

# ROYAL LONDON UK OPPORTUNITIES FUND

31 JULY 2014



ASSET MANAGEMENT

## FUND OVERVIEW

### General Information

Fund Manager: Derek Mitchell  
Fund size (mid basis) £570.32m  
Fund Type OEIC  
Fund domicile GBR  
ISA Y

Benchmark:  
FTSE® All Share Index

### Share Class A (Accumulation)

Inception date 20/07/2007  
Initial charge 4%  
Annual mgmt charge 1.40%  
Min investment £1,000  
OCF 1.42%  
Sedol number B4WMW05  
Mid price 150.70  
Historic Yield 1.40

### Share Class M (Accumulation)

Inception date 26/11/2012  
Annual mgmt charge 0.70%  
Min investment £100,000  
OCF 0.72%  
Sedol number B5BRWCo  
Mid price 155.30  
Historic Yield 1.97

### Share Class M (Income)

Inception date 10/11/2010  
Annual mgmt charge 0.70%  
Min investment £1,000,000  
OCF 0.72%  
Sedol number B4MB138  
Mid price 125.90  
Historic Yield 2.02

### Overview

The fund seeks to achieve capital growth. This concentrated, "best ideas" UK equity fund takes high conviction stock and sector positions based on the fund manager's top down market view, with a strong emphasis on earnings momentum.

### Performance 12 Months Ending

	31/07/14	31/07/13	31/07/12	31/07/11	31/07/10
(Class A Acc)	6.05%	26.31%	-2.34%	9.51%	29.05%
(Class M Acc)	6.74%	27.19%	-1.63%	10.24%	-
(Class M Inc)	6.68%	27.20%	-1.49%	-	-

### Cumulative Performance to 31/07/2014

	3 months	6 months	1 Year	3 Years	5 Years
(Class A Acc)	-0.53%	0.67%	6.05%	30.82%	84.86%
(Class M Acc)	-0.38%	0.98%	6.74%	33.53%	-
(Class M Inc)	-0.40%	0.96%	6.68%	33.67%	-
Sector Average	-0.89%	1.91%	6.66%	34.27%	84.97%
Benchmark	-0.23%	4.48%	5.61%	31.74%	80.72%
Quartile Ranking (Class A)	2	3	2	3	2

Mid to mid, net of fees and taxes, net income reinvested unless otherwise stated. Information about past performance is not a reliable indicator of future results. The investor may not get back part, or all, of the amount originally invested. The value of your investment and the income from it is not guaranteed and can fall as well as rise. Please refer to the simplified prospectus for a list of the relevant risks. All yields are net of expenses and gross of taxes.

### Distribution History (Net)

	Apr-14	Oct-13	Apr-13	Oct-12
(Class M Inc)	-	2.54p	-	2.14p

### Fund Commentary

The fund performed well against the benchmark helped by merger and acquisition (M&A) activity. The bid for Shire was finally concluded. AbbVie offered a mixture of cash and shares equivalent to \$31bn, an increase of a third from when the two companies first talked, leaving the Shire share price up 75% since the start of the year. ITV was also subject to M&A chatter following the announcement that Liberty Media had bought Sky's 6.4% stake in ITV. The market doubts that the Liberty stake will remain passive because ITV would make an elegant fit with its other recent purchases of Virgin Media and All 3 Media – the largest production company in the UK. Also helping performance was Hunting, which benefitted from good trading statements from US competitors. On the downside, currency headwinds impacted on the performance of a number of the fund's holdings, including DS Smith and GKN.

Turnover during the month was focused on reducing risk. The fund began to reduce its large weighting in Shire as it is unlikely that another bid will emerge given the tax advantage that AbbVie has. The fund also top sliced its exposure to ITV as any bid from Liberty Global is at least six months away. The proceeds from these sales were used to add to the weighting in AstraZeneca and to start a new holding in Imperial Tobacco, where a deal to purchase the Winston, Maverick, Kool and Salem cigarette brands (litigation-free) and blu, the No.1 US e-cigarette brand, as well as production facilities, and national sales force, was warmly received by the market.

Nothing in this factsheet should be construed as advice and is therefore not a recommendation to buy or sell shares.

Top 10 Holdings	
Holdings	% of total
Royal Dutch Shell "a"	5.0
Shire	4.9
Lloyds Banking Group	4.4
Rio Tinto	4.2
Glencore Xstrata	4.0
GKN	4.0
BT Group	3.9
Ashtead Group	3.8
ITV	3.7
Prudential	3.7
Total	41.6
Total No. of Holdings	40
RLAM as at 31/07/14	

Sector Breakdown	
Sector	% of total
Financials	22.5
Industrials	19.5
Consumer Services	16.5
Basic Materials	9.9
Oil & Gas	9.7
Health Care	9.4
Consumer Goods	8.7
Telecommunications	3.9
Total	100.1

## RISK WARNINGS

Certain securities could become hard to value, or to sell at a desired price and time due to a reduced number of buyers or sellers. To the extent that the fund has exposure to an issuer, geographical area or type of security that is heavily affected by an adverse event, its value may fall.

### 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.

## CONTACT DETAILS

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**Our ref: 623/PRO-08/2014-DP**

Source: rlam, Financial Express and HSBC as at 31/07/2014, unless otherwise stated. Yield definitions are shown above.