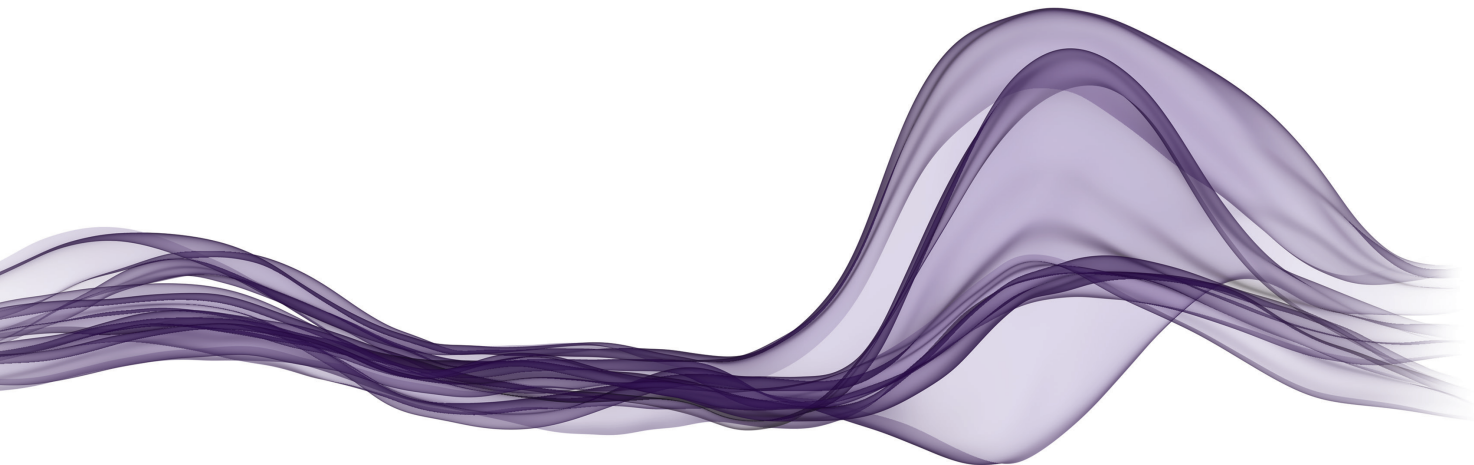


For professional clients only, not suitable for retail investors.

Royal London Bond Funds II ICVC

Annual Report

For the year ended 31 January 2023



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* The Authorised Corporate Director's report comprises these items, together with the following for each individual sub-fund: Manager's Investment Report; Investment Objective and Policy and Portfolio Statement.

Company Information

Company

Royal London Bond Funds II ICVC

Registered in England with Company Number IC001128

Registered office:

80 Fenchurch Street, London EC3M 4BY

Director

The Authorised Corporate Director (ACD) is Royal London Unit Trust Managers Limited which is the sole director.

Place of business and Registered office:

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority; a member of The Investment Association (IA).

T: 020 7506 6500

F: 020 7506 6503

Directors

R.A.D. Williams

A. Hunt

R. Kumar

S. Spiller

J. Brett (Non-executive Director)

H. Georgeson

J.M. Jackson (Non-executive Director, appointed 1 April 2022)

Investment Adviser

Royal London Asset Management Limited

Place of business and Registered office:

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

Depositary

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Registrar

SS&C Financial Services Europe Limited

The Register may be inspected at:

SS&C House, St Nicholas Lane, Basildon, Essex SS15 5FS

Authorised and Regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside, London SE1 2RT

Directors' Report

We are pleased to present the Annual Report and Financial Statements for Royal London Bond Funds II ICVC, covering the year from 1 February 2022 to 31 January 2023.

Royal London Bond Funds II ICVC ('the Company') is authorised and regulated by the Financial Conduct Authority and is structured as an umbrella investment company, in that the Company proposes to issue shares linked to different sub-funds which have been established. The Company is a UCITS umbrella scheme.

On 12 April 2019, the Royal London Short Duration Credit Fund and Royal London Ethical Bond Fund were launched via a scheme of arrangement where assets from the equivalent sub-funds of Royal London Bond Funds ICVC were transferred into the newly created sub-funds within the Royal London Bond Funds II ICVC. The main features of the sub-funds remain the same as the previous sub-funds.

The sub-funds in existence during the year from 1 February 2022 to 31 January 2023 were:

Royal London Ethical Bond Fund
(launched 12 April 2019)

Royal London Short Duration Credit Fund
(launched 12 April 2019)

Royal London Sustainable Short Duration Corporate Bond Fund
(launched 23 November 2022)

An ICVC may comprise a single fund or may be structured as an umbrella with a number of different sub-funds, each with its own portfolio of underlying assets invested in accordance with the investment objective and policy applicable to that sub-fund.

Currently, the funds of an umbrella company are ring-fenced and consequently creditors of the Company may look to all the assets of the Company for payment regardless of the sub-fund in respect of which that creditor's debt has arisen.

Certain assets held or liabilities incurred by an umbrella company which are not attributable to a particular fund can be allocated between all the funds in a manner (the ACD) considers fair to shareholders.

Shareholders are not liable for the debts of the Company.

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

For and behalf of Royal London Unit Trust Managers Limited

Authorised Corporate Director

S. Spiller (Director)

R. Kumar (Director)

19 April 2023

Statement of Authorised Corporate Director's Responsibilities in Relation to the Financial Statements of the Company

The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Financial Conduct Authority Collective Investment Schemes Sourcebook (COLL) require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company for the year.

The financial statements are prepared on the basis that the Company will continue in operation unless it is inappropriate to assume this. In preparing the financial statements the Authorised Corporate Director is required to:

- select suitable accounting policies and then apply them consistently;
- make adjustments and estimates that are reasonable and prudent;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (now referred to as The Investment Association) in May 2014 (the 2014 SORP), as amended in 2017;
- comply with the disclosure requirements of the prospectus;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

The Authorised Corporate Director is responsible for the management of the Company in accordance with its Prospectus and the FCA's rules.

