Royal London Equity ICVC Fund

Short Final Report to 31 August 2012

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Important Notes

Investments in stocks and shares can go down as well as up. This can affect the price of shares within Open Ended Investment Companies and the income from them.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Where funds hold investments in smaller companies it should be noted that by their nature these companies are generally new to the market and may therefore be subject to significant price movements. They may also be difficult for the fund manager to buy and sell.

Past performance should not be seen as a guide to future returns.

The views expressed are the authors own and do not constitute investment advice and are not an indication of future fund performance. Source RLAM unless otherwise stated.

Your holding in an Open Ended Investment Company must be regarded as a medium to long term investment, this means for at least five years.

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Investment Objectives and Policies

Royal London European Growth Fund

The investment objective and policy of the Fund is to achieve capital growth by investing predominantly in quoted European equities.

To achieve this objective the Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London European Income Fund

The investment objective and policy of the Fund is to achieve a combination of income and some capital growth by investing mainly in European higher yielding and other equities such as convertible stocks.

To achieve this objective the Fund may hold transferable securities, including Exchange Traded Funds (but not those which are collective investment schemes), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for purposes of EPM only.

Royal London Far East Fund

The investment objective and policy of the Fund is to achieve the total return of the FTSE® 350 Index by investing primarily in the securities that make up the FTSE® 350 Index.

The Fund may hold transferable securities and units in collective investment schemes and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London FTSE 350 Tracker Fund

The investment objective and policy of the Fund is to aim to achieve the total return of the FTSE® 350 Index by investing primarily in the securities that make up the FTSE® 350 Index.

To achieve this objective the Fund may hold transferable securities, (including Exchange Traded Funds which are closed ended funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London Japan Growth Fund

The investment objective and policy of the Fund is to achieve capital growth by investing in quoted Japanese equities.

To achieve this objective the Fund may hold transferable securities, collective investment schemes (including Exchange Traded Funds), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London UK All Share Tracker Fund

The investment objective and policy of the Fund is to achieve long term total return from capital and income through investment in UK equities from within the All Share Index.

To achieve this objective the Fund may hold transferable securities (including Exchange Traded Funds which are closed-ended funds), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may hold derivatives for the purposes of EPM only.

Royal London UK Equity Fund

The investment objective and policy of the Fund is to achieve capital growth by investing primarily in a broad portfolio of quoted UK stocks and shares.

To achieve this objective the Fund may hold transferable securities and units in collective investment schemes and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London UK Equity Income Fund

The investment objective and policy of the Fund is to Achieve a combination of income and some capital growth by investing mainly in UK higher yielding and other equities, as well as convertible stocks.

The Fund may hold transferable securities and units in collective investment schemes and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Investment Objectives and Policies

Royal London UK Ethical Equity Fund

The Fund seeks to achieve capital growth and income over the medium to long term by investing predominantly in shares of UK companies which meet the Fund's predefined ethical criteria.

A full specification of the ethical criteria is available from the Manager upon request.

The Fund may hold transferable securities, (including Exchange Traded Funds which are closed ended funds, but not those which are collective investment schemes), deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London UK Growth Fund

The investment objective and policy of the Fund is to actively seek capital growth through investing predominantly in UK equities.

To achieve this objective the Fund may hold transferable securities, including Exchange Traded Funds (but not those which are collective investment schemes), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for purposes of EPM only.

Royal London UK Mid Cap Growth Fund

The investment objective and policy of the Fund is to achieve capital growth, principally through the investment in medium-sized UK companies – although the ACD retains the discretion to invest in larger or smaller companies.

To achieve this objective the Fund may hold transferable securities, including Exchange Traded Funds (but not those which are collective investment schemes), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for purposes of EPM only.

Royal London UK Opportunities Fund

The investment objective and policy of the Fund is to achieve capital growth by exploiting a concentrated portfolio of UK company shares with the potential for above average returns.

To achieve this objective the Fund may hold transferable securities and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

This fund was renamed the UK Opportunities Fund on 21 January 2011. Prior to this it was known as the UK Special Situations Fund.

Royal London UK Smaller Companies Fund

The investment objective and policy of the Fund is to achieve capital growth by investing primarily in UK smaller companies.

The Fund may hold transferable securities and units in collective investment schemes and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Royal London US Tracker Fund

The investment objective and policy of the Fund is to aim to Achieve the capital return of the FTSE® World US Index by investing primarily in the securities that make up the FTSE® World US Index.

To achieve this objective the Fund may hold transferable securities, (including Exchange Traded Funds, but not those which are collective investment schemes), government and public securities, deposits and cash (for the purposes of EPM and redemption of units). It may also hold derivatives for the purposes of EPM only.

Risk Profile

Any stock market investment involves risks. Some of these risks are general, which means that they apply to all investments. Others are specific, which means that they apply to individual Funds. For more details of the investment risks that affect this Fund please refer to your copy of the Fund's Key Investor Information Document. Before you decide to invest, it is important to understand these risks. If you are unsure, please seek professional advice from a Financial Advisor.

Economic and Stock Market Background

Global Economic Backdrop

Over the past year the global economy has struggled to maintain significant positive growth momentum as it recovers from the 2008/9 financial crisis. Our belief remains the world will see lower global growth over the next decade as developed economies deleverage their banks, consumers and governments, whilst emerging economies transition their economies from export led growth to higher domestic consumption. Through the second half of 2011 it became clear that the mid-cycle slowdown over the summer, particularly in the US and Europe due to policy uncertainty, was reversing, with the US reporting 4.1% annualised GDP growth in Q4 and Eurozone confidence rising as the politicians appeared more committed to supporting the continuation of the Euro.

However the euphoria around the liquidity support offered to the banks with the long term refinancing operation (LTRO) and the formation of the sovereign rescue funds in the European financial stability fund (EFSF) and European stability mechanism (ESM) soon faded and Q2 saw renewed market jitters. Contagion from Greece, Portugal and Ireland was spreading around the peripheral markets of Spain and Italy squeezing up bond yields to unsustainable levels and forcing investors and politicians to question the viability of reducing government debt problems through fiscal austerity. High and rising unemployment whilst cutting government spending has led to increased political tensions and social unrest particularly in the southern Mediterranean countries however the alternative of a breakup of the EURO and the financial crisis this could unleash has continued to focus politician's minds on further integration of both the fiscal and banking system.

This summer nevertheless saw further evidence of a global slowdown, with China and many of the other emerging markets also seeing a transition in their growth models, presenting structural as well as cyclical headwinds to smooth and strong growth. All this has led to central banks around the world increasing their liquidity provisions and operating various quantative easing schemes. US Federal Reserve Chairman Bernanke made reference to unsatisfactory levels of employment and suggested that the Fed will continue Operation Twist and buy in $40bn of Mortgage Backed Securities (MBS) every month, whilst maintaining a zero interest rate policy out to 2015 to ensure an improving backdrop not just for economic growth but also employment growth. Meanwhile Mario Draghi, the new European Central Bank (ECB) chairman stated the ECB would do everything necessary to support the Euro while the Bank of Japan has just boosted its bond buying by ¥1 trillion. Although all this liquidity will not necessarily boost underlying real economic growth, it is vastly reducing the chance of an imminent implosion in the Euro or other financial instruments and so giving more time for the problems to be addressed.

UK

Despite a sluggish domestic economy, the government has stuck to their guns in reducing the budget deficit and the markets rewarded them with lower bond yields. Inflation has slowly begun to fall, although it remains above target; the pound was relatively stable. Meanwhile, monetary policy continued in the same vain as the Bank of England instigated QE2 and interest rates remained at 0.5%.

Corporate profits have been downgraded over the year particularly within the more cyclical sectors. Sharp falls in commodity prices and subsequently, reductions in expansion plans, have hit the mining sector whilst banks have been hit by fines and compensation claims for a multitude of problems from PPI mis-selling, Libor rigging and money laundering. Leadership within the market oscillated between cyclicals in Q4 2011 to defensives in Q2 2012 and back to oversold cyclicals and financials in Q3. However over the whole period we have seen a re-rating of higher quality growth companies at the expense of lower quality cyclical value stocks and investors are looking increasingly at companies that offer high and rising dividend yields. As mentioned in previous reports the corporate sector has rebuilt its balance sheets since the recession and is now using its strong free cash flows to increase dividend pay-outs or merger and acquisition activity.

US

After a reasonably strong turn of the year, momentum in the US economy began to stall again into the summer which has led to increasing reliance on support from the Fed's easy monetary policy. As the presidential election looms, investors are looking at how the different candidates are likely to look at reducing the budget deficit and the implications this could have for the economy. Without modifications to the upcoming "Fiscal cliff" the US would see a $665bn fiscal contraction hit the economy through rising taxes and spending caps, however we would expect significant delay in this.

The US market has outperformed most regions over the past year given its safe haven status and the benefit that the low cost Shale Gas can give to improve the competitiveness of its industry globally. Tech and growth stocks have continued to perform well although the Facebook placing holds the record as the most disastrous large IPO ever losing over 50% from its float price in a mere four months.

Europe

The on-going twists and turns of the Eurozone debt crisis have continued to unfold over the year. In many ways the politicians have done well to avoid a disorderly breakup of the single currency given the increasing economic and political pressures on the system, and have managed to move nearer to a full Fiscal and political union. Many of the building blocks have been established and even the ECB appears prepared to indulge in quantative easing, a position that the German Bundesbank is firmly against.

Spanish and Italian stocks however have significantly lagged their French and German counterparts, reflecting the precarious nature of their banking systems as well as their recessionary domestic market. The recent summer rally however was led by the more cyclical stocks as well as a sharp rebound in the oversold banks. We remain cautious on the corporate profit outlook although accept that many equities look cheap on a longer term view.

Far East

In response to earlier policy tightening measures and weaker global growth, the Chinese economy has been slowing since mid 2011. Whilst this was initially welcomed, the authorities have been loosening monetary policy and more recently increasing infrastructure spend in order to reduce the speed of the deterioration. The once in a decade change of leadership is also underway which may have temporarily stalled decision making amongst corporate and personal consumers. The slowdown in the mining sector has naturally affected Australia although a deflating of the bubble in wage and land costs in many parts of the country may be welcomed.

Chinese stocks have been under pressure for most of the year with the market back to the levels it reached in 2008/9 despite the cyclical recovery in earnings since then, leaving it trading at below 10x 2012 earnings. The region as a whole however has rallied with the global policy response with many markets up over 10% year to date.

Japan

After a disastrous start to 2011, hit by the earthquake, tsunami and subsequent nuclear power shortages, the second half of the year was bound to improve. However severe flooding in Thailand hit production of many Japanese autos, further disrupting corporate profits. This year has seen a recovery although corporate profits are still somewhat distorted. Post-quake reconstruction will remain a support for domestic demand in the near term although this will fade through 2013 making the economy particularly sensitive to weakness in its main export markets as well as further strength in the value of the yen. For this reason the Bank of Japan has again started to intervene in the markets. Leadership in the market oscillated between defensives and cyclicals through the year although as always currency factors also held sway in Japan.

Royal London European Growth Fund

Fund Performance

During the period under review, the portfolio gave a total return of 3.3% against 1.4% for the benchmark, the FTSE World Europe ex UK, and 3.8% by the IMA Europe ex UK peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

A small increase in the European equity market of 1.2% in the year to August 2012 masks the underlying volatility caused by the European sovereign debt crisis. The deteriorating macroeconomic backdrop to the crisis dominated the period under review and led to extended periods of poor market performance. However this was interspersed with sharp rallies in response to policy announcements as governments and the ECB sought to contain the deepening crisis.

The portfolio was positioned defensively during the final months of 2011, with an overweight in the healthcare sector being the largest contributor to positive relative performance in the first four months of the period. Following the action taken by the ECB in December 2011, when it offered banks vast amounts of three year funding at just 1.0%, the likelihood of a liquidity induced crisis declined. In response to this improving environment, I reduced the defensive tilt of the portfolio by cutting the healthcare overweight and increasing the fund's holdings in financials.

However an escalation of the crisis, most evident in soaring peripheral bond market yields, led to a renewed slide in equity markets in the second quarter of 2012. The portfolio suffered a poor second quarter, given its overweight exposure to cyclical sectors.

At the end of June an EU leaders' summit led to a number of measures that were announced in an attempt to curtail the crisis. These included the intention to establish a single European bank supervisor, the direct recapitalisation of banks, and the assurance that any funding would not take seniority over other sovereign debt claims. Furthermore the ECB president Mario Draghi commented at a conference in July that the ECB would do everything in its mandate to preserve the euro. In August the ECB then announced it would buy sovereign bonds if that country has already asked for assistance from the EFSF (or in the future the ESM).

These policy announcements led to a strong market recovery that gained momentum through July and August. The portfolio benefitted from its exposure to the materials and financials sectors during this period to deliver strong outperformance in the final months of the year.

Portfolio Outlook

The ECB meeting in September set out the conditions under which the ECB would intervene in the bond market through its new "Outright Monetary Transactions" (OMT) policy. The principal element of the policy is the undertaking by the ECB to make unlimited purchases in the sovereign bond market for instruments with 1-3 year maturities, under strict conditionality imposed by the EFSF/ESM programmes. Further hurdles to resolve the sovereign debt crisis were successfully negotiated in early September when the ESM was ratified by the German constitutional court, and the Dutch elections resulted in an EU friendly coalition government.

Although the European markets have rallied strongly in recent months, they remain attractively valued at a current price to book multiple for the FTSE Europe ex UK of only 1.4 times compared to the FTSE100 at 1.7 times and S&P500 at 2.3 times. Progress on resolving the sovereign debt crisis should further reduce the discount that the European market trades to other developed markets.

Neil Wilkinson

Fund Manager
October 2012

Royal London European Growth Fund

Fund Facts		A Acc Units	B Acc Units
Sedol Number		B52DGB4	B52VBP7
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.25%	0.62%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.30%	0.67%
Portfolio Turnover Rate	As at 31/08/12	75%	75%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		30/04/2010	30/04/2010
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			1 Mar, 1 Sep
Distribution Payment Dates			30 April, 31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.

