

## FUND OVERVIEW

Fund Manager(s)	Henry Burrell, Henry Lowson
Fund Size	£354.38m
Domicile	United Kingdom
ISA	Eligible
Benchmark Index	FTSE Small Cap ex Inv Co
Investment Association Sector	IA UK Smaller Companies
Currency	GBP
Initial Charge	0.0%
Fund Management Fee (FMF):	M Acc: 0.77% N Acc: 0.70%

### Share Class M (Accumulation)

Unit Launch Date	01.05.12
Minimum Investment	£100,000
SEDOL	B3NQHJ5
Mid Price	284.60p
Historic Yield	0.46%

### Share Class N (Accumulation)

Unit Launch Date	20.03.20
Minimum Investment	£15,000,000
SEDOL	BL5MHK6
Mid Price	154.70p
Historic Yield	0.54%

## Overview

The Fund's investment objective is to achieve capital growth over the medium term (3-5 years) by investing at least 80% in the shares of UK smaller companies listed on the London Stock Exchange. The Fund's performance target is to outperform, after the deduction of charges, the FTSE Small Cap ex-IT (investment trusts) Total Return GBP Index (the "Index") over rolling 5-year periods. 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 Smaller Companies sector is considered an appropriate benchmark for performance comparison.

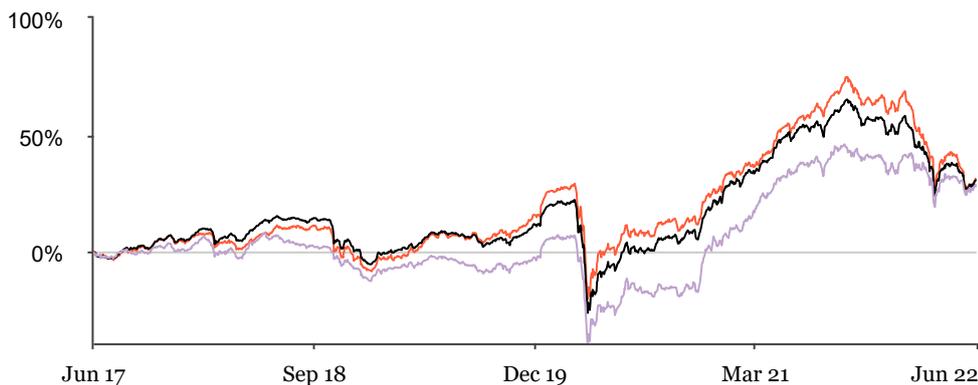
## Year-on-year performance

	31.03.21 to 31.03.22	31.03.20 to 31.03.21	31.03.19 to 31.03.20	31.03.18 to 31.03.19	31.03.17 to 31.03.18
Share Class M (Accumulation)	-1.1%	53.2%	-7.7%	-1.0%	12.9%
Share Class N (Accumulation)	-1.0%	53.3%	-	-	-

## Cumulative Performance (as at 31.05.22)

	3 Months	6 Months	1 Year	3 Years	5 Years
Share Class M (Accumulation)	-6.7%	-17.3%	-16.2%	22.0%	31.5%
Share Class N (Accumulation)	-6.7%	-17.2%	-16.2%	-	-
IA Sector Average	-4.3%	-12.9%	-14.2%	20.7%	30.8%
FTSE Small Cap ex Inv Co	-2.2%	-3.9%	-6.4%	31.4%	28.1%
Quartile Ranking	3	3	3	2	2

## Performance Chart



■ Fund ■ IA Sector Average ■ FTSE Small Cap ex Inv Co

**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 FE fundinfo as at 31.05.22. Fund performance is shown on a mid to mid price basis, net of fees and gross of taxes, with gross income reinvested unless otherwise stated. Benchmark performance is shown gross of fees and taxes.

## Fund Manager(s)



### Henry Lowson

Lead Manager  
Fund Manager tenure:  
01.09.16



### Henry Burrell

Deputy Manager  
Fund Manager tenure:  
01.01.20



## Yield Definitions

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions. Reported yields reflect RLAM's current perception of market conventions around timing of bond cash flows.

## Important Information

This is a financial promotion and is not investment advice. 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.

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Source: RLAM, FE fundinfo and HSBC as at 31.05.22, unless otherwise stated. Yield definitions are shown above.

Our ref: FS RLAM PD 0041

For more information concerning the risks of investing, please refer to the Prospectus and Key Investor Information Document (KIID).

Breakdowns exclude cash and futures.

