

UK EQUITY INVESTING



FOR PROFESSIONAL
CLIENTS ONLY,
NOT SUITABLE FOR
RETAIL INVESTORS.

UK EQUITY INVESTING

The UK is a diverse and well-established market with a range of opportunities for investors with a variety of investment objectives. Many investors seek at least some exposure to the domestic economy and an actively managed UK equity fund can form a core part of an investors' portfolio.

While tracker funds can provide cost-effective access to certain markets, at Royal London Asset Management (RLAM) we believe active management strategies are well placed to deliver outperformance over time.

Why RLAM for UK Equities?

- **Breadth of expertise** – RLAM has a long-standing reputation for excellence in managing UK equities. Our core UK funds offer distinctive approaches to investing for either growth/alpha or income and across the capitalisation scale.
- **Size and scale** – RLAM manages over £20 billion of UK equity assets (as at 30 June 2019) which helps our team secure significant access to senior company management, an essential part of thorough company research.
- **High conviction approach** – our experienced active equity managers have the freedom to manage assets in a way that suits their natural investment styles, and are free to back their investment decisions.
- **Active stock picking** – our teams adopt a fundamental approach to stock picking, thus generating high active exposures relative to market indices and avoiding the ballast of many competitor funds.

Our team

The team has grown in recent years and combines recently acquired talent as well as well-established managers who have a long tenure at RLAM. The team has experience managing assets through changing economic conditions and business cycles, building their extensive market knowledge through good times and bad.

The managers use their industry knowledge and distinctive styles to maximise market opportunities and endeavour to achieve the best results for investors. Investment ideas are shared through a series of formal and informal meetings, but individual managers retain ultimate responsibility for their fund.

Our philosophy

We split our core UK equity strategies into two main categories in order to clearly align them with our clients' objectives: **growth or alpha** strategies and **income** strategies.

While each of the funds within these categories has a distinct approach and focus, there are some aspects of their investment philosophy that our team all share:

- Focus on bottom-up stock picking
- Reliance on thorough company research
- Emphasis on sound fundamentals and strong balance sheets
- Seeking attractively valued companies
- Not benchmark constrained

This commonality along with their close proximity in our London office provides a collaborative environment where the team are able to exchange ideas and share resources.

INCOME

Head of UK Equity Income



Martin Cholwill joined RLAM in February 2005 to focus solely on managing the RL UK Equity Income Fund.

Martin began his fund management career in 1983, spending 21 years working for AXA Investment Managers, managing a wide variety of UK equity mandates. In 1996 he took over managing AXA's UK Equity Income Fund which he ran successfully until joining RLAM in 2005.

Martin has a degree in Mathematics from Durham University.

Funds Managed: UK Equity Income Fund

UK Income Managers



Richard Marwood joined RLAM in 2016 as part of the income team.

He previously worked at AXA Investment Managers for 19 years where he ran a wide range of UK Equity and multi asset portfolios, most notably AXA's Distribution Fund franchise. Prior to working in the City, Richard had an engineering background, having served an apprenticeship with British Aerospace.

He holds a Mechanical Engineering Degree from Sheffield University and a PhD in Aerodynamics from Oxford University.

Funds Managed: UK Dividend Growth Fund



Niko de Walden joined the RLAM UK Equity team in July 2014 as an equity analyst, and works closely with Martin and Richard as part of the income team.

He was previously a graduate trainee at Henderson Global Investors, working principally in Performance Analysis.

Niko has a BA Hons in Classics from Oxford University, and is a CFA charter holder.

Funds Managed: UK Dividend Growth Fund

GROWTH/ALPHA

Head of UK Equity Alpha



Henry Lowson joined RLAM in September 2016 as a senior fund manager.

Henry began his fund management career in 2005, spending almost 12 years working for AXA Investment Managers. In May 2012 he became lead fund manager of the AXA Framlington UK Smaller Companies Fund, which he ran successfully until joining RLAM.