[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	468,466	471.83p
B Shares	1,149	478.60p

Single priced ICVC sub-fund, published price on 31.08.12

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	502.20p	410.20p	9.98p
	B Shares	508.00p	415.40p	12.95p
2011	A Shares	579.10p	394.20p	9.05p
	B Shares	583.20p	397.50p	12.25p
2010**	A Shares	523.12p	408.97p	3.86p
	B Shares	535.00p	421.10p	4.81p

*To 31 August 2012

** From launch on 30 April 2010

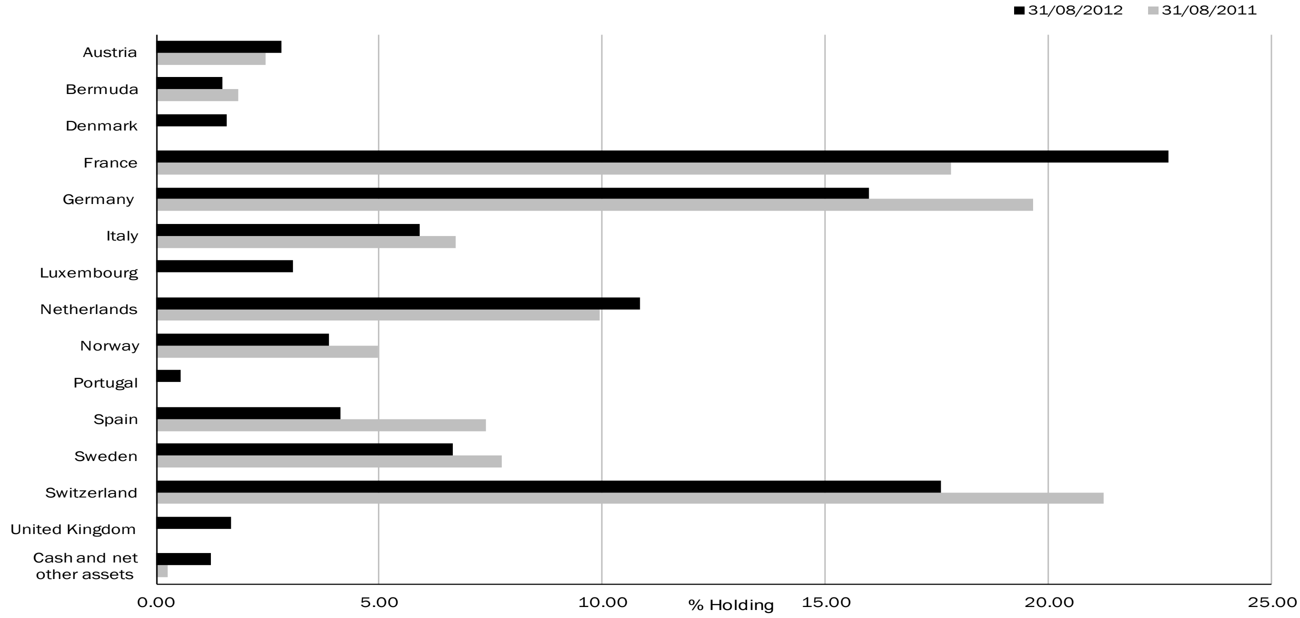
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London European Growth Fund A	3.34%	0.59%	-0.42%
IMA Europe ex-UK Sector Average	3.83%	2.22%	-1.06%
Relative Out-Performance	**-0.49%**	**-1.63%**	**0.64%**

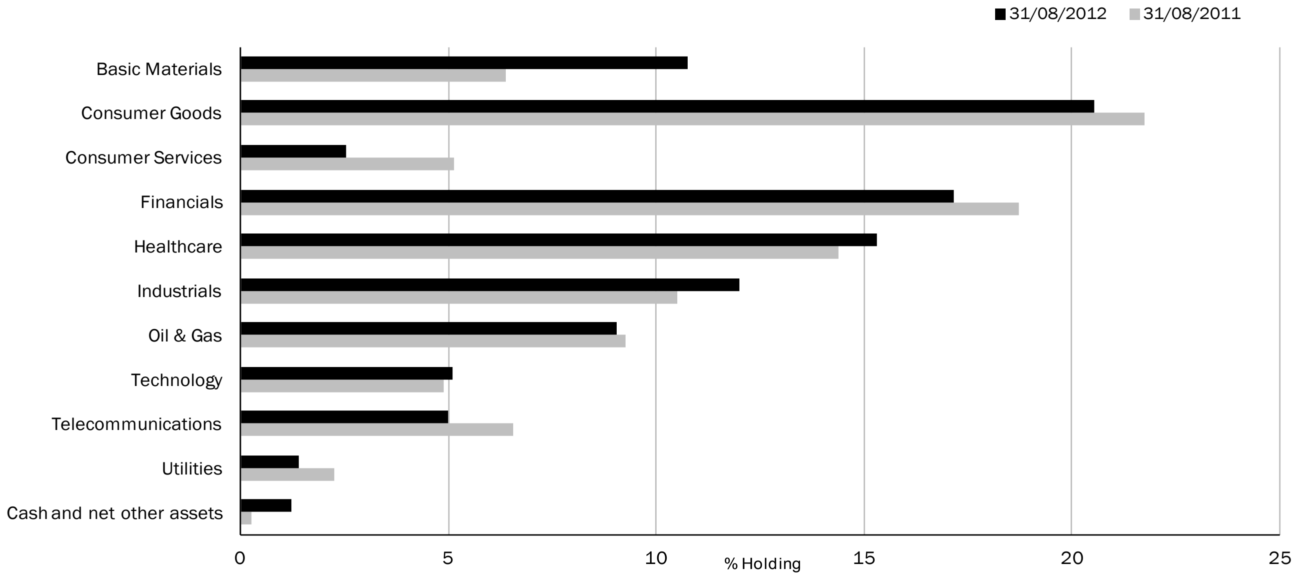
The sub-fund was launched on 30/04/10 and first priced on 04/05/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London European Growth Trust launched on 11/05/87.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London European Growth Fund

Geographical Breakdown



Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	**%**	**Holding**	**%**
Nestlé	5.91	Roche Holding - participating	5.73
Roche Holding - participating	5.62	Nestlé	5.09
Novartis (registered)	5.35	Bayer	3.46
Sanofi	3.40	Sanofi	3.44
ING Groep certificates	3.32	Subsea	3.05
The Swatch Group 'B'	2.98	BASF	2.98
BBV Argentaria	2.86	EADS	2.84
Bayer	2.82	ING Groep certificates	2.73
EADS	2.64	Unilever	2.62
Siemens	2.49	ENI	2.26

Royal London European Income Fund

Fund Performance

During the period under review, the portfolio gave a total return of 4.1% against 1.4% for the benchmark, the FTSE World Europe ex UK and 3.8% by the IMA Europe ex UK peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

The European equity market rose just over 1% for the 12 month period to the end of August. However behind this muted return there was massive volatility as the market strongly rallied in the first period only to peak in March and then fall 20% to trough in May and climb thereafter. The markets are now back to the previous March 2012 peak although still significantly below the levels they were pre the Lehman's bank crisis. Market sentiment oscillated sharply between the fear of collapse of the Euro currency union and relief when it was felt the politicians had "pulled something out of a hat" to allay the fears.

Throughout the period the global economy has muddled along with some slowdown in China, stunted recovery in the US and gyrations in Europe. The politicians in Europe are slowing moving towards resolving the Euro crisis with various mechanisms established to fund the ailing banking sector. The meeting in July and last month prompted a rally in the peripheral markets and financial stocks. The proposal by Draghi was viewed by the market as a "game changer" and shown that the politicians are serious about saving the Euro currency. The proposals included direct recapitalisation of banks and the use of the European Financial and Stability Facility (EFSF) to buy sovereign debt in the secondary market.

In response to this uncertain environment the fund has generally stayed underweight the banking sector and in particular has retained an underweight position in both the Spanish and Italian banks. Instead the fund has held overweight positions in the Swedish and Norwegian banks which face good loan growth, no sovereign exposure and very strong funding positions. Additionally the fund has been overweight insurance stocks such as Allianz, Zurich and Sampo. I find very little value in either telecoms or utilities as cash flow remains under pressure due to low power prices and indebted balance sheets. The fund is positioned for continued improvement in economic conditions by owning overweight positions in chemicals, oils and engineering companies.

Portfolio Outlook

Despite the rally since May the market continues to offer value at a current price to book multiple for the FTSE Europe ex UK index of 1.4x compared to the FTSE 100 at 1.7x and the S&P500 at 2.3x. There are still many challenges ahead, the financial position of Greece remains precarious, the banks in Spain need a bail out and financial deleveraging across Europe still needs to occur. However, as long as progress continues on resolving the sovereign debt crisis the discount that Europe trades on should continue to reduce.

Andrea Williams

Fund Manager
October 2012

Royal London European Income Fund

Fund Facts		A Acc units	B Acc units
Sedol Number		B4W21N1	B3BVQM6
Initial Charge		4.00%	0.00%
Initial Commission		3.00%	0.00%
Annual Management Charge (AMC)		1.25%	0.62%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.28%	0.65%
Portfolio Turnover Rate	As at 31/08/12	44%	44%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		30/10/2009	01/05/2012
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			1 Mar, 1 Sep
Distribution Payment Dates			30 April, 31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	236,408	87.12p
B Shares	8	102.75p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	93.64p	78.43p	3.68p
	B Shares**	105.80p	90.78p	1.70p
2011		113.10p	83.64p	4.53p
2010***		107.30p	86.61p	3.37p

*To 31 August 2012

**From Launch on 1st May 2012

*** From Launch on 30 October 2010

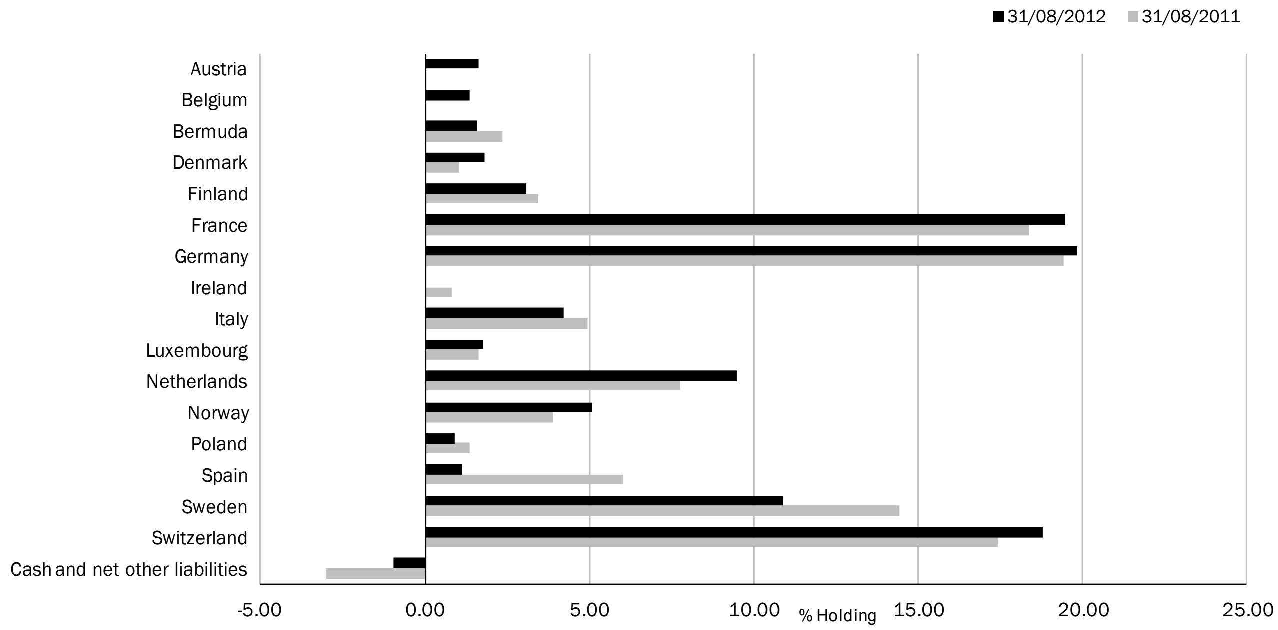
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London European Income Fund A	4.05%	1.17%	-
IMA Europe ex-UK Sector Average	3.83%	2.22%	-
Relative Out-Performance	**0.22%**	**-1.05%**	-

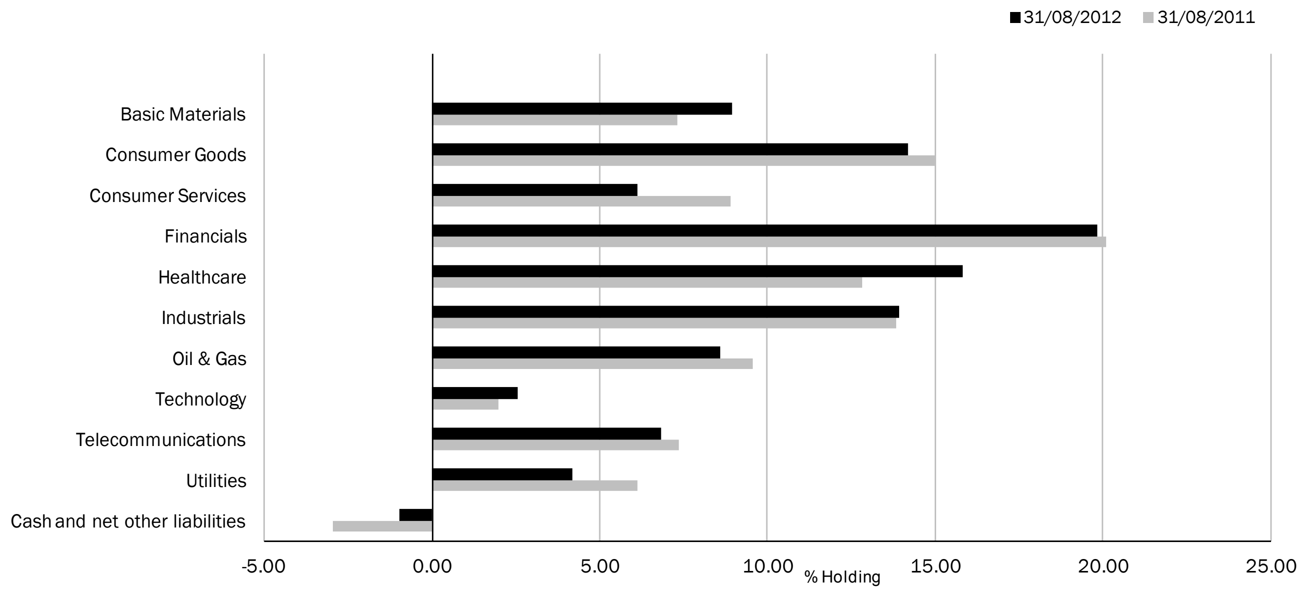
The sub-fund was launched on 30/10/09 and first priced on 02/11/09, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London European Income Trust launched on 11/09/08.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London European Income Fund

Geographical Breakdown



Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	%	Holding	%
Roche Holding - participating	4.79	Roche Holding - participating	5.17
Nestlé	4.71	Nestlé	4.70
Novartis (registered)	4.37	Sanofi	3.69
Swedish Match	2.91	Novartis (registered)	3.65
Sanofi-Aventis	2.61	Bayer	3.16
Siemens	2.61	BASF	2.87
Repsol YPF	2.56	BNP Paribas	2.55
Bayer	2.55	Siemens	2.45
Schneider Electric	2.44	Deutsche Telekom	2.29
SHB 'A'	2.43	Total SA	2.25

Royal London Far East Fund

Fund Performance

During the 12 month period ending 31st August 2012, the fund gave return of -2.1% versus the benchmark (FTSE All World Asia Pacific excluding Japan, India and Pakistan) return of 2.1%, and a return of -0.2% from the IMA Asia Pacific Ex Japan peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

Notwithstanding massive volatility, the Asian markets were almost unchanged in the period under review. Investors were constantly being torn between negative macro issues, slowing Chinese growth, and drastic response from the world's leading central banks. In Europe, sovereign debt problem remained unsolved but the markets were supported by the ECB's actions. In the short space of 12 months, the ECB has announced two massive 'LTRO' and 'OMT' (outright monetary transaction) programmes to add liquidity to the system. Across the Atlantic, the US economy was more resilient but with the un-employment rate remaining stubbornly high, the Fed has also been busy in adding liquidity to the economy. Operation 'Twist' was put in place in Q4 2011 and at the time of writing, the Fed has already embarked on another 'QE3' programme. Closer to home in China, the economic policy is more ambiguous. Mindful of an overheating property sector, the Chinese government has been more reluctant to pursue an all out stimulus policy.