Statement of Depositary's Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Report of the Depositary to the Shareholders of the Royal London Bond Funds II ICVC

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

HSBC Bank plc

This report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

HSBC Bank Plc

19 April 2023

Independent Auditors' Report to the Shareholders of Royal London Bond Funds II ICVC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Royal London Bond Funds II ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 January 2023 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the respective periods then ended ("respective periods" is defined as 1 February 2022 to 31 January 2023 for all sub-funds except Royal London Sustainable Short Duration Corporate Bond Fund which has a period of 23 November 2022 to 31 January 2023); and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Royal London Bond Funds II ICVC is an Open Ended Investment Company ('OEIC') with 3 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Balance Sheets as at 31 January 2023; the Statements of Total Return and the Statements of Change in Net Assets Attributable to Shareholders for the period then ended; the Distribution Tables; the Accounting Policies (included within the Summary of Significant Accounting Policies); and the Notes to the Financial Statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Shareholders of Royal London Bond Funds II ICVC (continued)

Responsibilities for the financial statements and the audit Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities in Relation to the Financial Statements of the Company, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Shareholders of Royal London Bond Funds II ICVC (continued)

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 April 2023

Summary of Significant Accounting Policies

For the year ended 31 January 2023

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investment Schemes sourcebook. They have been prepared in accordance with FRS102 and the Statement of Recommended Practice for Authorised Funds (SORP) for Financial Statements of Authorised Funds issued by The Investment Association (now referred to as The Investment Association) in May 2014 (the 2014 SORP), as amended in 2017.

As stated in the Statement of Authorised Corporate Director's Responsibilities in Relation to the Financial Statements of the Company on page 4, the Authorised Corporate Director continues to adopt the going concern basis in the preparation of the financial statements of the Company.

The accounting policies outlined below have been applied on a consistent basis throughout the year.

Further analysis of the distribution and the net asset position can be found within the Financial Statements of the individual sub-funds.

Basis of valuation of investments

The investments of the Company have been valued at market value on 31 January 2023, the last valuation point in the accounting period. Market value is defined by the SORP as fair value, which is the bid value of each security.

The ACD has assigned the responsibility to review and approve fair value pricing decisions to the RLAM Valuation Oversight Committee. In accordance with the RLAM Pricing and Ensuring Fair Value Policy, the Committee provide regular governance and oversight on suspended, defaulted, delisted, unquoted or manually priced securities, taking into consideration where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

Derivative assets and liabilities are valued at the fair value price to close out the contract at the Balance sheet date, using available market prices or an assessment of fair value based on counterparty valuations and appropriate pricing models.

Exchange rates

Assets and liabilities denominated in foreign currencies have been converted to sterling at the bid-market closing rates of exchange on 31 January 2023.

Foreign income and expenditure has been converted into sterling at the rate of exchange ruling at the date of transaction.

Recognition of revenue

Interest and revenue from bank balances and deposits, stock lending (net of fees paid) fixed interest stocks and other securities are recognised on an accruals basis.

Interest earned on interest bearing securities are determined on an effective yield basis. Effective yield is a revenue calculation that reflects the amount of amortisation of any discount or premium on the purchase price over the remaining life of the security.

Treatment of expenses

Expenses are recognised on an accruals basis.

The underlying sub-funds will hold a number of share classes. Each share class suffers a different Fund Management Fee, which can be found in the constitution starting on page 64. Consequently the level of expenses attributable to each share class will differ.

The costs and charges detailed in the Prospectus, including the ACD's own fee, will be met out of this fixed Fund Management Fee. In the event the actual costs incurred by a sub-fund exceed the level of the fixed Fund Management Fee applicable to that share class, the ACD shall bear any such excess. Where the actual costs incurred by a sub-fund fall below the fixed Fund Management Fee, the ACD shall be entitled to retain any amount by which the fixed Fund Management Fee exceeds those actual costs.

Taxation

The sub-funds satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 paragraph 19 throughout the period. All distributions made are therefore made as interest distributions.

Provision is made for taxation at current rates on the excess of investment revenue over allowable expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Summary of Significant Accounting Policies (continued)

For the year ended 31 January 2023

1. Accounting policies – continued

Treatment of derivative contracts

The unrealised gains or losses on Forward Foreign Exchanges (FFX) are disclosed in the portfolio statements, where such contracts are held by an individual sub-fund.

Margins paid on these contracts are included in the amounts held at futures clearing houses and brokers.

Motives and circumstances are used to determine whether returns on derivative contracts should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital and the circumstances support this, the returns are included within net capital gains/losses in the Statement of Total Return. Where they are undertaken for generating or protecting revenue and the circumstances support this, the returns are treated as revenue and are included within the net revenue in the Statement of Total Return. The basis of apportionment is typically made by reference to the yield on the underlying security, index or other appropriate source.

Dilution

In certain circumstances the ACD may charge a dilution adjustment on the sale or repurchase of shares. The adjustment is intended to cover certain dealing charges not included in the value of the sub-fund used in calculating the share price, which could have a dilutive effect.

Normally the Company will only charge such an adjustment on a sub-fund experiencing large levels of net purchases or net redemptions relative to its size. The ACD reserves the right to make a daily dilution adjustment, using swinging single pricing, for the sole purpose of reducing dilution in the Funds.

For further details please refer to the Prospectus.

2. Distribution policy

Basis of distribution

Revenue produced by the sub-funds' investments accumulates during each accounting period. If at the end of the accounting period, revenue exceeds expenses, the net revenue of each sub-fund is available to be distributed, at share class level, to shareholders.

The following sub-fund makes a distribution on a quarterly basis: Ethical Bond Fund.

The following sub-funds make distributions on a half yearly basis: Short Duration Credit Fund and Sustainable Short Duration Corporate Bond Fund.

Apportionment to multiple share classes

The allocation of revenue and expenses to each share class is based on the proportion of the sub-funds assets attributable to each share class on the day the revenue is earned or the expense is suffered. The Fund Management Fee is specific to each share class.