## Fund Commentary

The fund returned -3.4% during May, which compares to -1.9% from the benchmark (FTSE Small Cap ex-IT index) and -2.6% from the IA UK Smaller Companies peer group.

Equity markets made little progress during the month, as investors continued to fret about the impact of cost inflation on both consumer spending and corporate profit margins. The monthly data release showed that UK CPI accelerated to hit 9% during April, and the UK 10-year Gilt yield ended the month at 2.1%, the highest it has been since 2015. That equity markets didn't decline more during May, shows the extent to which current share prices are already anticipating a severe cost of living crisis for consumers. It will soon be more obvious which companies are able to navigate the challenges of rising costs and (potentially) slowing sales to sustain earnings growth into 2023 and beyond, and which will not. The equity market is treating all suspects as offenders in the meantime, so while we believe our companies' fundamental attributes should enable them to deliver better results than peers, will have to be patient and await the results. We are not altering our investment process, and we believe that our approach of building a diversified, liquid portfolio, invested in profitable and cash generative companies with strong balance sheets, is the best way to mitigate some of the risks faced as investors in this asset class.

Two notable contributors to performance, online auction provider ATG and investment platform AJ Bell, are examples where companies have delivered solid operational results despite headwinds, and seen share prices bounce in response. Both companies have been victims of the wider equity market rotation away from "growth" stocks in favour of "value" stocks (traditionally commodity producers and financials, seen as beneficiaries of inflation and rising interest rates). Nevertheless both delivered solid results with analysts upgrading forecast earnings, in in ATG's case because customer auction volumes have been growing faster than expected and in AJ Bell's case because rising interest rates will support margins. While higher discount rates are likely to keep a lid on valuations short term, these remain high quality, cash generative businesses with sustained growth opportunities ahead of them.

The fund initiated a new position in Videndum, the manufacturer of accessories for the photography and cinematography markets. The group trades through leading brands such as JOBY, Manfrotto, Teradeck and SmallHD – each of which are the market leader in their niche, with IP and brand loyalty providing pricing power. Demand for original content creation, whether commissioned by the likes of Netflix, Apple TV and Disney+ or created by individuals for their YouTube and TikTok channels, drives growing end markets which have been turbocharged following the pandemic. Investment in highly automated, scalable, production facilities leaves the business well placed to navigate current challenges of supply chain delays and cost inflation, while the valuation discounts a significant slowdown in earnings growth, which we believe to be unlikely. This was funded through a reduction in various existing holdings including InSpecs, which had hit our 3% individual position size limit.

This is not a recommendation or solicitation to buy or sell any particular security. The views and opinions expressed herein are those of the manager at the time and are subject to change without notice.

## Sector Breakdown

	Fund
Industrials	26.8%
Consumer Discretionary	22.5%
Technology	18.2%
Health Care	9.8%
Financials	8.6%
Consumer Staples	4.4%
Basic Materials	3.8%
Energy	2.1%
Real Estate	2.1%
Telecommunications	1.8%

## Top 10 Holdings as at 31.05.22

	Fund
Alpha Financial Markets Consulting Gbpo.00075	3.2%
Inspecs Group Plc Npv	3.1%
Chemring Ord Gbpo.01	2.8%
Hollywood Bowl Group Plc Ord Npv	2.7%
Oxford Insts Ord Gbpo.05	2.6%
Treatt Plc Ord Gbpo.02	2.5%
Gb Group Ord Gbpo.025	2.5%
Advanced Medical Solutions Grp Ord Gbpo.05	2.4%
Ergomed Plc Ord Gbpo.01	2.4%
Youngov Ord Gbpo.002	2.2%
<b>Total</b>	<b>26.4%</b>

## No of Holdings

67

Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Nothing in this factsheet should be construed as advice and is therefore not a recommendation to buy or sell shares.

## CONTACT DETAILS

### Private Investors

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information please see the privacy policy at  
<http://www.rlam.co.uk>.

## Key Concepts to Understand

**Capital Growth:** Capital growth is defined as the rise in an investment's value over time.

**Rolling 5 Year Period:** A rolling 5-year period is any period of five years, no matter which day you start on.

**Derivative** A financial instrument whose price is dependent upon or derived from one or more underlying asset.

**Efficient Portfolio Management:** A list of approved investment techniques, including the use of derivatives, used to protect against excessive risk, reduce cost or generate extra income or growth.

**Smaller companies (small-cap):** Those worth less than £250 million.

**Exchange traded funds:** Are tradeable on an index in a similar way to individual shares. ETFs track other indices and provide a lower-cost method of diversifying a portfolio.

## Fund Risks

**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:** 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.

**Smaller Company 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.