The fund started the year under review on a pro-cyclical basis on the expectations a more pro-growth global monetary stance would turn the global economy to a more sustainable growth path. However, the effect of the successive liquidity injection programme turned out to be short-lived and more importantly, it is becoming apparent that the cautious easing in China is not enough to turn the economic growth around. At the end of the period, the fund has a defensive stance with overweight positions in Telecom and Utilities. The fund is also long on Financials, which provide good yield support. The overweight position in China-related was maintained, albeit at a much reduced magnitude.

The fund has underperformed the benchmark on the back of its overweight position in China. In addition, the pro-cyclical stance adopted by the fund in the second half of 2011 has also hurt performance.

Portfolio Outlook

The problems associated with European sovereign debt will continue to be a major risk factor for the markets. In addition, the US government budget deficit or 'fiscal cliff' will also come into focus in 2013. On the more positive side, policy makers in Europe and US will continue to issue market supporting measures when required. However, the effectiveness of those measures has yet to be seen. Perhaps the most unpredictable area is China, where the political transition will take place in the next six months. Given the opaque political structure in China, the policy directions of the new regime may surprise the market.

Given the problems faced by the world economy, the portfolio will maintain a more defensive stance with a bias towards stocks with high dividends. However, given the possibility of positive policy response, the fund will constantly reassess its positioning.

Edward Chan

Fund Manager
October 2012

Royal London Far East Fund

Fund Facts		A Acc units	B Acc units
Sedol Number		B68SHD9	B6705H6
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.00%	0.60%
Ongong Charges Figure (OCF)[1]	As at 31/08/12	1.06%	0.66%
Portfolio Turnover Rate	As at 31/08/12	132%	132%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	7	7
Launch Date		05/11/2010	01/05/2012
Fund Type			Authorised OEIC
Domiciled			UK
Distribution Calculation Dates (XD)			01 Mar, 01 Sept
Distribution Payment Dates			31 Oct, 30 Apr

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	461,727	333.96p
B Shares	7	96.72p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

		High Price	Low Price	Income
2012*	A Shares	357.10p	315.10p	7.11p
	B Shares**	100.93p	91.18p	1.48p
2011	A Shares	388.60p	282.70p	5.68p

* To 31 August 2012

** From launch on 1 May 2012

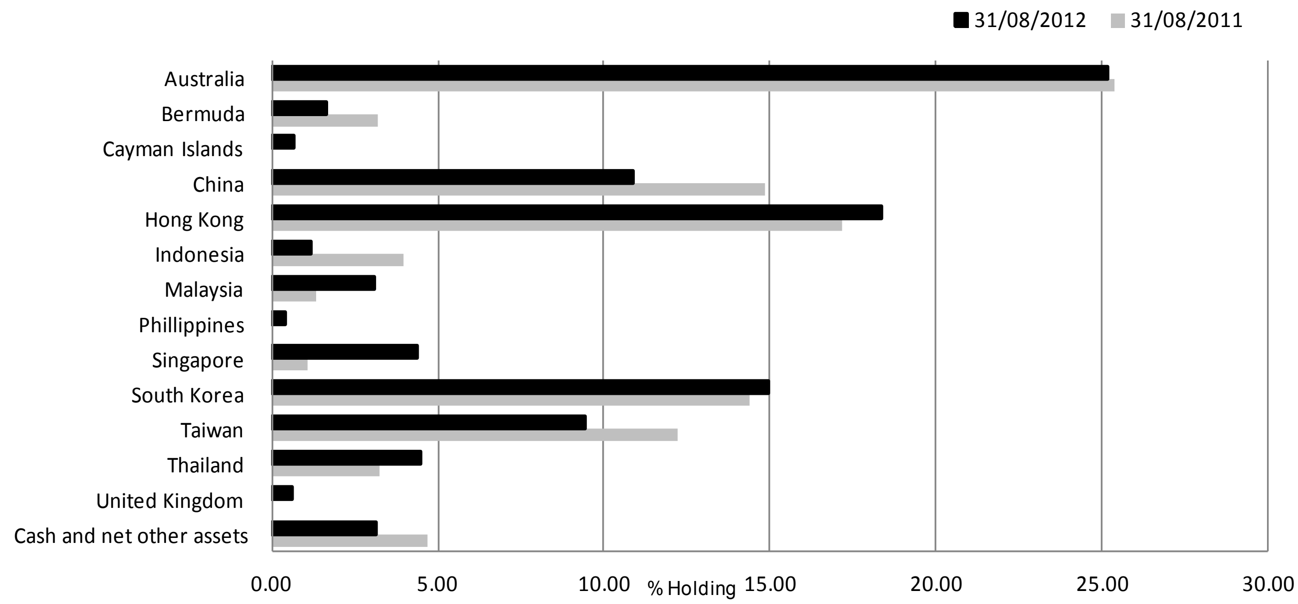
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London Far East Fund A	-2.13%	6.98%	5.12%
IMA Asia Pacific ex Japan Companies sector average	-0.15%	7.96%	4.45%
Relative Out-Performance	**-1.98%**	**-0.98%**	**0.67%**

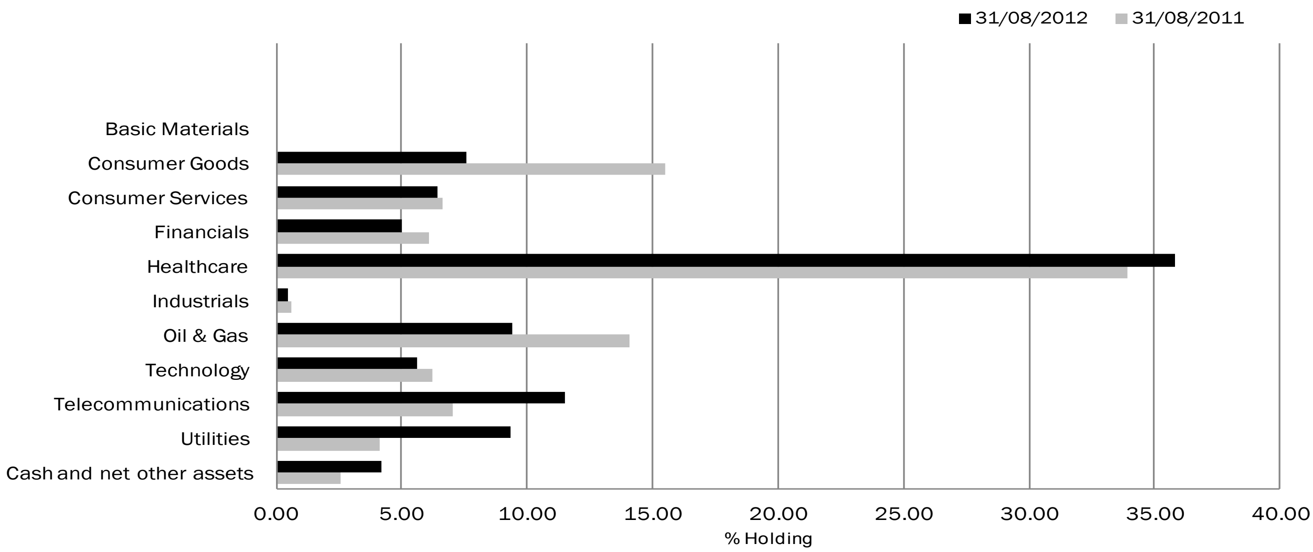
The sub-fund was launched on 05/11/10 and first priced on 08/11/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London Far East Trust launched on 12/03/90.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London Far East Fund

Geographical Breakdown



Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding	Holding	31/08/2012 % Holding
BHP Billiton	3.70	Samsung Electronics	5.75
Samsung Electronics	2.48	Australia and New Zealand Banking	3.03
China Construction Bank	2.17	BHP Billiton	2.53
Industrial & Commercial Bank of China	1.93	Commonwealth Bank of Australia	2.34
Australia and New Zealand Banking	1.83	Industrial & Commercial Bank of China	2.01
Commonwealth Bank of Australia	1.83	Taiwan Semiconductor Manufacturing	1.88
Westpac Banking	1.82	China Mobile (Hong Kong)	1.87
China Mobile (Hong Kong)	1.63	National Australia Bank	1.80
Taiwan Semiconductor Manufacturing	1.62	China Construction Bank	1.59
Samsung Heavy Industries	1.42	Ping An Insurance	1.55

Royal London FTSE® 350 Tracker Fund

Fund Performance

For the year to the end of August 2012, the return from the Royal London FTSE® 350 Tracker Fund was 13.2%. This compares with a return on the FTSE® 350 Index of 10.3%. The difference is largely due to the timing of the fund pricing, the fund being priced at midday while the index is priced at the end of the day.

Portfolio Commentary

The aim of the fund is to track the total return of the FTSE® 350 Index. This index comprises the largest 100 companies plus the 250 mid-capitalised companies in the UK market. Together these companies make up approximately 86% of the UK market.

We use an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. The optimiser uses an algorithm which minimises tracking risk, based on a multi factor model and associated covariance matrix. This gives the flexibility not to trade every index or cash flow event. In this way we can minimise the trading costs within the fund whilst achieving good index tracking.

Whilst the fund is not fully replicating, in practice it may hold most of the index constituents in weightings very close to the index weights. FTSE® futures are used for cash management purposes.

For further information on economic and stock market backgrounds please see page 7.

Vicky Harriss

Fund Manager
October 2012

Royal London FTSE® 350 Tracker Fund

Fund Facts		A Acc units	C Inc units[2]
Sedol Number		B523MH2	B523R00
Initial Charge		0.50%	0.00%
Initial Commission		0.00%	0.00%
Annual Management Charge (AMC)		0.10%	0.10%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	0.12%	0.12%
Portfolio Turnover Rate	As at 31/08/12	0%	0%
Synthetic Risk Reward Indicator (SRRI)[3]	As at 31/08/12	6	6
Launch Date (See notes below)		30/04/2010	30/04/2010
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			1 Mar, 1 Sep
Distribution Payment Dates			30 April, 31 Oct

[1]tThe OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.

[2]Note class C is limited issuance and available only at the discretion of the Manager.

[3]The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	2,770,796	105.19p
C Shares	110,599	91.48p

Swinging single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	107.9p	95.74p	3.56p
	C Shares	95.77p	85.01p	3.16p
2011	A Shares	106.40p	86.73p	3.01p
	C Shares	97.77p	78.00p	2.78p
2010**	A Shares	102.70p	81.82p	1.68p
	C Shares	95.40p	77.46p	1.59p

*To 31 August 2012

** From Launch on 26 February 2010

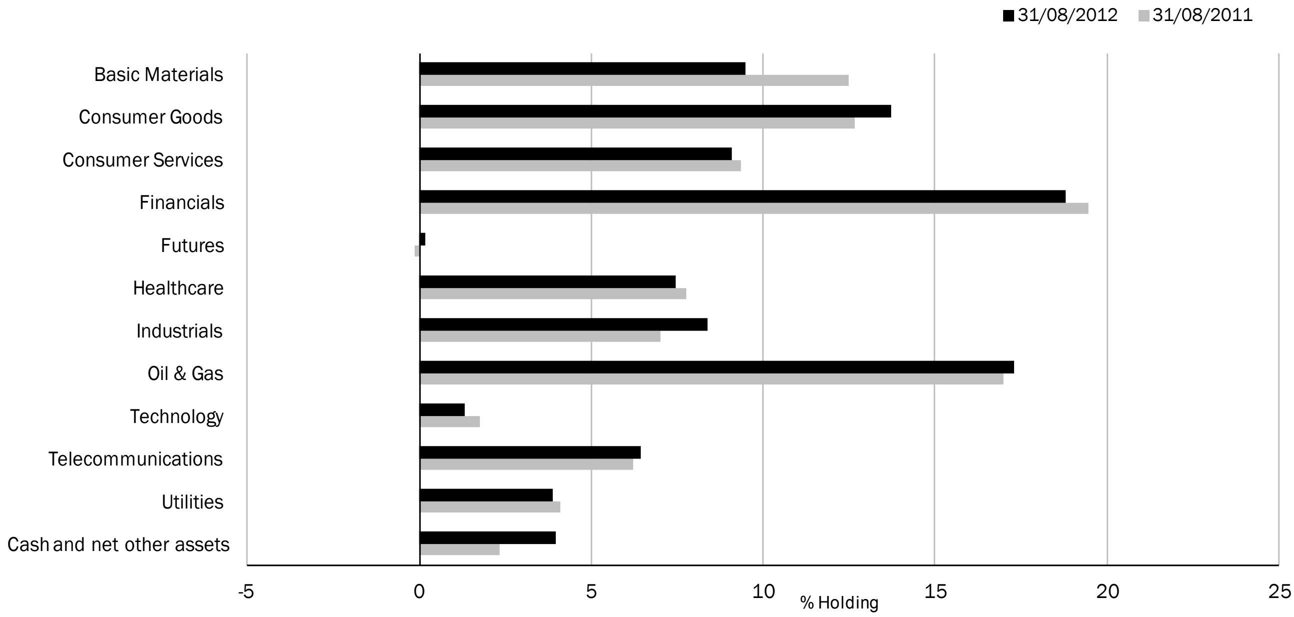
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London FTSE® 350 Tracker Fund A	13.22%	9.61%	2.27%
IMA UK All Companies Sector Average	11.10%	8.75%	0.91%
Relative Out-Performance	**2.12%**	**0.86%**	**1.36%**

The sub-fund was launched on 26/02/10 and first priced on 01/03/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London FTSE® 350 Tracker Trust launched on 20/07/07.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London FTSE® 350 Tracker Fund

Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding	Holding	31/08/2012 % Holding
HSBC Holdings (London listed)	5.75	HSBC Holdings (London listed)	5.69
Vodafone Group	5.07	Vodafone Group	5.13
BP	4.58	BP	4.75
Royal Dutch Shell 'A'	4.46	Royal Dutch Shell 'A'	4.67
GlaxoSmithKline	4.12	GlaxoSmithKline	4.12
Rio Tinto	3.41	British American Tobacco	3.74
Royal Dutch Shell 'B'	3.38	Royal Dutch Shell 'B'	3.45
British American Tobacco	3.30	Diageo	2.50
BHP Billiton	2.70	BG Group	2.49
BG Group	2.68	BHP Billiton	2.23

Royal London Japan Growth Fund

Fund Performance

During the period under review the fund returned -1.4% against a -3.0% return for the FTSE Japan benchmark and -3.1% for the IMA Japan peer group. Costs and turnover have been higher than we would expect to see in the future as we have been engaged in a comprehensive change in style from the previous mean-reversal approach to an emphasis on long term competitive strength and crucially, given the fund's name, a long-term growth emphasis.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

The change in style has become increasingly necessary as it seems certain that with global growth warning perhaps for an extended period of time, a value or mean-reversal emphasis is no longer sufficient if assets are not deployed competitively. Competitive strength is now not so much a domestic intra-sector choice but one where survivability is measured more internationally. Japan is ultra competitive in some segments and our focus in the future will lie among these opportunities. Traditional sacred cows are struggling amid Japanese companies' tendency to put employment and culture ahead of earnings and shareholder interests. This invites wholesale value destruction with low returns and leads to widespread, dilutive secondary stock issues, which merely perpetuate inefficient management practices.