Revenue from debt securities

For the purposes of the calculation of the distribution, revenue from debt securities is computed on an effective yield basis for all sub-funds.

Expenses

In determining the net revenue available for distribution, expenses related to the purchase and sale of investments are borne wholly by capital.

In the case of the Short Duration Credit Fund and Sustainable Short Duration Corporate Bond Fund, the Fund Management Fee is borne by capital.

For Ethical Bond Fund 50% of the Fund Management Fee is borne by capital and 50% borne by revenue.

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the net accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

3. Risk management policies

In accordance with its investment objective, the Company holds financial instruments such as fixed interest securities, cash and has short-term debtors and creditors. The risks arising from the Company's financial Instruments are summarised below and remain unchanged from the prior year.

Market and cash flow risk

Material exposure of the Company's assets and liabilities to interest bearing instruments results in the risk of changes in market interest rates which, in addition to other market price risk arising from the uncertainty of future prices, can cause the value of financial instruments to fluctuate. This, in combination with variable cash flows, can potentially significantly affect the Balance Sheet and Statement of Total Return.

The ACD adheres to the investment guidelines and investment and borrowings powers established in the Prospectus and in the Rules governing the operations of ICVCs. In this way the ACD monitors and controls the exposure to risk from any type of security, market sector or individual issuer.

Summary of Significant Accounting Policies (continued)

For the year ended 31 January 2023

3. Risk management policies – continued

Credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis. Certain transactions in securities that the Company enters into expose it to the risk that a counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Company only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

The Company's assets comprise mainly readily available realisable securities, which can be sold to meet funding requirements if and when necessary. The main liability of the Company is the redemption of any shares that investors wish to sell. Liquidity risk, mainly derived from the liability to shareholders, is minimised through holding cash and readily realisable securities which can meet the usual requirements of share redemptions. The Liquidity risk for all sub-funds has been deemed insignificant, therefore numerical disclosures are not required.

Currency risk

The value of the Company's investments may be affected by currency movements since a proportion of the assets are denominated in currencies other than sterling. The ACD may, from time to time, seek to mitigate the effect of these currency exposures by covering a proportion of its investments using forward currency hedges. The Company may also be subject to short-term exposure to exchange rate movements, for example, where there is a delay between dealing and subsequent settlement. However, the ACD considers that this does not pose a significant risk given the short-term nature of this exposure. The risk of currency movements on the income property of the Company is minimised by converting income received in foreign currency into sterling on the date of transaction.

Interest rate risk

The Company invests in fixed and variable rate securities and any changes to interest rate relevant for particular securities may result in either revenue increasing or decreasing. In general, if interest rates rise the revenue potential of the Company also rises but the value of fixed rate securities declines. A fall in interest rates will in general have the opposite effect. The ACD considers the credit rating, yield and maturity of each interest bearing security to ensure the yield reflects any perceived risk.

Derivatives risk

The ACD may employ derivatives solely for the purpose of efficient portfolio management and are not intended to increase the risk profile of the Funds. The Funds may enter into derivatives transactions or securities lending with a counterparty. There is a risk that the counterparty may fail to honour its contractual obligations. To mitigate this risk counterparties may be required to provide collateral to the Funds. The ACD has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received.

The ACD uses a methodology known as the "commitment approach" to measure the global exposure to derivative instruments on a daily basis to ensure exposure does not exceed predetermined limits. Please refer to the Prospectus for further details.

Other

Coronavirus, the Ukraine situation and inflation

For RLAM's views on the market conditions and mitigating these risks please refer to the Managers' Investment Reports.

RLAM is complying with all restrictions and sanctions issued by the relevant authorities. Economic sanctions placed on Russia are having a significant impact on global financial markets and commodity pricing. RLAM has no direct exposure to Russian companies and is closely monitoring the associated geo-political risks in relation to inflation, volatile markets and fair value pricing.

4. Cross holding

There are no cross holdings within the Royal London Bond Funds II ICVC.

Royal London Ethical Bond Fund

Manager's Investment Report

Fund performance

12 months to 31 January 2023

	1 year total return %	3 year total return %	5 year total return* %
Royal London Ethical Bond Fund, Class M Accumulation	-11.99	-10.30	0.45
Royal London Ethical Bond Fund, Class M Income	-12.00	-10.27	0.47
Royal London Ethical Bond Fund, Class R Accumulation	-11.57	-9.07	–
Royal London Ethical Bond Fund, Class S Accumulation	-11.66	-9.06	–
Royal London Ethical Bond Fund, Class S Income	-11.65	-9.11	–
Royal London Ethical Bond Fund, Class Z Accumulation	-11.85	–	–
Royal London Ethical Bond Fund, Class Z Income	-11.87	-9.88	1.22
iBoxx Sterling Non-Gilt All Maturities index	-12.30	-13.35	-3.38
IA Sterling Strategic Bond Sector	-7.77	-3.89	3.76
IA Sterling Corporate Bond Sector	-11.15	-10.46	-1.33

Class M Income and Accumulation launched on 12 April 2019, Class R Accumulation launched on 12 April 2019, Class S income and Accumulation launched on 7 May 2019, Class Z Income launched on 12 April 2019 and Z Acc was launched on 7 September 2020.

* The Royal London Ethical Bond Fund II was launched via a scheme of arrangement for the merger of the Royal London Ethical Bond Fund (a sub-fund of Royal London Bond Funds ICVC) into the Royal London Ethical Bond Fund II. The performance table includes historic performance for the original Royal London Ethical Bond Fund as the main features of the Fund remain the same as at the merger date 12 April 2019.

Past performance is not necessarily a reliable indicator of future performance. The value of investments and the income from them is not guaranteed and may go down as well as up, and investors may not get back the amount originally invested.

Source: RLAM and Lipper, as at 31 January 2023. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For further information, including ongoing performance and Fund breakdown information, please refer to the latest factsheet at www.rlam.com.