He is a CFA Charterholder and a Member of the Chartered Institute for Securities and Investment. Henry graduated from Edinburgh University in 2004 with a MA (Hons) degree in Economics and Geography.

Funds Managed: UK Smaller Companies and UK Mid Cap Growth Funds

UK Alpha Managers



Craig Yeaman joined RLAM in November 2017 from Saracen Fund Managers to take over the running of the RL UK Opportunities Fund.

Craig started his fund management career in 1999 at Clydesdale Bank before joining Glasgow Investment Managers in 2001 where he was manager of both Shires Income PLC and Shires Smaller Companies PLC Investment Trusts. In August 2007, following the takeover of GIM, Craig transferred to Aberdeen Asset Management before joining Saracen Fund Managers in 2008. Whilst at Saracen, Craig managed their UK Alpha Fund for nine years.

Craig has a degree in Economics and Marketing from Strathclyde University.

Funds Managed: UK Opportunities Fund



Joe Walters joined the RLAM equity team in August 2013 as a result of acquisition of The Co-operative Asset Management by Royal London.

Joe was at The Co-operative Asset Management for over 20 years and after starting as an equity analyst went on to manage an assortment of UK funds such as a Growth Unit Trust to the Society's Life fund. At Royal London Asset Management Joe is currently managing a number of retail funds, such as the RL UK Growth Trust.

Joe is an Associate of the Society of Investment Professionals.

Funds Managed: UK Equity Fund

Assistant Fund Manager



Henry Burrell joined RLAM UK Equities team in December 2017 and works closely with Henry Lowson, focusing on the RL UK Smaller Companies Fund and the RL Mid-Cap Growth Fund.

He began his career at Smith & Williamson Investment Management in 2011 where he spent six years as an equity analyst.

Henry has a BA Hons in History from Warwick University and is a CFA charterholder.

Our funds

The Royal London UK equity fund range sits within our main suite of equity funds. In addition to the actively managed strategies highlighted in the table below,

we also manage tracker funds and some unit trusts not covered here. For more information about these, please contact us or visit our website.

INCOME

UK Equity Income Fund

What is it?

Pure UK equity income fund investing principally in higher yielding UK equities.

Where does it fit?

A core income holding offering multi-cap UK exposure.

Who is it for?

Investors seeking a combination of income and some capital growth over the medium term (3-5 years).

Key points

- Looks for sustainability: seeks stocks with cashflow to back the dividend.
- Manager places emphasis on finding companies with strong balance sheets to provide a strong stock foundation.
- Often buys companies that are out of favour or undervalued.
- Seeks opportunities across the market cap spectrum.
- Seeks to benefit from businesses with exposure to overseas earnings.

Fund Facts

Launch date	05.11.2010
Manager inception	01.03.2005
Typical number of holdings	40-60
Investment Association Sector	UK Equity Income
Benchmark	FTSE All Share Total Return GBP
Manager	Martin Cholwill and Richard Marwood

UK Dividend Growth Fund

What is it?

Equity fund investing in companies from across the market cap spectrum with a focus on growth of dividends.

Where does it fit?

A core growth fund offering multi-cap UK equity exposure.

Who is it for?

Investors seeking capital growth over the medium term (3-5 years).

Key points

- Seeks to achieve a growing income with some capital growth.
- Manager looks for strong business models and cashflows that support continued growth in dividend payments.
- Seeks to invest in undervalued companies from across the market cap spectrum .
- A high-conviction fund based on the team's top-down view.

Fund Facts

Launch date	30.04.2010
Manager inception	12.04.2016
Typical number of holdings	45-55
Investment Association Sector	UK All Companies
Benchmark	FTSE All Share Total Return GBP
Managers	Richard Marwood and Niko de Walden

GROWTH/ALPHA

UK Equity Fund

What is it?

Active UK equity fund seeking to achieve capital growth by investing in a broad portfolio of UK stocks and shares.

Where does it fit?

A core growth fund offering diverse UK equity exposure.

Who is it for?

Investors seeking capital growth over the medium term (3-5 years).