Whereas our core holdings provide a market-wide structure and contain some older and traditional cyclical holdings, they do retain strong and competitive businesses, which can be emphasised by management to outgrow historic 'baggage' encouraging margin expansion. The bulk of our more recent acquisitions represent the best of Japan's contemporary growth investments. NIDEC, Fanuc, Daikin, Softbank, Fast Retailing and Orix are representative of this. Unicharm, Aisin Seiki, Terumo and Chiyoda Corp are others. These names will all be in the portfolio for a long time. Panasonic, Sony, Sharp and, more surprisingly, Honda, are no longer held.

It is important to add small, emergent and exciting companies. We need small positions in small companies to replace maturing situations. An insignificant entry weight lowers risk for now, but time and the natural evolution of the economy will deliver bumper exposure and returns as these companies grow. We now have exciting holdings in Hoshizaki Electric, Lifenet, Internet Initiative Japan, Polar Orbis, Rakuten and Sanrio. Some of these will be the household names of the future and the fund holds them now.

Although the market has been challenging, the fund has avoided some very weak performers; particularly in the consumer electrical area. Panasonic and Sony were sharply lowered before being removed from the portfolio. Sharp has not been held in the period. The main contributor to performance has been the strong line of defensive and domestic holdings in tobacco, pharmaceutical and telecoms. Although these are not as cheap as we would like they have continued to hold their value while cyclical and exporters have fallen. We have a strong line-up in competitive Industrials although Hitachi Construction Machine has been sold and the fund is very underweight Komatsu.

Portfolio Outlook

We face a challenging macro environment. Notwithstanding the emphasis on stock selection taken from some extremely good global and domestic companies, the fund is still structured around a broader benchmark. We must remain capable of capturing some short, powerful performance that flows from rotational volatility. This more volatile element is contained within this market-wide breadth. With so much attention to risk-on risk-off in 2012, the fund aims to balance the long-term core with an opportunistic satellite. The restructuring work done throughout this year puts this fund in a great position to take advantage of current events.

Jonathan McClure

Fund Manager
October 2012

Royal London Japan Growth Fund

Fund Facts		A Acc units	B Acc units
Sedol Number		B52R649	B50ZB51
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.00%	0.50%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.03%	0.53%
Portfolio Turnover Rate	As at 31/08/12	94%	94%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		26/02/2010	19/04/2010
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			1 Mar, 1 Sep
Distribution Payment Dates			30 April, 31 Oct

[1]The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	297,201	117.46p
B Shares	1,221	118.85p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	130.60p	115.40p	1.65p
	B Shares	131.80p	116.60p	2.29p
2011	A Shares	141.10p	113.30p	1.23p
	B Shares	141.70p	114.10p	1.88p
2010**	A Shares	139.90p	118.40p	0.63p
	B Shares	140.40p	118.60p	0.09p

*To 31 August 2012

**From launch on 26 February 2010 for Class A and 20 April for Class B

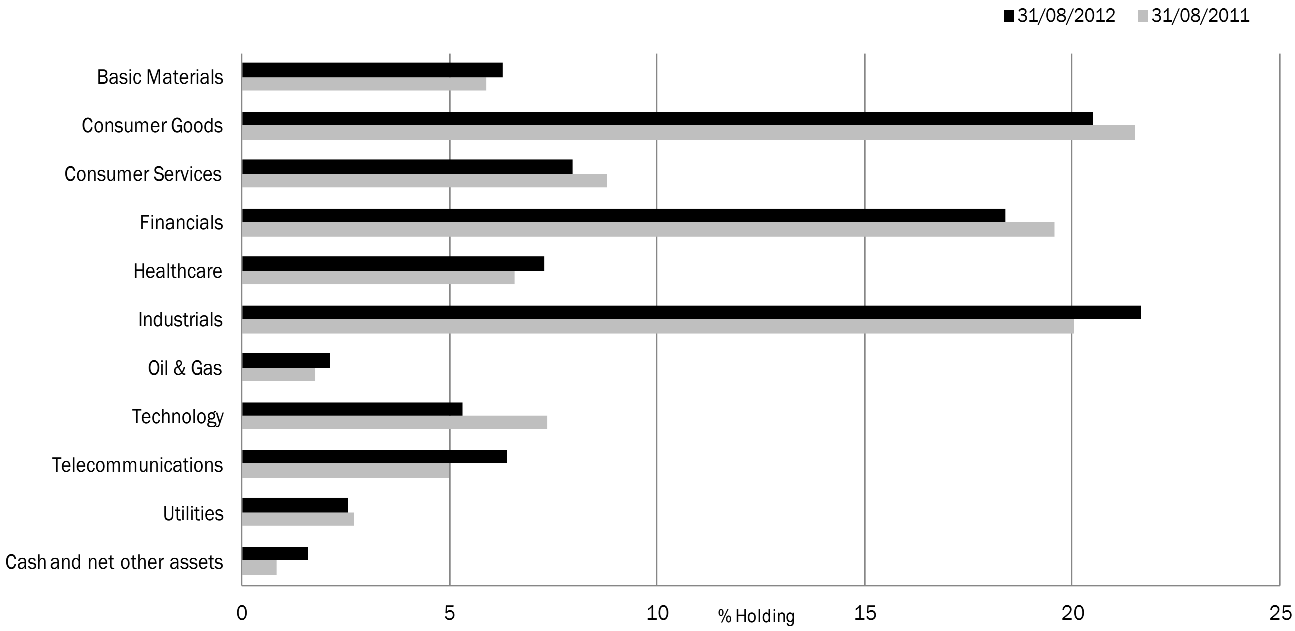
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London Japan Growth Fund A	-1.42%	0.19%	0.83%
IMA Japan Sector Average	-3.10%	-0.14%	-1.40%
Relative Out-Performance	**1.68%**	**0.33%**	**0.69%**

The sub-fund was launched on 26/02/10 and first priced on 01/03/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London Japan Growth Trust launched on 30/04/85.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London Japan Growth Fund

Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding	Holding	31/08/2012 % Holding
Toyota Motor	5.20	Toyota Motor	5.40
Mitsubishi UFJ Financial Group	3.79	Mitsubishi UFJ Financial Group	3.99
Sumitomo Mitsui Financial	2.85	Sumitomo Mitsui Financial Group	2.87
Nippon Telegraph & Telephone	2.82	Canon	2.33
Honda Motor	2.14	Nissan Motor	2.04
Mitsui & Company	2.01	Mizuho Financial Group	1.89
Mitsui Sumitomo	1.97	Softbank	1.86
Mitsui Fudosan	1.85	East Japan Railway	1.82
Tokyo Gas	1.81	Mitsui & Company	1.71
East Japan Railway	1.80	Sumitomo	1.70

Royal London UK All Share Tracker Fund

Fund Performance

For the year to the end of August 2012, the return from the Royal London UK All share Tracker Fund was 12.2%. This compares with a return on the FTSE All Share Index of 10.2%. The difference is largely due to the timing of the fund pricing, the fund being priced at midday while the index is priced at the end of the day.

Portfolio Commentary

The aim of the fund is to track the total return of the FTSE® All-Share Index. This index comprises the FTSE® large, mid and small capitalisation indices and represents approximately 98% of the UK market.

We use an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. The optimiser uses an algorithm which minimises tracking risk, based on a multi factor model and associated covariance matrix. This gives the flexibility not to trade every index or cash flow event. In this way we can minimise the trading costs within the fund whilst achieving good index tracking.

Whilst the fund is not fully replicating, in practice it may hold most of the index constituents in weightings very close to the index weights. FTSE® futures are used for cash management purposes.

For further information on economic and stock market backgrounds please see page 7.

Vicky Harriss

Fund Manager
October 2012

Royal London UK All Share Tracker Fund

Fund Data		A Acc Units
Sedol Number		B533V41
Initial Charge		0.00%
Initial Commission		0.00%
Annual Management Charge (AMC)		0.10%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	0.14%
Portfolio Turnover Rate	As at 31/08/12	2%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6
Launch Date (See notes below)		26/02/2010
Fund Type		Authorised OEIC Fund
Domiciled		UK
Distribution Calculation Dates (XD)		1 Mar, 1 Sep
Distribution Payment Dates		30 April, 31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	485,416	122.10p

Swinging single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	124.80p	110.90p	4.09p
2011	A Shares	123.60p	100.80p	3.50p
2010**	A Shares	119.20p	95.00p	1.91p

*To 31 August 2012

**From Launch on 26 February 2010

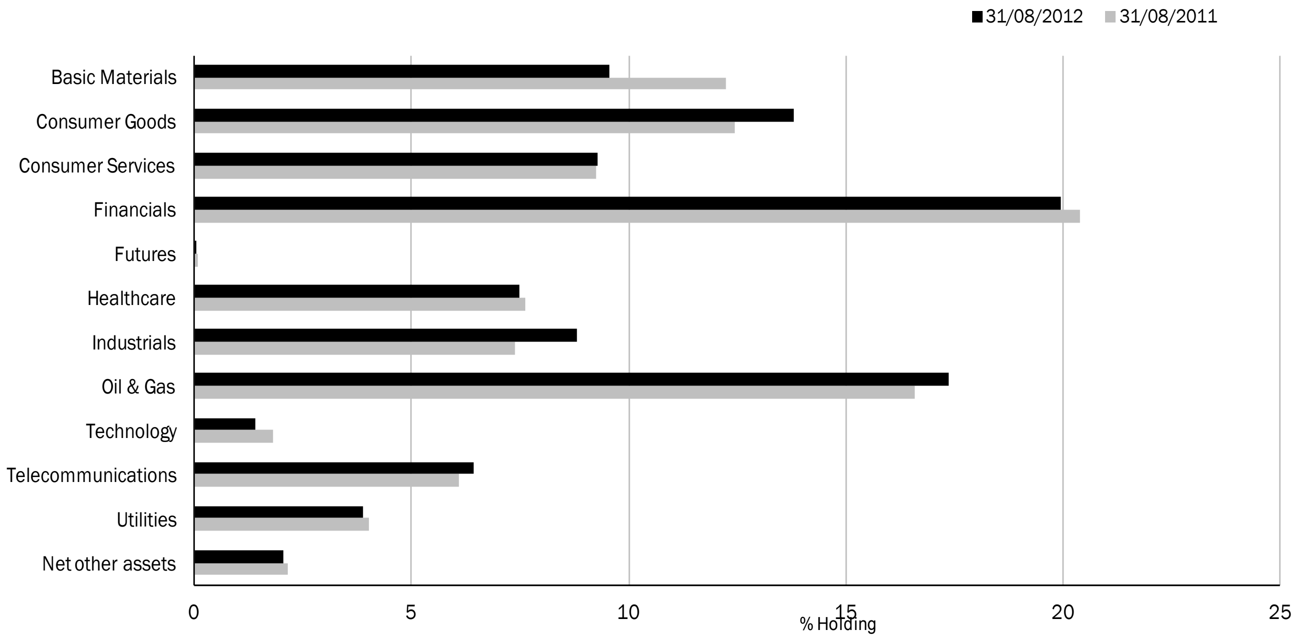
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK All Share Tracker Fund A	12.20%	9.35%	-
IMA UK All Companies Sector Average	11.10%	8.75%	-
Relative Out-Performance	**1.10%**	**0.60%**	-

The sub-fund was launched on 26/02/10 and first priced on 01/03/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK All Share Tracker Trust launched on 04/09/08.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK All Share Tracker Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	**% Holding**	**Holding**	**% Holding**
HSBC Holdings (London listed)	5.60	HSBC Holdings (London listed)	5.69
Vodafone Group	4.95	Vodafone Group	5.14
BP	4.46	BP	4.75
Royal Dutch Shell 'A'	4.35	Royal Dutch Shell 'A'	4.67
GlaxoSmithKline	4.02	GlaxoSmithKline	4.13
Rio Tinto	3.32	British American Tobacco	3.74
Royal Dutch Shell 'B'	3.30	Royal Dutch Shell 'B'	3.46
British American Tobacco	3.22	Diageo	2.50
BHP Billiton	2.63	BG Group	2.49
BG Group	2.61	BHP Billiton	2.24

Royal London UK Equity Fund

Fund Performance

During the period under review the fund returned 10.5%, against a 10.2% return from the FT All Share Index and 11.1% from the IMA UK All Companies peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

Market sentiment oscillated sharply between two conflicting headwinds. On the one hand, there were fears that the Eurozone sovereign debt crisis would cause economies and the financial sector to implode, that China was slowing sharply and the US recovery was faltering. On the other hand, there was hope that policy initiatives by central bankers and governments would boost liquidity, confidence and ultimately underwrite growth. By December it seemed that the politicians and monetary authorities had managed to address, at least in the short term, the Greek fiscal dilemma, so economic and corporate earnings momentum drove up markets through to March. The spring however saw fears of economic weakness reappear especially in China and a rolling over in the US leading to a setback in markets. By June following a 15% fall, the market began to rally on hopes of the policy response and many oversold cyclical companies bounced. The mining sector weakness hit the fund with Rio Tinto and Xstrata weighing on performance despite the potential merger of Xstrata with Glencore. On the positive side Ophir Energy rose 88% following a successful drilling campaign in East Africa, whilst other strong performers tended to be companies showing strong quality growth e.g. Babcock up 53%, Experian up 45% Johnson Matthey up 45% and Compass up 32%.

Over the period I continued to buy companies with attractive long term growth prospects and strong market positions. Diageo, the global branded spirits and beer company has delivered good earnings growth despite testing economic times and has recently further upgraded its sales and margin targets over the medium term. DS Smith, the UK packaging company has made a transformation acquisition buying SCA Packaging from its Swedish parent. Not only is this deal 40% earnings per share accretive in 2014, it also offers entry into complementary European markets and continues the consolidation of a previously fragmented industry. Unite is the leading provider of student accommodation in the UK, a specialist and growing segment of the property market. Its plans to grow its stock of residencies combined with 5% plus rental growth per annum should see it deliver mid teens growth in book value, yet it trades on a big discount to NAV. Ashtead is a leading rental company for construction equipment and is enjoying a big structural shift in the market from owning to renting such equipment, whilst AZ Electronics is the market leader in the speciality chemicals required by semiconductor manufacturers to etch ultra thin lines on their chips. They are ideally positioned to benefit from the increasing complexity and power required of chips for smart phones and other data applications.