Performance overview

Net of fees, the Fund delivered negative returns for the review period, but outperformed its benchmark (iBoxx Sterling Non Gilts All-maturities Index). However, it underperformed its peer

group, the Investment Association (IA) Sterling Strategic Bond sector, and the IA Sterling Corporate Bond sector.

The Fund is a constituent of the first sector because its weighting in investment grade sterling corporate bonds has frequently been less than 80%, predominantly as a result of the holdings of unrated secured debt. However, in the context of its investment grade benchmark, the Fund's performance relative to the more homogenous IA Sterling Corporate Bond sector is also relevant.

Absolute returns were impacted by the effect of interest rate rises on government bonds, combined with wider credit spreads. The outperformance of the Fund against the benchmark was driven primarily by security selection, particularly in the banks, social housing, real estate and insurance sectors.

Market commentary

The prevailing investment environment changed markedly at the start of 2022 as the Federal Reserve (Fed) published the minutes of its December Federal Open Market Committee (FOMC) meeting, indicating that it was prepared to raise interest rates much faster and further than previously indicated to address inflation. This shook global financial markets, with both fixed income and equities markets falling.

This volatility was exacerbated in late February by the Russian invasion of Ukraine and the subsequent imposition of sanctions by many western countries. As well as concern about further disruption to the global economic recovery, these events caused the prices of certain commodities to soar even further from already elevated levels: in particular, energy and grain prices rose sharply, adding to the pre-existing inflationary pressures.

Central banks have increased interest rates with previously unimagined speed. The Fed raised rates to 4.25-4.50% over the period under review, an increase of 4.25% since its first rate rise in March. Meanwhile the Bank of England (BoE) raised rates eight times in 2022 by 3.25% in aggregate – by the end of January 2023, the UK interest rate was 3.5%.

While other factors influenced markets at times – such as the volatility seen in the gilt market in September and October and the unexpected relaxation of COVID-19 restrictions by the Chinese authorities at the end of 2022 – inflation, interest rates and the fear of recession dominated the review period.

Manager's Investment Report (continued)

Market and portfolio commentary – continued

This was particularly toxic for bond markets. Over the period, the benchmark 10-year gilt yield rose from 1.30% to 3.33% (the high point was 4.51% in late September), with gilts returning -18.76% on an all-maturities basis (FTSE® Actuaries). Given this, returns for the sterling credit market were also negative – the iBoxx Sterling Non-Gilt All-Maturities Index returned -12.30% as its duration is several years lower than for the gilts market. The average sterling investment grade credit spread widened from 1.03% to 1.41%.

All credit sectors delivered negative returns over the 12 months, but these diverged widely. Defensive sectors generally outperformed on a relative basis with the automotive, covered, senior banks and supranational sectors faring well. Conversely, real estate, transportation and industrials were the weakest sectors. Short-dated credit outperformed all-maturities strategies, because long-dated bonds are more sensitive to changes in the interest rate and suffer greater capital losses when interest rates rise.

Portfolio commentary

The period was particularly difficult for fixed income investors, with falls of an unprecedented scale in government bond markets over 2022 coupled with periods of intense volatility, including the aftermath of Kwasi Kwarteng's 'mini-Budget'. Nonetheless, the Fund performed well – testament to our long-established investment philosophy and process, in which liquidity is an important consideration.

The outperformance of the Fund relative to its benchmark was primarily driven by security selection. Positive selection in the banks, real estate, social housing and insurance sectors were only partly offset by negative security selection in the consumer services sector. Duration and curve positioning were positive in aggregate. Credit sector allocation was negative with the positive contribution from the general industrials, insurance and covered bond sectors being insufficient to outweigh the negative effects of the overweight to real estate, structured and social housing sectors and underweight to telecommunications.

It is worth noting the Fund's underweight position in supranationals aided in outperforming the benchmark's total return. Supranationals make up about a quarter of the benchmark and saw a negative total return in the period, while they make up a very small portion of the Fund.

The Fund benefitted significantly from having no direct exposure to Russian companies (including Gazprom), which fell out of the benchmark in the period following the invasion of Ukraine – the companies represented a small, yet material portion of the benchmark. Our indirect exposure to Russian debt was also very limited, as companies in the highest-risk sectors, financials, had already curtailed exposure to Russia due to requirements around money laundering.

The volatility in markets led to a sharp reduction in new issuance, particularly compared to 2020 and 2021, but there were still opportunities to invest. The financials sectors in particular remained active issuers and we participated actively in the market when the terms on offer were attractive and appropriately compensated investors for the risks involved.

While the period saw further issuance of 'labelled bonds', such as green or sustainable bonds, some of which we participated in, we remain cautious of labelled bonds, which do not automatically offer value, and sometimes lack clarity of objective. We will continue to focus on integrating ESG risk, making sure that we assess each individual credit on its particular merits, remaining focused on adding value in specific areas of the market.

Investment outlook

Despite recent inflation data, increasing wage pressures and union unrest (particularly in the public sector), we expect UK inflationary pressures to decrease with oil and gas prices having fallen sharply from their 2022 peaks. However, interest rates could well rise further as the BoE continues to focus on current inflation rates, even though the full effects of past increases haven't worked through fully yet.

Although the economic data remain mixed, we still believe that higher rates could lead to a recession in the UK, impacting company earnings and potentially leading to an increase in credit rating downgrades. Nevertheless, it is our view that bond yields are attractive: we believe that they discount the prospective economic challenges and that bond investors are being paid well to take risk. Against this background, we will continue to diversify the Fund across issuers and sectors, with an orientation towards downside protection through security and structure.

Eric Holt
Fund Manager
Royal London Asset Management Limited
31 January 2023

Please note that this commentary is written as at 31 January 2023. For further insights on market events or positioning since then, please go to www.rlam.com.

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Value Assessment report is available on www.rlam.com.

The views expressed are the authors' own and do not constitute investment advice and are not an indication of future Fund performance. Portfolio holdings are subject to change, for information only and are not investment recommendations.

Source: Royal London Asset Management Limited, unless otherwise stated.

