contributor to performance was Rotork, following a successful takeover approach from an international industry peer valuing the business at a premium of approximately 73%. Elementis' shares were also strong and the company reported a good set of results with solid top-line growth and margin improvement. IG Group was a detractor as the shares reacted negatively to the announcement of its entry into US prediction markets by way of a large acquisition. In activity, the fund started a position in Rosebank Industries, trimmed Rotork following the bid and sold Clarkson. We increased existing holdings in SSP Group, Elementis, Helios Towers and Genus.

Geopolitics and the global economy remain very hard to predict but we continue to feel that our approach of investing in a broad range of companies from different sectors and stages of their lifecycle is appropriate and will allow performance to continue to be driven by the success of our hunting for undervalued long-term cashflows.

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RL Global Equity Diversified (IRL), RL Global Equity Select Fund (IRL), RL Global Equity Enhanced Fund, RL Global Equity Transitions Fund:

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The Prospectus and Key Investor Information Document (KIID) are available in English. A summary of investor rights is also available in English. RLAM may terminate the arrangements made for marketing of the Fund pursuant to Article 93a of Directive 2009/65/EC.

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Important information

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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.

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.

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 stock market 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.

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

Investing in assets denominated in a currency other than the base currency of the Fund means the value of the investment can be affected by changes in exchange rates.

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.

Smaller companies risk

The Fund invests in smaller companies, the prices for which can be less liquid and be more volatile than those of larger companies and therefore may have a greater impact on the value of the Fund.