Portfolio Outlook

Although economic growth remains muted, markets are likely to remain supported by the recent policy initiatives that should encourage investors to look towards risk assets and search for yield. Within the portfolio I have looked to invest in some core holdings with attractive current yields of 5% or more, combined with a range of growing companies with strong market positions and scope to deliver growth over the medium term in both earnings and dividends. The market is still climbing the wall of worry however I believe recent policy initiatives have limited the downside and should support further gains from equities.

Jane Coffey

Fund Manager
October 2012

Royal London UK Equity Fund

Fund Facts		A Acc Units	B Acc Units
Sedol Number		B66DT18	B67MDN4
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.25%	0.62%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.30%	0.66%
Portfolio Turnover Rate	As at 31/08/12	36%	36%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		05/11/2010	01/05/2012
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			1 Mar, 1 Sep
Distribution Payment Dates			30 April, 31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	369,111	711.35p
B Shares	46	100.24p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	737.80p	658.60p	16.18p
	B Shares**	101.01p	91.94p	1.19p
2011	A Shares	737.60p	600.20p	10.47p

*To 31 August 2012

** From launch on 1 May 2012

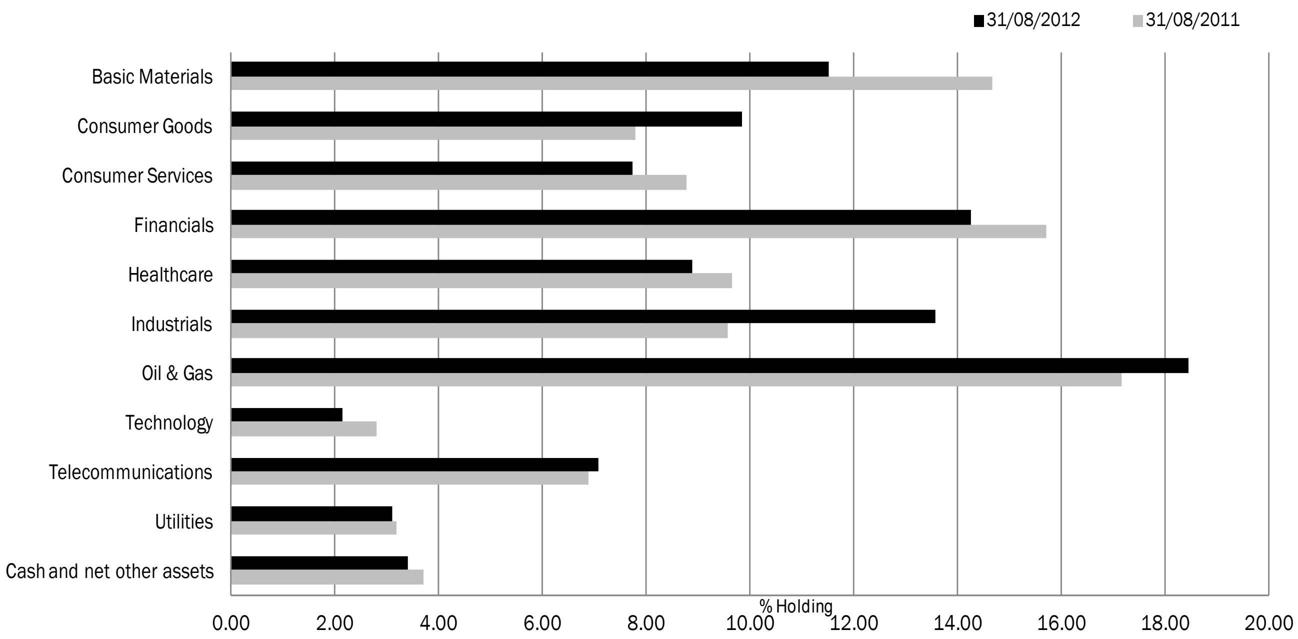
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Equity Fund	10.47%	9.29%	1.66%
IMA UK All Companies sector	11.10%	8.75%	0.91%
Relative Out-Performance	**-0.63%**	**0.54%**	**0.75%**

The sub-fund was launched on 05/11/10 and first priced on 08/11/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK Equity Trust launched on 01/08/97.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated. (Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Equity Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	**% Holding**	**Holding**	**% Holding**
Royal Dutch Shell 'B'	6.40	Royal Dutch Shell 'B'	6.18
Rio Tinto	5.74	Vodafone Group	5.08
Vodafone Group	5.52	HSBC Holdings (London listed)	5.06
HSBC Holdings (London listed)	4.84	GlaxoSmithKline	4.49
GlaxoSmithKline	4.37	BP	4.02
BP	3.51	Rio Tinto	3.67
BG Group	3.31	BG Group	3.37
Xstrata	3.01	Imperial Tobacco Group	2.72
British American Tobacco	2.39	British American Tobacco	2.64
Compass Group	2.36	Diageo	2.61

Royal London UK Equity Income Fund

Fund Performance

During the 12 months ending 31st August 2012 the fund gave a total return of 17.6% against 10.2% for the benchmark (FTSE All share Index) and 12.2% for the IMA UK Equity Income peer group.

Performance against competitor funds benefited from a range of positive stock contributions, including Filtrona, Hargreaves Lansdown, Johnson Matthey, Dunelm, Bunzl and Severn Trent. In addition, having limited exposure to mining stocks and avoiding Tesco were both beneficial. Tesco shares fell sharply following their profit warning in January this year. Resolution and Shanks both detracted from performance.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

Over the period the shape of the fund remained broadly unchanged, positioned for continued anaemic economic growth. The fund has continued to favour quality industrial stocks due to their international earnings and exposure to faster growing emerging economies. The fund has maintained this bias, starting a new holding in Diploma in December 2011, following a positive meeting with management. With good cash conversion of profits and net cash on the balance sheet, there is plenty of scope for value creating acquisitions funded by free cashflow.

In February new holdings were initiated in Booker and Cineworld. Booker operates in the fragmented and growing food services market; the acquisition of Metro's UK cash & carry business provides a huge opportunity and I believe the deal was done at an attractive price. I expect Booker's dividend to grow strongly over the next few years. Cineworld had lagged the market due to a less commercial film release schedule in early 2012. I believed this was a timing issue and that it would improve as the year progressed; it offered a 6% dividend yield that is secure and should grow over time.

In June the fund took a new holding in 3i Group. The shares trade at a large discount to net asset value, the dividend yield of 4.6% is attractive and the new CEO is taking aggressive action on costs, focussing the business where it has sustainable competitive advantage. The fund also sold its remaining holding in Experian in June. The shares were near a relative high and the dividend yield had fallen to sub 2½%. In addition, recent earnings momentum had turned negative following a long period of upgrades. Declining industrial production in Brazil is unhelpful for their business there.

More recently the fund has also taken some profits in British American Tobacco. The estimated dividend yield had fallen to only 4.1% prospectively against market yield of approximately 4%; no longer a decent premium. We are less sanguine than the market on plain packaging for cigarettes, believing the risk to be all on the downside.

Portfolio Outlook

Over the summer there was clear evidence of a global economic slowdown, although we are still a long way from global recession. Peripheral Eurozone has been particularly tough. Second quarter UK GDP data was rightly seen as a little disappointing and in the short term I expect further modest downgrades to profit expectations, particularly amongst more economically sensitive companies. In addition, Eurozone worries may continue to weigh on sentiment. The autumn will be key for the authorities to show leadership in dealing with the Eurozone crisis. Brinkmanship, that has characterised the political response so far, may lead to increased stock market volatility. Given the slowing global economy I would not rule out further policy initiatives, including more QE (quantitative easing), as the UK authorities continue to grapple with issues largely outside of their direct control. My central view remains one of global economic 'muddle through' with anaemic growth in developed economies for a number of years.

Despite this, I am relatively upbeat on stock market prospects, although selectivity will remain key. It is important not to lose sight of the fact that stock market valuations continue to look undemanding by historic standards. The overall strength of corporate balance sheets and on-going cash flows should encourage M&A activity in due course, which should be supportive of the market. Over the summer we have seen decent dividend increases from a wide range of UK companies. With dividend growth our central scenario for the next 12 months, the market yield looks attractive in a world where interest rates will stay close to zero for a number of years. Companies that have pricing power and can deliver consistent dividend growth should also offer an effective hedge against any unexpected pickup in inflation, a possible by-product of further QE.

I continue to target those companies I believe will be corporate survivors and remain wary of financially distressed companies.

Martin Cholwill

Fund Manager
October 2012

Royal London UK Equity Income Fund

Fund Facts		A Inc Units	B Inc units
Sedol Number		B67N865	B3M9JJ7
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.25%	0.62%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.31%	0.74%
Portfolio Turnover Rate	As at 31/08/12	9%	9%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date		05/11/2010	05/11/2010
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			01 Sep, 01 Dec, 01 Mar, 01 Jun
Distribution Payment Dates			31 Oct, 31 Jan, 30 Apr, 31 Jul

[1]The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	255,349	499.77p
B Shares	46,012	505.29p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	512.30p	455.40p	15.50p
	B Shares	517.90p	459.70p	15.64p
2011	A Shares	511.12p	422.41p	21.14p
	B Shares	513.21p	424.44p	21.22p
2010**	A Shares	489.00p	459.30p	0.91p
	B Shares	489.40p	459.50p	0.91p

* To 31 August 2012

** From launch on 5 November 2010

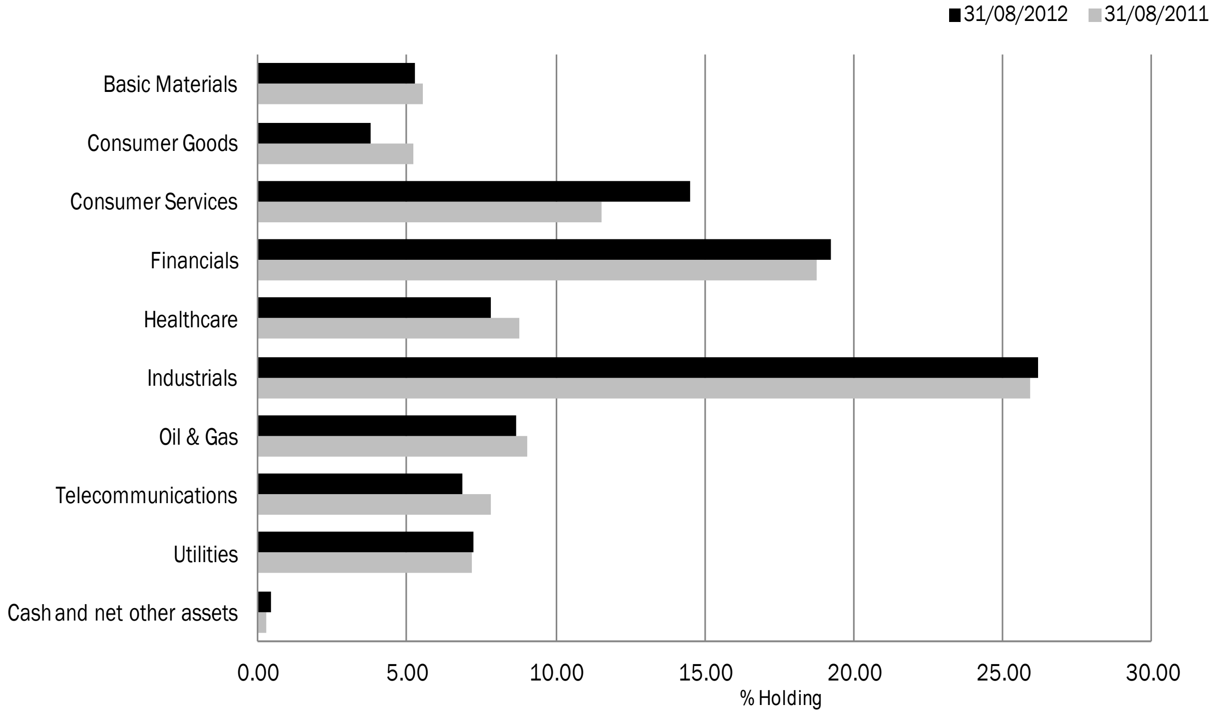
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Equity Income Fund	17.58%	12.50%	3.43%
IMA UK Equity Income sector average	12.24%	8.86%	0.71%
Relative Out-Performance	**5.34%**	**3.64%**	**2.72%**

The sub-fund was launched on 05/11/10 and first priced on 08/11/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London Equity Income Trust launched on 11/04/84.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Equity Income Fund

Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding	Holding	31/08/2012 % Holding
Vodafone Group	5.51	Vodafone Group	4.87
Royal Dutch Shell 'B'	5.41	Royal Dutch Shell 'B'	4.67
AstraZeneca	5.19	AstraZeneca	4.47
BP	3.65	BP	4.00
GlaxoSmithKline	3.56	GlaxoSmithKline	3.34
HSBC Holdings (London listed)	3.56	Severn Trent	2.88
British American Tobacco	3.23	HSBC Holdings (London listed)	2.87
Severn Trent	3.07	Pennon Group	2.51
Pennon Group	2.79	Hargreaves Lansdown	2.17
Resolution	2.67	Informa	2.11

Royal London UK Ethical Equity Fund

Fund Performance

During the 12 month period ending 31st August 2012 the fund gave a total return of 10.9% versus a benchmark (FTSE All share Index) return of 10.2% and IMA UK All Companies peer group return of 11.1%.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

This was the year of the macro as market sentiment was dominated by the ongoing Euro crisis, fears of a Chinese hard landing and concerns over the US fiscal deficit. These various crises ebbed and flowed over the year, yet surprisingly despite all these headwinds markets were up over the period.

Over the last 12 months markets have been defensive or "risk-off". Cyclical stocks, particularly the miners, performed poorly as investors were focused on the macro risks, rather than the individual operating and trading performance of the companies. The fund was underweight consumer staples and overweight miners and industrials – which was unhelpful to fund performance. However we were very underweight banks, which was the correct view to take.

One of the biggest detractors from performance was Rockhopper. We have been active long term shareholders and had numerous meetings with the company over the last 12 months. We felt that they had a high quality asset that was undervalued by the market due to concerns over funding to first oil and the perceived technical hurdles of developing in such a remote location. What was needed to close that valuation gap was a farm in agreement that funded them to first oil with a competent and experienced developer.

The near halving of its share price after the announcement of the farm-in to Premier Oil was both surprising and mystifying given that the deal delivered exactly what we wanted - a highly competent and motivated partner, a significantly strengthened balance sheet with no short-term cash calls, and an enhanced exploration outlook. However, the market seems to be taking the view that the time to first oil is not worth the wait, and is unwilling to put a value on further exploration. We believe that the marker is wrong on both counts and the shares have never been better value.

One of the best performing stocks on the portfolio was Ashtead, a leading supplier of leased plant and construction equipment in the USA. The main catalyst the very strong share price performance was the constant stream of earnings upgrades driven by the growth of rental verses owned equipment. This is being driven by a lack of available finance, and limited visibility on the demand outlook for new construction project. Rental penetration in the US at 40% remains substantially below the 70% level seen in Europe. This is enabling a pricing recovery, and further growth should lead to market share gains from smaller, more financially constrained peers. The recent pick up in the US housing market will add a cyclical recovery to this already very strong structural growth story.