Comparative Tables

Class M Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	152.29	156.22	149.83
Return before operating charges*	(17.25)	(3.07)	7.22
Operating charges	(0.76)	(0.86)	(0.83)
Return after operating charges*	(18.01)	(3.93)	6.39
Distributions on accumulation shares	(4.61)	(4.62)	(3.84)
Retained distributions on accumulation shares	4.61	4.62	3.84
Closing net asset value per share	134.28	152.29	156.22
* after direct transaction costs of:	0.01	—	—
Performance			
Return after charges	(11.83)%	(2.52)%	4.26%
Other information			
Closing net asset value (£'000)	493,475	599,731	497,398
Closing number of shares	367,498,493	393,796,903	318,405,426
Operating charges	0.55%	0.55%	0.55%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	154.20	160.00	158.40
Lowest share price	118.70	152.60	134.60

Class M Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	120.79	127.65	125.60
Return before operating charges*	(13.64)	(2.44)	5.93
Operating charges	(0.59)	(0.69)	(0.69)
Return after operating charges*	(14.23)	(3.13)	5.24
Distributions on income shares	(3.61)	(3.73)	(3.19)
Closing net asset value per share	102.95	120.79	127.65
* after direct transaction costs of:	0.01	—	—
Performance			
Return after charges	(11.78)%	(2.45)%	4.17%
Other information			
Closing net asset value (£'000)	176,358	195,762	149,090
Closing number of shares	171,299,325	162,061,463	116,793,889
Operating charges	0.55%	0.55%	0.55%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	122.30	128.80	129.80
Lowest share price	92.77	122.50	112.90

Class R Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	115.87	118.31	112.97
Return before operating charges*	(13.14)	(2.32)	5.45
Operating charges	(0.10)	(0.12)	(0.11)
Return after operating charges*	(13.24)	(2.44)	5.34
Distributions on accumulation shares	(3.75)	(3.77)	(3.15)
Retained distributions on accumulation shares	3.75	3.77	3.15
Closing net asset value per share	102.63	115.87	118.31
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(11.43)%	(2.06)%	4.73%
Other information			
Closing net asset value (£'000)	179,616	223,015	199,384
Closing number of shares	175,018,164	192,475,772	168,525,596
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	117.30	121.50	119.90
Lowest share price	90.62	115.60	101.60

Class S Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	111.04	113.40	108.28
Return before operating charges*	(12.60)	(2.25)	5.23
Operating charges	(0.10)	(0.11)	(0.11)
Return after operating charges*	(12.70)	(2.36)	5.12
Distributions on accumulation shares	(3.59)	(3.62)	(3.02)
Retained distributions on accumulation shares	3.59	3.62	3.02
Closing net asset value per share	98.34	111.04	113.40
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(11.44)%	(2.08)%	4.73%
Other information			
Closing net asset value (£'000)	104,911	237,589	117,574
Closing number of shares	106,682,277	213,969,709	103,683,516
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	112.40	116.40	114.90
Lowest share price	86.84	110.80	97.36

Comparative Tables (continued)

Class S Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	102.07	107.62	105.65
Return before operating charges*	(11.53)	(2.05)	4.99
Operating charges	(0.09)	(0.11)	(0.10)
Return after operating charges*	(11.62)	(2.16)	4.89
Distributions on income shares	(3.26)	(3.39)	(2.92)
Closing net asset value per share	87.19	102.07	107.62
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(11.38)%	(2.01)%	4.63%
Other information			
Closing net asset value (£'000)	66,844	98,357	103,744
Closing number of shares	76,667,808	96,364,132	96,397,821
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	103.30	108.80	109.50
Lowest share price	78.55	103.60	95.00

Class Z Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21** (p)
Opening net asset value per share	100.61	102.97	100.00
Return before operating charges*	(11.41)	(1.94)	3.10
Operating charges	(0.36)	(0.42)	(0.13)
Return after operating charges*	(11.77)	(2.36)	2.97
Distributions on accumulation shares	(3.11)	(3.15)	(0.74)
Retained distributions on accumulation shares	3.11	3.15	0.74
Closing net asset value per share	88.84	100.61	102.97
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(11.70)%	(2.29)%	2.97%
Other information			
Closing net asset value (£'000)	13,542	634	3
Closing number of shares	15,243,056	630,335	2,500
Operating charges	0.40%	0.40%	0.40%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	101.80	105.60	104.40
Lowest share price	78.52	100.60	99.84

** Class Z Accumulation launched on 7 September 2020.

Class Z Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	114.69	121.10	119.06
Return before operating charges*	(12.95)	(2.30)	5.62
Operating charges	(0.41)	(0.48)	(0.47)
Return after operating charges*	(13.36)	(2.78)	5.15
Distributions on income shares	(3.51)	(3.63)	(3.11)
Closing net asset value per share	97.82	114.69	121.10
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(11.65)%	(2.30)%	4.33%
Other information			
Closing net asset value (£'000)	346,760	370,606	338,829
Closing number of shares	354,501,435	323,149,679	279,786,538
Operating charges	0.40%	0.40%	0.40%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	116.10	122.30	123.20
Lowest share price	88.14	116.30	107.00

[^] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published financial statements and may be different due to the prior year end accounting adjustments.

It should be remembered that past performance is not a reliable indicator of future performance and that the value of shares, and the income derived from them, can vary.