Key points

- Manager focuses on earnings momentum as a key driver of future share price performance.
- Particular focus on cashflow to identify companies funding sustainable growth.
- Seeks companies with strong market franchises.
- Combines top-down and bottom-up approaches encompassing economic backdrop and changes in company strategy.

Fund Facts

Launch date	05.11.2010
Manager inception	01.01.2018
Typical number of holdings	50-70
Investment Association Sector	UK All Companies
Benchmark	FTSE All Share Total Return GBP
Managers	Joe Waters

UK Mid-Cap Growth Fund

What is it?

Equity fund investing in UK companies listed in the FTSE 250 (ex-Investment Trust) Index.

Where does it fit?

A complementary UK equity fund offering exposure to the more established but potentially still fast growing medium-sized companies.

Who is it for?

Investors seeking capital growth over the medium term (3-5 years) through a high conviction but diversified fund of mid-sized companies.

Key points

- Focuses on businesses that the manager believes can grow their profits and cash sustainably, faster than the market and ultimately become large companies.
- Combines a quantitative and qualitative fundamental approach to company analysis, with an emphasis on meeting companies to facilitate idea generation.
- Combines a thematic/structural view of an industry in which a company operates, with analysis of bottom-up company fundamentals.
- Seeks to construct and manage a portfolio that is diversified across market capitalisation and sectors, to improve risk-adjusted returns and limit stock-specific risk.
- Broad investment universe with less stock and sector concentration than FTSE 100.

Fund Facts

Launch date	11.11.2009
Manager inception	01.09.2016
Typical number of holdings	40-60
Investment Association Sector	UK All Companies
Benchmark	FTSE 250 (ex IT) Total Return GBP
Manager	Henry Lowson

UK Opportunities Fund

What is it?

A UK equity fund investing across the entire UK equity market, targeting companies which the manager believes are undervalued.

Where does it fit?

A core growth fund investing in only UK equities.

Who is it for?

Investors seeking capital growth over the medium term (3-5 years) through a diversified portfolio of stocks across the market cap spectrum.

Key points

- A 'best ideas' fund with a focused portfolio of around 30-40 stocks.
- Manager takes high-conviction stock and sector positions.
- Focus on attractive bottom-up fundamentals such as balance sheet strength, sustainable margins, quality of management and market-leading positions.

Fund Facts

Launch date	30.10.2009
Manager inception	02.01.2018
Typical number of holdings	30-40
Investment Association Sector	UK All Companies
Benchmark	FTSE All Share Total Return GBP
Managers	Craig Yeaman

UK Smaller Companies Fund

What is it?

Equity fund investing in listed UK smaller companies.

Where does it fit?

A complementary UK equity fund offering exposure to potentially faster-growing smaller companies.

Who is it for?

Investors seeking capital growth over the medium term (3-5 years) through a diversified fund of genuine UK smaller company opportunities.

Key points

- Focuses on businesses that the manager believes can grow their profits and cash sustainably, faster than the market and ultimately become large companies.
- Combines a quantitative and qualitative fundamental approach to company analysis, with an emphasis on meeting companies to facilitate idea generation.
- Combines a thematic/structural view of an industry in which a company operates, with analysis of bottom-up company fundamentals.
- Seeks to construct and manage a portfolio that is diversified across market capitalisation and sectors, to improve risk-adjusted returns and limit stock-specific risk.
- Broad investment universe.

Fund Facts

Launch date	05.11.2010
Manager inception	01.09.2016
Typical number of holdings	70-90
Investment Association Sector	UK Smaller Companies
Benchmark	FTSE Small Cap (ex IT) Total Return GBP
Manager	Henry Lowson

Contact us

For more information about our range of products and services,
please contact us.

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Past performance is not a reliable indicator of future results. 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.

For more information on the fund or the risks of investing, please refer to the fund factsheet, Prospectus or Key Investor Information Document (KIID), available via the relevant Fund Information page on www.rlam.co.uk

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All information is correct at 30 June 2019 unless otherwise stated.

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