The fund is invested using pre-defined ethical criteria. Ethical screening is provided by independent research company EIRiS.

Portfolio Outlook

There is too much debt dragging on the global economy; too much sovereign debt across most of the developed world, too many underperforming loans across the banking system and too many unrecognised foreclosures in the US housing market. These structural challenges mean further de-leveraging, which itself means lower growth, higher macro risks and mounting challenges for challenges for investors.

From an asset allocation perspective, flows have been heavily biased to bond markets, including the UK. This leaves equities as an asset class looking very attractive, even accepting the challenges within the global economy.

Bradley Mitchell

Fund Manager
October 2012

Royal London UK Ethical Equity Fund

Fund Facts		B Acc units
Sedol Number		B5B49T7
Initial Charge		0.00%
Initial Commission		0.00%
Annual Management Charge (AMC)		0.70%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.01%
Portfolio Turnover Rate	As at 31/08/12	88%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6
Launch Date (See notes below)		09/05/2011
Fund Type		Authorised OEIC Fund
Domiciled		UK
Distribution Calculation Dates (XD)		01 Nov
Distribution Payment Dates		31 Oct

[1] The OCF replaces the TER as at 1st July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
B Shares	10,200	93.50p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	B Shares	101.80p	86.84p	3.18p
2011**	B Shares	102.60p	78.91p	0.97p

* To 31 August 2012

** From launch on 9 May 2011

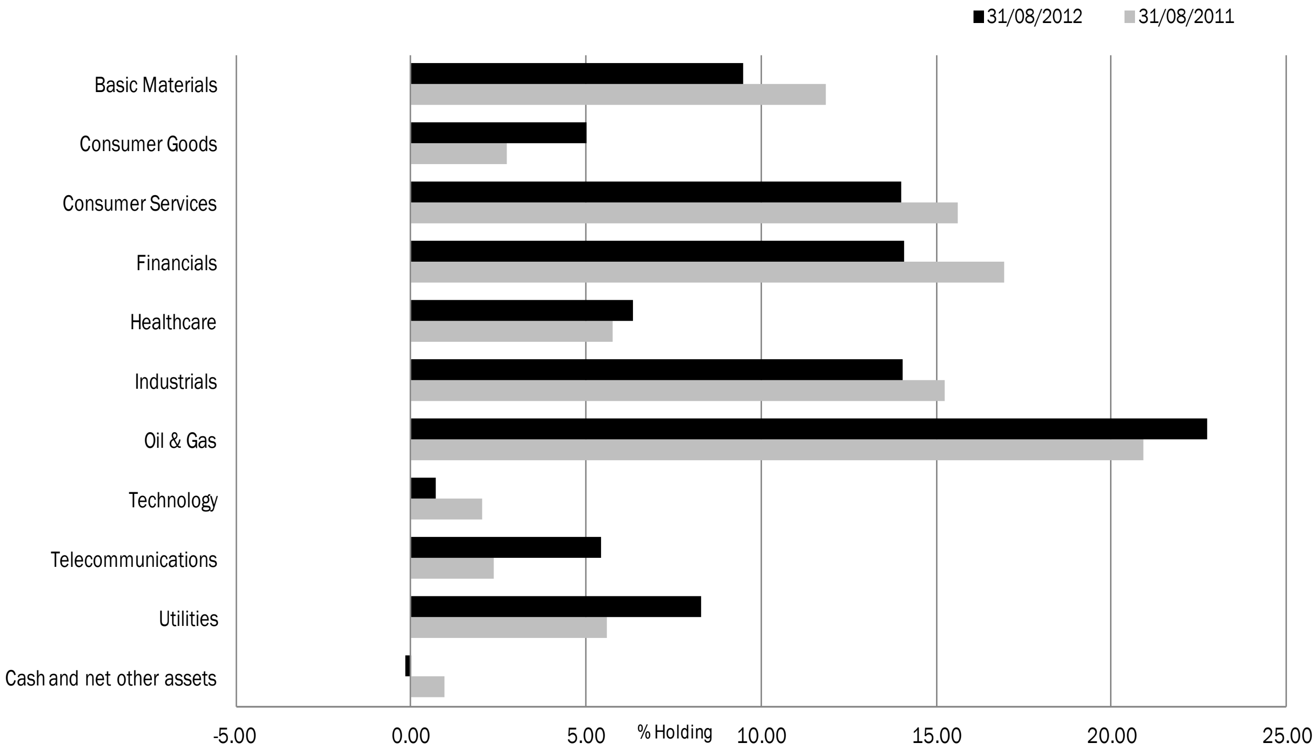
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Ethical Equity Fund	10.86%	-	-
IMA UK All Companies sector average	11.10%	-	-
Relative Out-Performance	**-0.24%**	-	-

The sub-fund was launched on 09/05/11 and first priced on 10/05/11,
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Ethical Equity Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	% Holding	Holding	% Holding
Royal Dutch "B"	7.10	Royal Dutch Shell 'B'	7.34
BG Group	5.50	BP	5.50
HSBC Holdings (London listed)	5.27	HSBC Holdings (London listed)	5.03
Rio Tinto	5.17	BG Group	4.84
AstraZeneca	4.09	Rio Tinto	4.33
Xstrata	3.95	BT Group	3.02
BP	3.72	Severn Trent	2.82
Pennon Group	2.87	United Utilities	2.78
IMI	2.87	Xstrata	2.75
Go-Ahead Group	2.87	Pennon Group	2.69

Royal London UK Growth Fund

Fund Performance

During the 12 month period ending 31st August 2012 the fund gave a total return of 8.6% versus a benchmark (FTSE All share Index) return of 10.2% and IMA UK All Companies peer group return of 11.1%.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

This was the year of the macro as market sentiment was dominated by the ongoing Euro crisis, fears of a Chinese hard landing and concerns over the US fiscal deficit. These various crises ebbed and flowed over the year, yet surprisingly despite all these headwinds markets were up over the period.

Over the last 12 months markets have been defensive or "risk-off". Cyclical stocks, particularly the miners, performed poorly as investors were focused on the macro risks, rather than the individual operating and trading performance of the companies. The fund was underweight in consumer staples and overweight in miners and industrials – which was unhelpful to fund performance. However we were very underweight banks, which was the correct view to take.

The single biggest negative stock contributor to performance was Rockhopper, which was one of the biggest overweight positions on the fund. We have been active long term shareholders and had numerous meetings with the company over the last 12 months. We felt that they had a high quality asset that was undervalued by the market due to concerns over funding to first oil and the perceived technical hurdles of developing in such a remote location. What was needed to close that valuation gap was a farm in agreement that funded them to first oil with a competent and experienced developer.

The near halving of its share price after the announcement of the farm-in to Premier Oil was both surprising and mystifying given that the deal delivered exactly what we wanted - a highly competent and motivated partner, a significantly strengthened balance sheet with no short-term cash calls, and an enhanced exploration outlook. However, the market seems to be taking the view that the time to first oil is not worth the wait, and is unwilling to put a value on further exploration. We believe that the marker is wrong on both counts and the shares have never been better value. Better news within the Oil sector came from Ophir Energy, which issued a steady stream of positive drilling news. The company has, to date, found a very good quantity of gas in Tanzania, which could be supplemented by further finds in Equatorial Guinea, Gabon, and Kenya.

One of the best performing stocks on the portfolio was Ashtead, a leading supplier of leased plant and construction equipment in the USA. The main catalyst for the very strong share price performance was the constant stream of earnings upgrades driven by the growth of rental verses owned equipment. This is being driven by a lack of available finance, and limited visibility on the demand outlook for new construction project. Rental penetration in the US at 40% remains substantially below the 70% level seen in Europe. This is enabling a pricing recovery, and further growth should lead to market share gains from smaller, more financially constrained peers. The recent pick up in the US housing market will add a cyclical recovery to this already very strong structural growth story.

Portfolio Outlook

There is too much debt dragging on the global economy; too much sovereign debt across most of the developed world, too many underperforming loans across the banking system and too many unrecognised foreclosures in the US housing market. These structural challenges mean further de-leveraging, which itself means lower growth, higher macro risks and mounting challenges for investors.

From an asset allocation perspective, flows have been heavily biased to bond markets, including the UK. This leaves equities as an asset class looking very attractive, even accepting the challenges within the global economy.

Bradley Mitchell

Fund Manager
October 2012

Royal London UK Growth Fund

Fund Facts		A Acc units	B Acc units
Sedol Number		B63H3D3	B63DTG6
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.25%	0.62%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.33%	0.70%
Portfolio Turnover Rate	As at 31/08/12	89%	89%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date		30/04/2010	17/05/2012
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			01 Sep, 01 Mar
Distribution Payment Dates			31 Oct, 30 Apr

1 The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
2 The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	167,221	205.54p
B Shares	8	104.00p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	222.70p	192.70p	3.52p
	B Shares**	106.00p	97.33p	0.88p
2011	A Shares	223.00p	170.80p	2.93p
2010***	A Shares	218.60p	167.50p	1.41p

*To 31 August 2012
** From Launch on 17 May 2012
*** From launch on 30 April 2010

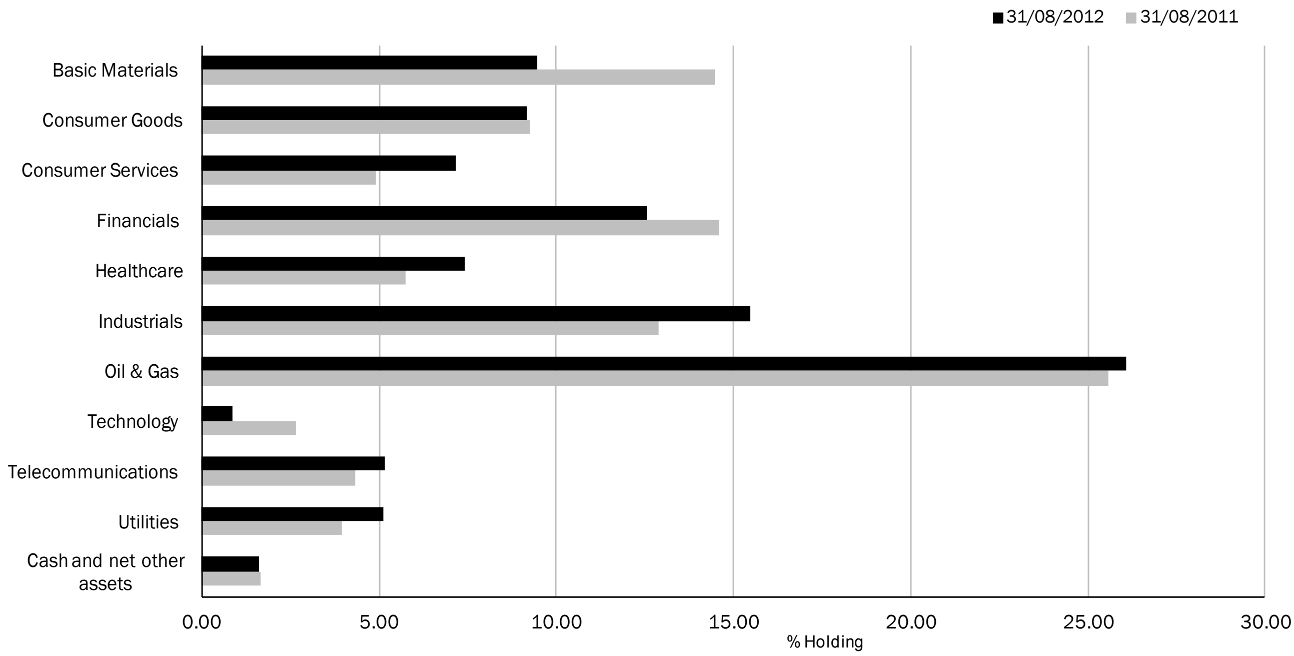
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Growth Fund	8.58%	7.37%	1.69%
IMA UK All Companies Sector Average	11.10%	8.75%	0.91%
Relative Out-Performance	**-2.52%**	**-1.38%**	**0.78%**

The sub-fund was launched on 30/04/10 and first priced on 04/05/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK Growth Trust launched on 04/08/97.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Growth Fund

Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding	Holding	31/08/2012 % Holding
Royal Dutch Shell 'B'	6.71	Royal Dutch Shell 'B'	6.73
Rio Tinto	6.20	BG Group	4.55
HSBC Holdings (London listed)	5.01	BP	4.11
BG Group	4.96	Rio Tinto	3.96
Vodafone Group	4.32	HSBC Holdings (London listed)	3.96
Imperial Tobacco Group	4.06	Imperial Tobacco Group	3.89
Xstrata	4.03	GlaxoSmithKline	3.67
Rockhopper Exploration	3.59	Informa	2.93
BP	3.03	Vodafone Group	2.79
Reckitt Benckiser	3.03	Weir Group	2.74

Royal London UK Mid Cap Growth Fund

Fund Performance

During the period under review the fund gave a total return of 18.7% against 13.6% by the FTSE 250(ex IT) benchmark and 11.1% from the IMA UK All Companies peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

Market outlook comments have been dominated by the US fiscal cliff, European politics and wider fears of global economic slowdown, so against this background, it is unsurprising that investor confidence is troubled. However, for all the downbeat comments markets are better over the period.

Two holdings detracted from performance during the period. The near halving of the Rockhopper share price after the announcement of a farm-in to Premier Oil was mystifying given that the deal delivered a highly competent and motivated development operator, a significantly strengthened balance sheet with no short-term cash calls, and an enhanced exploration outlook. However, the market seems to be taking the view that the time to first oil is not worth the wait, and is unwilling to put a value on further exploration. Oil services company, Cape, profit warned after work releases on a contract in Algeria to provide insulation for an LNG project were delayed by six months leading to a 20% earnings downgrade for 2012.

Positive performance came from Ashtead. The main catalyst for Ashtead is the structural growth of increased rental and less ownership of construction equipment in North America. This is being driven by a lack of available finance, and limited visibility on the demand outlook for new construction project. Rental penetration in the US at 40% remains substantially below the 70% level seen in Europe. This is enabling a pricing recovery, and further growth should lead to market share gains from smaller, more financially constrained peers. Also performing well over the period was Ophir Energy which issued a steady stream of positive drilling news. The company has, to date, found a very good quantity of gas in Tanzania, which could be supplemented by further finds in Equatorial Guinea, Gabon, and Kenya.

Among the new additions to the fund was Lloyds insurer, Catlin. Lloyds insurers have the attraction of uncorrelated returns to the equity market, mandatory products, cash generation, a hardening rate cycle, and decent yields. 3i was also added following the appointment of a new CEO whose restructuring is expected to see the large discount to NAV begin to close.

Other transactions saw Meggitt, Pennon and Babcock being sold following their promotion to the FTSE100.