Portfolio Statement

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Commercial Mortgage Backed Securities – 3.00% (31/1/22 – 3.62%)			
£4,100,000	Equity Release FRN 14/7/2045	2,959	0.21
£6,158,000	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	4,906	0.36
£5,264,360	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	3,633	0.26
£22,758,000	Income Contingent Student Loan 2 FRN 24/7/2058	4,977	0.36
£5,084,000	Income Contingent Student Loan 2.5% 24/7/2056	3,021	0.22
£7,012,000	Income Contingent Student Loan 2.5% 24/7/2058	4,381	0.32
£24,918,000	Income Contingent Student Loan FRN 24/7/2056	3,916	0.28
£4,004,000	Magenta 2020 FRN 20/12/2024	3,592	0.26
£3,657,000	PCL Funding FRN 15/10/2025	3,652	0.26
£4,065,000	Sage AR Funding FRN 17/11/2030	3,902	0.28
£1,741,000	Taurus 2018 FRN 22/5/2028	1,020	0.07
£1,844,000	Taurus 2019-2 FRN 17/11/2029	1,717	0.12
Total Commercial Mortgage Backed Securities		41,676	3.00
Corporate Bonds – 92.73% (31/1/22 – 92.91%)			
£7,158,000	3i Group 3.75% 5/6/2040	5,627	0.41
£7,165,000	3i Group 5.75% 3/12/2032	7,477	0.54
£3,513,000	A2Dominion Housing Group 3.5% 15/11/2028	3,246	0.23
£5,930,000	AA Bond 6.269% 2/7/2043	5,807	0.42
£1,105,000	AA Bond 8.45% 31/7/2050	1,126	0.08
£8,875,000	Aggregate Micro Power Infrastructure No.2 8% 17/10/2036*	7,961	0.58
£5,438,000	Akelius Residential Property 2.375% 15/8/2025	5,026	0.36
£3,475,000	Alpha Plus 5% 31/3/2024	3,351	0.24
£11,100,000	Anglian Water Osprey Financing 4% 8/3/2026	10,522	0.76
£3,625,000	Annes Gate Property 5.661% 30/6/2031	3,675	0.27
£3,207,000	APT Pipelines 3.125% 18/7/2031	2,679	0.19
£5,500,000	APT Pipelines 3.5% 22/3/2030	4,852	0.35
£851,000	Aroundtown 3% 16/10/2029	599	0.04
£3,234,000	Aroundtown 3.625% 10/4/2031	2,220	0.16
£5,300,000	Assicurazioni Generali 6.269% perpetual	5,255	0.38
£1,705,000	Assura Financing 1.5% 15/9/2030	1,329	0.10
£2,280,000	Assura Financing 3% 19/7/2028	2,058	0.15
£1,900,000	AT&T 7% 30/4/2040	2,210	0.16
£3,472,000	Australia and New Zealand Banking Group 1.809% variable 16/9/2031	2,956	0.21
£1,905,000	Aviva 5.125% variable 4/6/2050	1,787	0.13
£5,080,000	Aviva 6.125% variable 14/11/2036	5,172	0.37
£11,763,000	Aviva 6.875% variable 20/5/2058	12,720	0.92
£6,350,000	AXA 5.625% variable 16/1/2054	6,210	0.45
£5,050,000	AXA 6.6862% variable perpetual	5,128	0.37
£4,500,000	Banco Santander 1.5% 14/4/2026	4,028	0.29
£4,700,000	Banco Santander 2.25% variable 4/10/2032	3,931	0.28
£4,500,000	Banco Santander 4.75% variable 30/8/2028	4,445	0.32
£3,378,000	Bank of America 1.667% variable 2/6/2029	2,868	0.21
£4,308,000	Bank of America 3.584% variable 27/4/2031	3,937	0.28
£1,382,000	Barclays 1.7% variable 31/1/2026	1,260	0.09
£754,000	Barclays 3% 8/5/2026	706	0.05
£1,581,000	Barclays 3.75% variable 22/11/2030	1,480	0.11
£4,745,000	Barclays 5.75% 14/9/2026	4,895	0.35
£5,885,000	Barclays 6.369% variable 31/1/2031	6,066	0.44
£1,712,000	Barclays 6.375% variable perpetual	1,605	0.12
£2,308,000	Barclays 8.407% variable 14/11/2032	2,484	0.18
£2,995,000	Barclays 8.875% variable perpetual	3,052	0.22
£4,044,000	BBC Pacific Quay Finance 5.5653% 25/7/2034	3,282	0.24
£2,049,000	Beyond Housing 2.125% 17/5/2051	1,223	0.09
£3,583,000	Blackstone Property Partners Euro 2.625% 20/10/2028	2,833	0.21
£2,347,000	Blackstone Property Partners Europe 4.875% 29/4/2032	1,960	0.14
£2,141,000	Blend Funding 2.467% 16/6/2063	1,178	0.09
£1,350,000	Blend Funding 2.984% 15/3/2036	1,111	0.08
£5,352,000	Blend Funding 3.459% 21/9/2049	4,222	0.31
£3,381,000	Blend Funding 3.508% 4/5/2059	2,520	0.18
£4,200,000	BNP Paribas 1.25% 13/7/2031	3,120	0.23
£2,700,000	BNP Paribas 2% variable 24/5/2031	2,365	0.17