Portfolio Outlook

The global economy remains in a structural de-leveraging phase. This means lower growth, higher macro risks, and challenges for investors. This scarcity of growth, and low interest rates for longer, has driven equity investors towards higher yielding stocks, not only because of the yield itself but what the ability of companies to pay a sustainable dividend, tells you about the quality of the company itself. From an asset allocation perspective, flows have been heavily biased to bond markets. The resulting yield grab has driven yields lower on sovereign and corporate bonds and as a result, leaves equities looking very attractive. Given the global growth outlook is considerably weaker for the next two years than previously thought, the search for yield is very much a theme that will play out over the long-term.

Derek Mitchell
Fund Manager

October 2012

Royal London UK Mid Cap Growth Fund

Fund Facts

Fund Facts		A Acc units	B Acc units
Sedol Number		B4V70S5	B5BRW42
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.40%	0.70%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.44%	0.74%
Portfolio Turnover Rate	As at 31/08/12	53%	53%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		30/10/2009	11/11/2009
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			01 Sep
Distribution Payment Dates			31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Trustee fees.

[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	68,645	186.26p
B Shares	18,342	189.81p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	194.90p	162.60p	1.90p
	B Shares	198.00p	165.00p	3.02p
2011	A Shares	187.70p	143.60p	1.65p
	B Shares	190.00p	145.60p	2.87p
2010**	A Shares	176.20p	128.70p	1.28p
	B Shares	177.70p	129.30p	2.20p

*To 31 August 2012

**From launch on 30 October 2009 for Class A and 11 November 2009 for Class B

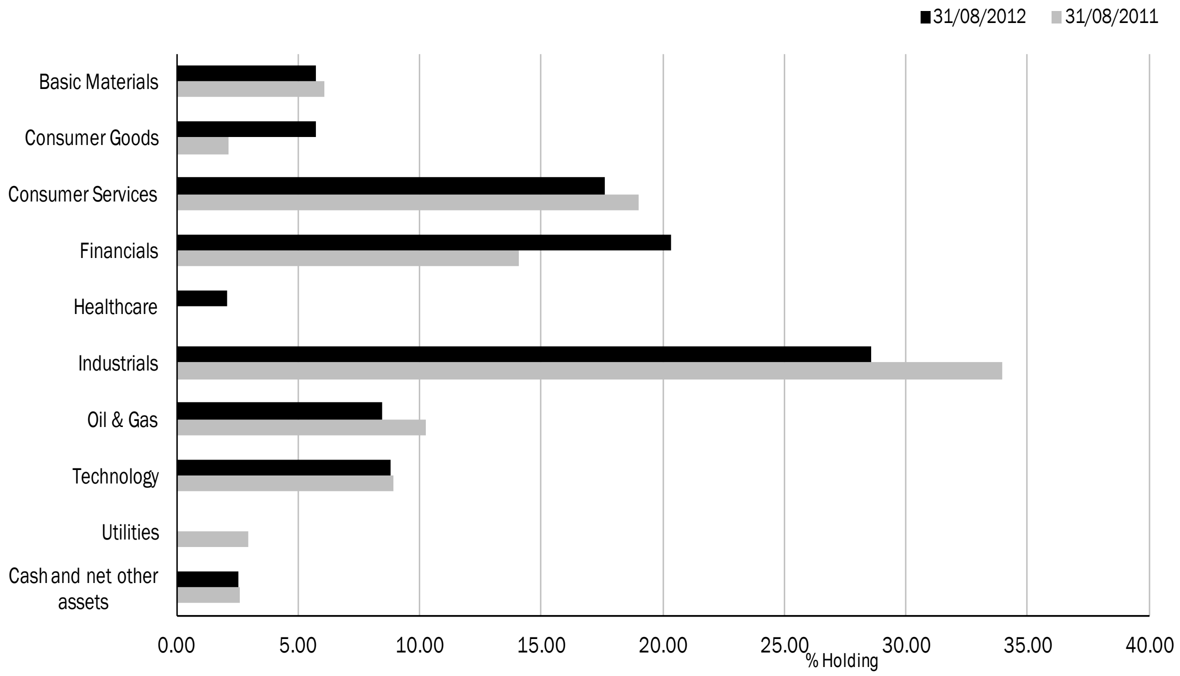
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Mid-Cap Growth Fund A	18.66%	15.46%	8.97%
IMA UK All Companies Sector Average	11.10%	8.75%	0.91%
Relative Out-Performance	**7.56%**	**6.71%**	**8.06%**

The sub-fund was launched on 30/10/09 and first priced on 02/11/09, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK Mid Cap Trust launched on 02/06/06.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Mid Cap Growth Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	% Holding	Holding	% Holding
Meggitt	3.11	Ashtead Group	2.94
FirstGroup	3.04	Domino's Pizza	2.93
Stagecoach	2.98	Lancashire	2.90
Babcock International Group	2.97	Persimmon	2.89
Pennon Group	2.95	Melrose	2.86
Domino's Pizza	2.85	Barratt Developments	2.84
Informa	2.83	3i Group	2.84
Fenner	2.81	Smith (DS)	2.83
Cape	2.75	Informa	2.79
Spectris	2.74	Telecity	2.71

Royal London UK Opportunities Fund

Fund Performance

During the period under review the fund gave a total return of 12.2% against 10.2% by the FTSE All Share benchmark and 11.1% from the IMA UK All Companies peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

Market outlook comments have been dominated by the US fiscal cliff, European politics and wider fears of global economic slowdown, so against this background, it is unsurprising that investor confidence is troubled. However, for all the downbeat comments markets are better over the period.

The worst performing holding during the period was Rockhopper. The near halving of its share price after the announcement of a farm-in to Premier Oil was mystifying given that the deal delivered a highly competent and motivated development operator, a significantly strengthened balance sheet with no short-term cash calls, and an enhanced exploration outlook. However, the market seems to be taking the view that the time to first oil is not worth the wait, and is unwilling to put a value on further exploration. Most of the other underperformance came from the industrial cyclical holdings which suffered in an environment of low economic growth.

Positive performance came from Ophir Energy, which issued a steady stream of positive drilling news. The company has, to date, found a very good quantity of gas in Tanzania, which could be supplemented by further finds in Equatorial Guinea, Gabon, and Kenya. Also performing well over the period was Babcock. The main catalyst for Babcock is a more active bid pipeline and its subsequent conversion into contract wins. This could drive an organic growth rate of 17% by 2015. Nuclear decommissioning, defence property management and training and equipment support are amongst the most active bidding areas.

Among the new additions to the portfolio was Ashtead. The main catalyst for Ashtead is the structural growth of increased rental and less ownership of construction equipment in North America. This is being driven by a lack of available finance, and limited visibility on the demand outlook for new construction project. Rental penetration in the US at 40% remains substantially below the 70% level seen in Europe. This is enabling a pricing recovery, and further growth should lead to market share gains from smaller, more financially constrained peers. Also added was Persimmon. Both the Bank of England and the Government have launched measures that will help the house builders. The Bank's Funding for Lending programme should lower mortgage funding and should increase the supply of mortgages, while rising hopes of QE, and lower interest rates for longer, should help sentiment towards the sector. Recent trading is positive, and as long as the other house builders act rationally, then good returns can be had by all. Persimmon is trading on a 10% yield on a 12 month view as it starts the process of handing back 620p to shareholders over the next nine years.

Portfolio Outlook

The global economy remains in a structural de-leveraging phase. This means lower growth, higher macro risks, and challenges for investors. This scarcity of growth, and low interest rates for longer, has driven equity investors towards higher yielding stocks, not only because of the yield itself but what the ability of companies to pay a sustainable dividend, tells you about the quality of the company itself. From an asset allocation perspective, flows have been heavily biased to bond markets. The resulting yield grab has driven yields lower on sovereign and corporate bonds and as a result, leaves equities looking very attractive. Given the global growth outlook is considerably weaker for the next two years than previously thought, the search for yield is very much a theme that will play out over the long-term.

Derek Mitchell

Fund Manager
October 2012

Royal London UK Opportunities Fund

Fund Facts		A Acc units	B Acc Units	D Inc units
Sedol Number		B4WMW05	B5BRWC0	B4MB138
Initial Charge		4.00%	0.00%	0.00%
Initial Commission		4.00%	0.00%	0.00%
Annual Management Charge (AMC)		1.40%	0.70%	0.70%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.41%	0.71%	0.71%
Portfolio Turnover Rate	As at 31/08/12	76%	76%	76%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6	6
Launch Date (See notes below)		30/10/2009	30/10/2009	10/11/2010
Fund Type				Authorised OEIC Fund
Domiciled				UK
Distribution Calculation Dates (XD)				01 Sep
Distribution Payment Dates				31 Oct

[1] The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.

[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	435,066	115.51p
B Shares	34,006	117.48p
D Shares	952	97.38p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	121.80p	108.10p	1.68p
	B Shares	123.60p	109.80p	2.47p
	D Shares	104.60p	93.00p	2.14p
2011**	A Shares	122.10p	92.90p	1.44p
	B Shares	122.90p	93.95p	2.26p
	D Shares	105.90p	79.02p	1.65p
2010***	A Shares	120.20p	92.32p	0.81p
	B Shares	120.90p	93.94p	0.57p
	D Shares	104.20p	96.08p	n/a

*To 31 August 2012

**From launch on 10 November 2010 for Class D

*** From launch on 14 April 2010 for Class B

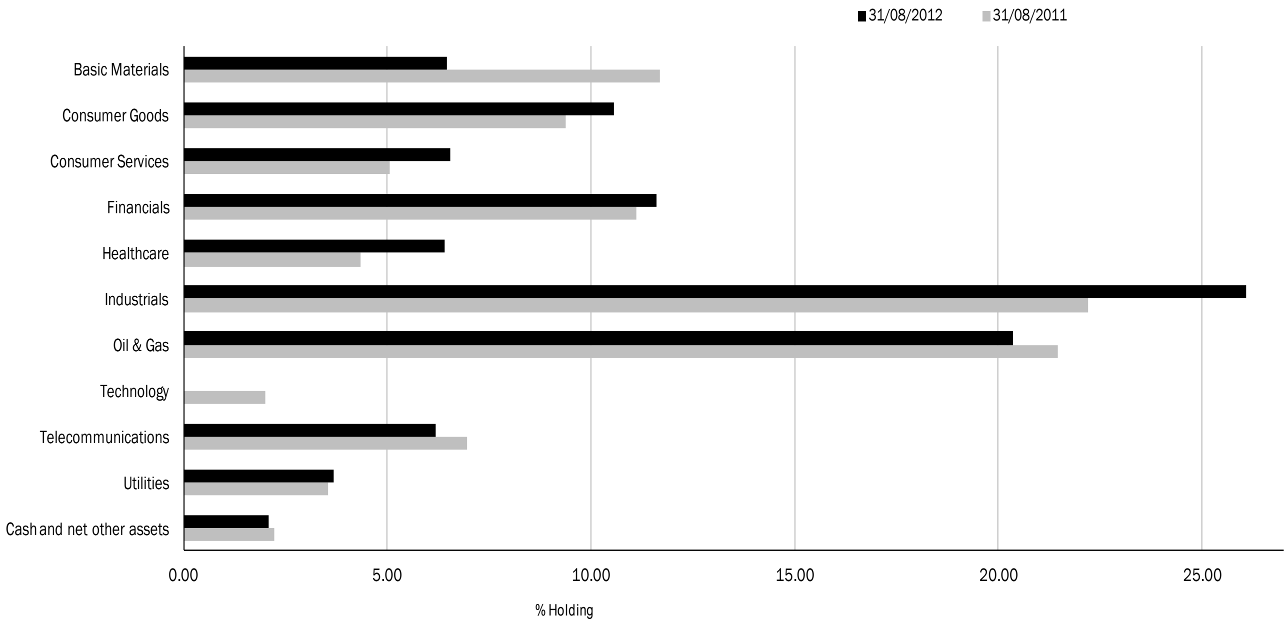
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Opportunities Fund A	12.20%	9.57%	4.24%
IMA UK All Companies Sector Average	11.10%	8.75%	0.91%
Relative Out-Performance	**1.10%**	**0.82%**	**3.33%**

The sub-fund was launched on 30/10/09 and first priced on 02/11/09, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK Special Situations Trust launched on 20/07/07.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Opportunities Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	% Holding	Holding	% Holding
Vodafone Group	4.73	Imperial Tobacco Group	4.56
Shire	4.34	Compass Group	4.05
BG Group	4.24	GlaxoSmithKline	3.95
Rio Tinto	3.82	BG Group	3.87
BP	3.68	Babcock International Group	3.86
Pennon Group	3.56	BP	3.68
HSBC Holdings (London listed)	3.53	Pennon Group	3.68
Imperial Tobacco Group	3.50	HSBC Holdings (London listed)	3.32
Xstrata	3.37	Aggreko	3.16
Babcock International Group	3.33	Vodafone Group	3.11

Royal London UK Smaller Companies Fund

Fund Performance

During the 12 month period ending 31st August 2012 the fund gave a total return of 15.5% versus 8.8% from the FTSE Small Cap (ex IT) benchmark and 9.2% from the IMA UK Smaller Companies peer group.

At the beginning of May 2012, Royal London launched a number of new share classes for our OEIC funds in order to meet new regulatory requirements. These share classes offer a lower annual management charge for investors with greater than £100,000 invested in each fund.

Portfolio Commentary

The strong return for the period belies two separate cycles of significant and distinct upward and downward moves in the benchmark index. The first of these cycles saw the benchmark index initially fall c.14% as the European Sovereign debt crisis weighed heavily on equity markets in the latter part of 2011. Subsequently the index rallied c.20% up until the end of April as hopes for a work-out of the Greek debt situation, recovering GDP in the USA, moderating expectations for UK inflation and continued loose monetary policy globally all served to limit risk aversion and drive the strong run in equity markets, especially UK smaller companies.

The second cycle was a more muted version of the first as the market suffered a 7.5% set back over a six week period in the late spring, as macro concerns resurfaced and corporate profit warnings gathered pace, only to continue the upwards rally from June onwards gaining a further 11%. These rapid cycles serve to show how sensitive asset prices are to the uncertainty surrounding debt pricing, which is being driven by the extraordinary monetary policy globally.

For the year as a whole the fund outperformed the benchmark by 6.7%, driven primarily by holdings across a number of sectors delivering on profits expectations. The largest positive stock specific contributions for the year came from: chemicals company, Elementis, which is benefitting from the significant uplift in US shale gas activity; UK house builder, Galliford Try, as margin expansion continues to deliver material benefit to profits and cash generation; home wares retailer, Dunelm Group, which continues to expand its store footprint and increase profitability and animal husbandry company, Genus, which effected a smooth transition of management and continues to lay foundations for sizeable businesses in emerging markets. On the negative side, the fund's holdings with most direct exposure to troubled European markets, Northgate and Shanks, were the biggest laggards.

In the early part of the period, the fund was purged of a number of small holdings such as RSM Tenon, Hampson and Flybe, which were unlikely to see any improvement in their operating environment within a meaningful timeframe and this has indeed proved to be the case. The fund also greatly reduced a large position in defence contractor, Babcock, which had performed extremely well post the merger with VT Group and was on the brink of the FTSE 100. Corporate activity has picked up over the year, especially as larger companies with good cash balances have sought to augment growth by buying faster growing small companies. During the year holdings in Axis Shield, HolidayBreak and Kewill were all bid for and take-overs completed. The fund sought to reinvest these proceeds adding to a number of existing holdings, but also taking new positions in a variety of industries including Paypoint (consumer services), Sphere Medical, Tarsus (business services), Brammer (distribution) and Secure Trust Bank (finance). The net effect of transactions over the year is to slightly increase the economic sensitivity in the portfolio.

Portfolio Outlook

The fund's continued strategy of investing in a broad range of financially sound companies with a focus on structural and self-determined growth whilst running a structural underweighting to commodity, financially impaired and recovery stocks does, by its nature, generate a relatively low correlation with sudden movements in the market level at which time these latter categories will tend to lead the market upwards and downwards. However, the fund seeks to deliver consistent out performance of the benchmark index over the medium term without adding the undue risk of exaggerated market moves, but through fundamental profit generation from the investee companies generating sustainable shareholder returns.

Victoria Stewart

Fund Manager
October 2012

Royal London UK Smaller Companies Fund

Fund Facts		A Acc units	B Acc units
Sedol Number		B694M64	B3NQHL5
Initial Charge		4.00%	0.00%
Initial Commission		4.00%	0.00%
Annual Management Charge (AMC)		1.40%	0.70%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	1.43%	0.74%
Portfolio Turnover Rate	As at 31/08/12	18%	18%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6	6
Launch Date (See notes below)		05/11/2010	01/05/2012
Fund Type			Authorised OEIC Fund
Domiciled			UK
Distribution Calculation Dates (XD)			01 Sep, 01 Mar
Distribution Payment Dates			31 Oct, 30 Apr

[1]The OCF replaces the TER as at 1 July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	79,614	101.96p
B Shares	8	99.11p

Single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	104.2p	87.91p	1.04p
	B Shares**	101.04p	92.39p	0.81p
2011	A Shares	101.1p	82.64p	0.60p

*To 31 August 2012

** From launch on 5 November

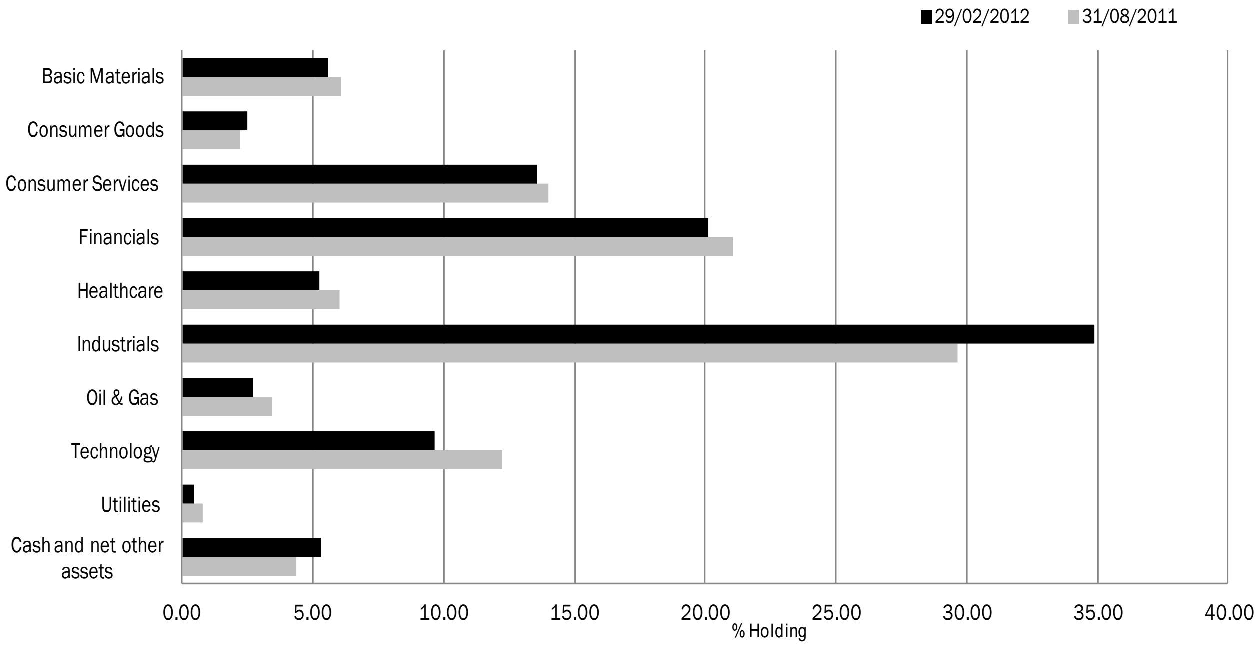
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London UK Smaller Companies Fund A	15.46%	13.37%	2.18%
IMA UK Smaller Companies Sector Average	9.20%	13.37%	1.60%
Relative Out-Performance	**6.26%**	**0.00%**	**0.58%**

The sub-fund was launched on 05/11/10 and first priced on 08/11/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London UK Smaller Companies Trust launched on 20/07/07.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London UK Smaller Companies Fund

Sector Breakdown



Top Ten Holdings

	31/08/2011		31/08/2012
Holding	% Holding	Holding	% Holding
Cineworld	3.32	Cineworld	3.55
Vitec Group	2.73	Elementis	2.79
Workspace Group REIT	2.68	Vitec Group	2.72
Optos	2.45	Unite Group	2.71
Montanaro UK Smaller Companies	2.40	Diploma	2.59
SDL	2.31	Workspace Group REIT	2.49
BlackRock Smaller Companies Investment Trust	2.30	Galliford Try	2.48
Eros International	2.29	Optos	2.34
Elementis	2.28	Genus	2.34
Berendsen	2.28	Dunelm	2.25

Royal London US Tracker Fund

Fund Performance

For the year to the end of August 2012, the return from the Royal London US Tracker Fund was 20.5%. This compares with a capital return on the FTSE World US Index of 18.2%. This difference can be caused primarily by a combination of the timing of the fund pricing, the fund being priced at midday while the index is priced at the end of the day, and the impact of income within our fund.

Portfolio Commentary

The fund manager uses an optimised portfolio to track the capital return of the FTSE® World US Index. We take the view that full replication may result in too much costly trading, which could outweigh the benefit of perfect replication.

We use an optimiser to help construct a portfolio designed to track the performance of the benchmark without necessarily holding all the constituents in their exact benchmark weights. The optimiser uses an algorithm which minimises tracking risk, based on a multi factor model and associated covariance matrix.

In practice, the Royal London US Tracker Fund holds most of its benchmark's names as well as having holdings in futures and cash.

For further information on economic and stock market backgrounds please see page 7.

Symon Bradford

Fund Manager
October 2012

Royal London US Tracker Fund

Fund Facts		A Acc units
Sedol Number		B5172X1
Initial Charge		0.00%
Initial Commission		0.00%
Annual Management Charge (AMC)		0.20%
Ongoing Charges Figure (OCF)[1]	As at 31/08/12	0.24%
Portfolio Turnover Rate	As at 31/08/11	5%
Synthetic Risk Reward Indicator (SRRI)[2]	As at 31/08/12	6
Launch Date (See notes below)		26/02/2010
Fund Type		Authorised OEIC Fund
Domiciled		UK
Distribution Calculation Dates (XD)		01 Sep
Distribution Payment Dates		31 Oct

[1] The OCF replaces the TER as at 1st July 2012. The OCF consists of the AMC and any other additional expenses charged to a fund, such as Depositary fees.
[2] The SRRI is monitored on a weekly basis, for further information and commentary on this please see the fund Key Investor Information Document (KIID) on our website http://www.rlam.co.uk/Fund-Performance--Prices

Fund Performance Data

	Net Asset Value as at 31/08/12 £'000	Net Asset Value per share as at 31/08/12
A Shares	1,619,570	132.65p

Swinging single priced ICVC sub-fund, published price on 31.08.2012

Price and Net Income Comparison

Year		High Price	Low Price	Income
2012*	A Shares	135.60p	119.60p	1.84p
2011	A Shares	125.10p	100.50p	1.50p
2010**	A Shares	119.80p	97.87p	0.78p

* To 31 August 2012

** From launch on 26 February 2010

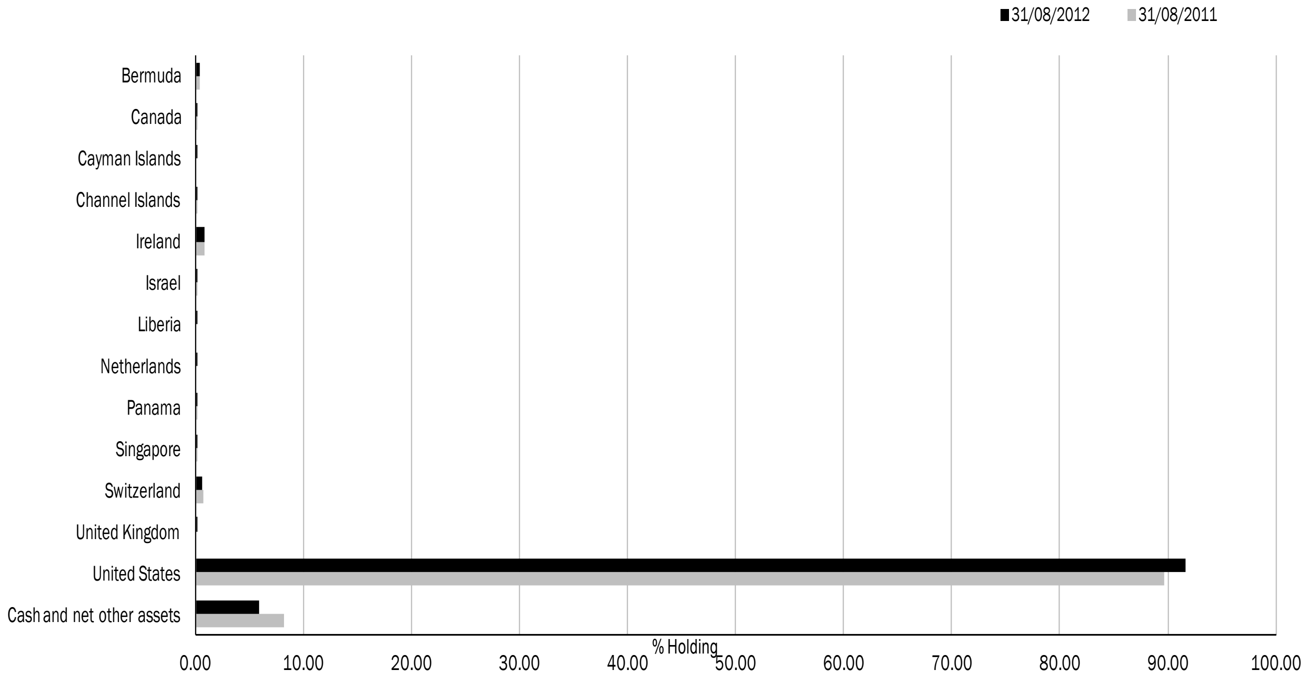
Fund vs Sector Average Out-Performance

	1 year	3 years	5 years
Royal London US Tracker Fund A	20.48%	13.50%	6.04%
IMA North America Sector Average	16.64%	11.40%	4.70%
Relative Out-Performance	**3.84%**	**2.10%**	**1.34%**

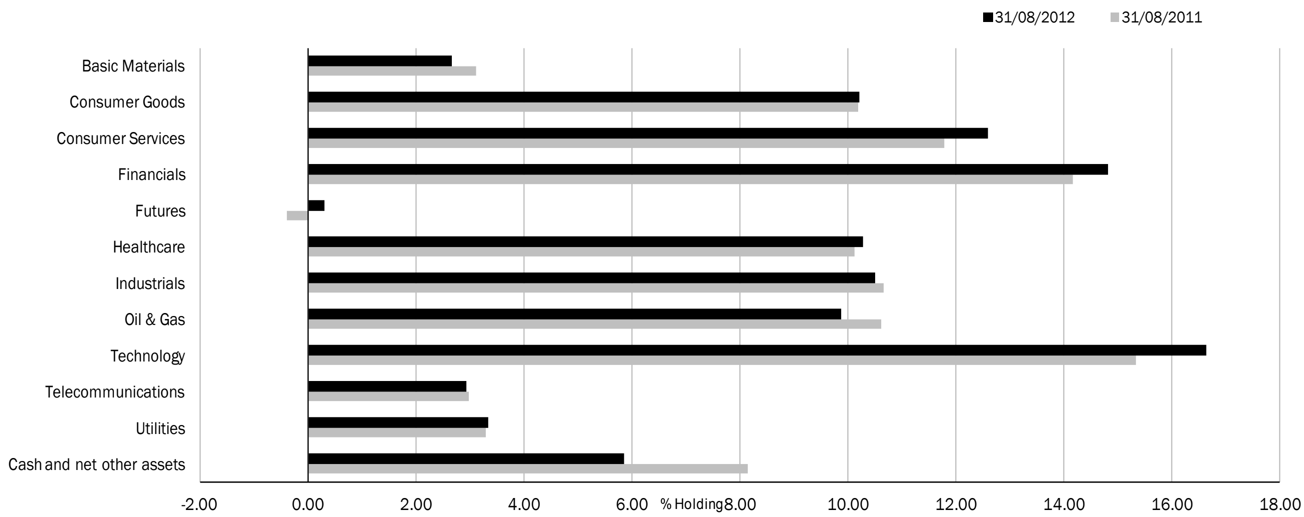
The sub-fund was launched on 26/02/10 and first priced on 01/03/10, however the performance track record and income information are linked to the previous merging Unit Trust the Royal London US Index Tracker Trust launched on 24/08/07.
Please note that the above information relates to the past and that past performance is not a reliable indication of future returns.
Performance is annualised over the period indicated.
(Source: Lipper Hindsight, Total Return in GBP).

Royal London US Tracker Fund

Geographical Breakdown



Sector Breakdown



Top Ten Holdings

Holding	31/08/2011 % Holding		31/08/2012 % Holding
Exxon Mobil	2.79	Apple	4.27
Apple	2.77	Exxon Mobil	2.78
Microsoft	1.72	Microsoft	1.78
International Business Machines	1.61	International Business Machines	1.53
Chevron	1.52	Chevron	1.52
Johnson & Johnson	1.40	General Electric	1.52
Procter & Gamble	1.39	AT & T	1.49
AT & T	1.37	Wal-Mart Stores	1.30
General Electric	1.34	Johnson & Johnson	1.28
Coca-Cola	1.25	Procter & Gamble	1.28

A copy of the Long Form Report and Accounts is available on request.

The Authorised Corporate Director (ACD) of the Royal London Equity ICVC Fund is Royal London Unit Trust Managers Ltd.
55 Gracechurch Street
London EC3V 0UF
Dealing line: 08456 04 04 04
Website: www.rlam.co.uk

The Depositary of the Royal London Equity ICVC Fund is HSBC Bank plc.
8 Canada Square
Canary Wharf
London E14 5HQ

The Auditor of the Royal London Equity ICVC Fund is Price Waterhouse Coopers LLP.
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69 - 73 Queen Street
Edinburgh EH2 4NH