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£8,000,000	BNP Paribas 2.875% 24/2/2029	7,077	0.51
£3,900,000	BNP Paribas 5.75% 13/6/2032	4,033	0.29
£7,200,000	BPCE 2.5% variable 30/11/2032	6,060	0.44
£1,700,000	BPCE 5.25% 16/4/2029	1,655	0.12
£5,800,000	BPCE 6% variable 29/9/2028	5,960	0.43
£6,186,000	British Land 5.264% 24/9/2035	6,031	0.44
£2,587,000	British Land 5.357% 31/3/2028	2,585	0.19
£4,500,000	British Land 5.357% 31/3/2028	4,496	0.33
£1,948,500	Bruntwood Bond-2 6% 25/2/2025	1,903	0.14
£7,800,000	BUPA Finance 4% variable perpetual	5,425	0.39
£6,676,000	BUPA Finance 4.125% 14/6/2035	5,544	0.40
£4,858,000	Cadent Finance 2.25% 10/10/2035	3,544	0.26
£3,200,000	Cadent Finance 2.625% 22/9/2038	2,296	0.17
£1,980,000	Cadent Finance 3.125% 21/3/2040	1,488	0.11
£3,600,000	CaixaBank 6.875% variable 25/10/2033	3,619	0.26
£3,700,000	Canary Wharf Finance 5.952% 22/10/2037	3,917	0.28
£3,068,000	Catalyst Housing 3.125% 31/10/2047	2,203	0.16
£5,000,000	Centrica 5.25% variable 10/4/2075	4,716	0.34
£1,240,000	Channel Link Enterprises Finance FRN 30/12/2050	915	0.07
£950,000	Cheltenham & Gloucester 11.75% perpetual	1,391	0.10
£1,653,000	Clarion Funding 1.875% 22/1/2035	1,184	0.09
£2,370,000	Clarion Funding 1.875% 7/9/2051	1,244	0.09
£2,867,000	Close Brothers Finance 1.625% 3/12/2030	2,203	0.16
£2,300,000	Close Brothers Finance 2.75% 19/10/2026	2,129	0.15
£4,633,000	Close Brothers Group 2% variable 11/9/2031	3,954	0.29
£2,700,000	Commerzbank 8.625% variable 28/2/2033	2,801	0.20
£6,569,000	Connect M77 GSO 5.404% 31/3/2034	4,256	0.31
£18,608,657	Co-operative Group 0% 20/12/2025	465	0.03
£4,340,000	Co-operative Group 5.125% 17/5/2024	4,167	0.30
£11,518,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	10,513	0.76
£2,770,000	Coventry Building Society 2% 20/12/2030	2,203	0.16
£1,094,000	CPUK Finance 3.588% 28/2/2042	1,030	0.07
£4,900,000	CPUK Finance 3.69% 28/2/2047	4,359	0.32
£2,000,000	Credit Agricole 1.874% variable 9/12/2031	1,709	0.12
£2,600,000	Credit Agricole 7.5% variable perpetual	2,584	0.19
£2,593,000	Credit Suisse 2.125% variable 15/11/2029	1,963	0.14
£1,932,000	Credit Suisse 2.25% variable 9/6/2028	1,564	0.11
£2,808,000	CYBG 4% variable 25/9/2026	2,691	0.20
£1,096,000	CYBG 9.25% variable perpetual	1,111	0.08
£7,950,000	Daily Mail & General 6.375% 21/6/2027	7,250	0.53
£15,100,000	Delamare Finance 5.5457% 19/2/2029	9,311	0.67
£7,480,000	Delamare Finance 6.067% 19/2/2029	7,450	0.54
£7,906,000	Derby Healthcare 5.564% 30/6/2041	7,538	0.55
£4,351,000	Derwent London 1.875% 17/11/2031	3,198	0.23
£3,000,000	Deutsche Bank 4% variable 24/6/2026	2,877	0.21
£4,100,000	Deutsche Bank AG 1.875% variable 22/12/2028	3,421	0.25
£2,381,000	Digital Stout 3.75% 17/10/2030	2,100	0.15
£7,748,000	Dignity Finance 3.5456% 31/12/2034	4,783	0.35
£1,692,000	Direct Line Insurance 4% 5/6/2032	1,349	0.10
£4,139,000	DWR Cymru Financing 1.625% 31/3/2026	3,775	0.27
£5,752,000	DWR Cymru Financing 2.375% 31/3/2034	4,364	0.32
£4,300,000	E.ON International Finance 4.75% 31/1/2034	4,167	0.30
£1,800,000	E.ON International Finance 6.125% 6/7/2039	1,949	0.14
£4,000,000	E.ON International Finance 6.25% 3/6/2030	4,308	0.31
£3,000,000	E.ON International Finance 6.375% 7/6/2032	3,307	0.24
£7,300,000	Electricite de France 5.875% variable perpetual	6,241	0.45
£6,600,000	Electricite de France 6% 23/1/2114	6,376	0.46
£6,200,000	Electricite de France 6% variable perpetual	5,725	0.41
£1,972,000	Equity Release Funding 5.88% 26/5/2032	1,352	0.10
£1,450,000	Eskmuir Group Finance 4.255% 12/12/2047*	944	0.07
€4,920,000	European Energy FRN 8/9/2026	4,319	0.31
£13,585,000	Eversholt Funding 2.742% 30/6/2040	9,945	0.72
£4,880,000	Eversholt Funding 6.697% 22/2/2035	4,613	0.33
£6,391,000	Fidelity International 7.125% 13/2/2024	6,491	0.47
£8,728,000	Flagship Finance 1.875% 14/7/2061	4,492	0.33

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 92.73% (31/1/22 – 92.91%) – continued			
£4,873,000	Folio Residential Finance 1.246% 31/10/2037	4,162	0.30
£9,540,000	Freshwater Finance 4.556% 3/4/2036	8,454	0.61
£8,366,343	Freshwater Finance 4.607% 17/10/2036	7,198	0.52
£2,664,000	Freshwater Finance 5.182% 20/4/2035	2,629	0.19
£400,000	Freshwater Finance 6.057% 17/10/2036	303	0.02
£2,501,000	Gatwick Funding 2.5% 15/4/2032	2,095	0.15
£5,414,000	Gatwick Funding 2.875% 5/7/2051	3,463	0.25
£966,000	Gatwick Funding 5.25% 23/1/2024	969	0.07
£6,025,000	GB Social Housing 5.193% 12/2/2038	6,007	0.43
£2,750,000	GE Capital UK Funding 5.875% 18/1/2033	2,894	0.21
£2,435,000	General Electric Capital 4.875% 18/9/2037	2,227	0.16
£2,815,000	Genfinance II 6.064% 21/12/2039	3,072	0.22
£1,025,000	Go-Ahead Group 2.5% 6/7/2024	985	0.07
£4,286,000	Goldman Sachs 1.5% 7/12/2027	3,692	0.27
£3,973,000	Goldman Sachs 1.875% 16/12/2030	3,179	0.23
£1,200,000	Goldman Sachs 6.875% 18/1/2038	1,349	0.10
£1,300,000	Goldman Sachs 7.25% 10/4/2028	1,432	0.10
£3,650,000	Great Rolling Stock 6.5% 5/4/2031	2,905	0.21
£7,523,000	Great Rolling Stock 6.875% 27/7/2035	4,554	0.33
£2,201,000	GreenSquareAccord 5.25% 30/11/2047	2,164	0.16
£5,479,131	Grosvenor UK Finance 6.5% 29/9/2026	5,815	0.42
£2,800,000	Guinness Trust 7.5% 30/11/2037	2,494	0.18
£4,746,000	Gwyn y Môr OFTO 2.778% 17/2/2034	2,997	0.22
£5,757,860	Harbour Funding 5.28% 31/3/2044	5,851	0.42
£3,133,000	Hastoe Capital 5.6% 27/3/2042	3,202	0.23
£3,241,107	Haven Funding 8.125% 30/9/2037	3,379	0.24
£3,000,000	Heathrow Finance 3.875% 1/3/2027	2,644	0.19
£2,079,000	Heathrow Finance 4.125% 1/9/2029	1,670	0.12
£2,060,000	Heathrow Finance 4.75% 1/3/2024	2,023	0.15
£2,587,000	Heathrow Funding 2.625% 16/3/2028	2,178	0.16
£2,526,000	Heathrow Funding 2.75% 13/10/2031	2,176	0.16
£5,000,000	Heathrow Funding 4.625% 31/10/2046	4,371	0.32
£1,950,000	Hemingway Properties 10.375% 31/7/2023	1,989	0.14
£2,459,000	Hexagon Housing Association 3.625% 22/4/2048	1,892	0.14
£3,000,000	High Speed Rail Finance 4.375% 1/11/2038	2,803	0.20
£4,551,000	Holcim Sterling Finance 2.25% 4/4/2034	3,365	0.24
£6,082,000	Home Group 0% 11/5/2027	4,537	0.33
£2,561,000	Home Group 3.125% 27/3/2043	1,910	0.14
£1,224,127	Home Group 8.75% 11/5/2037	1,525	0.11
£8,266,000	Housing and Care 3.288% 8/11/2049	6,157	0.45
£1,850,000	Housing Finance 5% 30/9/2027	1,852	0.13
£4,240,000	Housing Finance 5.125% 21/12/2037	4,317	0.31
£4,321,000	HSBC 1.75% variable 24/7/2027	3,839	0.28
£1,667,000	HSBC 3% 29/5/2030	1,452	0.11
£2,900,000	HSBC 3% variable 22/7/2028	2,624	0.19
£4,102,000	HSBC 5.875% variable perpetual	3,855	0.28
£1,000,000	HSBC 6% 29/3/2040	984	0.07
£1,000,000	HSBC 6.75% 11/9/2028	1,050	0.08
£1,300,000	HSBC 7% 7/4/2038	1,415	0.10
£6,471,000	HSBC 8.201% variable 16/11/2034	7,046	0.51
£2,153,000	Hyde Housing Association 1.75% 18/8/2055	1,108	0.08
£7,849,000	Industrial Commercial Bank of China 1.625% 28/12/2025	6,994	0.51
£4,100,000	ING Groep 5% variable 30/8/2026	4,090	0.30
£4,000,000	InterContinental Hotels 3.375% 8/10/2028	3,625	0.26
£6,956,000	Intermediate Capital Group 5% 24/3/2023	6,953	0.50
£10,631,000	International Finance Facility for Immunisation 2.75% 7/6/2025	10,314	0.75
£1,320,000	Intu (SGS) Finance 4.625% 17/3/2033	631	0.05
£1,850,000	Intu Debenture 5.562% 31/12/2027	637	0.05
£600,000	Intu Metrocentre Finance 4.125% 6/12/2028	295	0.02
£5,546,000	Investec 1.875% variable 16/7/2028	4,565	0.33
£2,335,000	Investec 2.625% variable 4/1/2032	1,941	0.14
£4,348,000	Investec 9.125% variable 6/3/2033	4,596	0.33
£6,204,000	John Lewis 4.25% 18/12/2034	3,966	0.29
£2,416,000	John Lewis 6.125% 21/1/2025	2,347	0.17
£2,983,000	JPMorgan Chase 1.895% variable 28/4/2033	2,348	0.17
£2,088,000	JRP Group 9% 26/10/2026	2,241	0.16
£1,217,000	Jupiter Fund Management 8.875% variable 27/7/2030	1,246	0.09
£1,113,000	Just Group 7% variable 15/4/2031	1,083	0.08

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£7,110,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	5,105	0.37
£3,700,000	KBC Group 5.5% variable 20/9/2028	3,742	0.27
£875,000	Knightstone Capital 5.576% Step 2/10/2048	932	0.07
£2,200,000	Landesbank BadenWuerttemberg 1.5% 3/2/2025	2,066	0.15
£4,720,000	Leeds Building Society 3.75% variable 25/4/2029	4,255	0.31
£2,878,000	Legal & General 4.5% variable 1/11/2050	2,578	0.19
£8,027,000	Legal & General 5.125% variable 14/11/2048	7,689	0.56
£2,080,000	Legal & General 5.5% variable 27/6/2064	1,935	0.14
£4,551,000	Legal & General 5.625% variable perpetual	3,959	0.29
£4,040,000	Lendinvest Secured Income 5.375% 6/10/2023	3,931	0.28
£4,153,000	Lendlease Europe Finance 3.5% 2/12/2033	2,828	0.20
£2,950,000	Libra Treasury 3.25% 15/5/2043	2,270	0.16
£2,391,000	Lloyds Bank 1.985% variable 15/12/2031	2,082	0.15
£3,503,000	Lloyds Bank 2% variable 12/4/2028	3,071	0.22
£8,908,000	Lloyds Bank 2.707% variable 3/12/2035	6,999	0.51
£2,800,000	Lloyds Bank 7.5% 22/3/2032	1,840	0.13
£7,444,000	Lloyds Bank 8.5% variable perpetual	7,610	0.55
£3,706,000	Logicor 2019 1.875% 17/11/2031	3,308	0.24
£2,400,000	London & Quadrant Housing Trust 2.25% 20/7/2029	2,060	0.15
£2,030,000	London & Quadrant Housing Trust 2.75% 20/7/2057	1,264	0.09
£2,701,000	London Merchant Securities 6.5% 16/3/2026	2,791	0.20
£7,700,000	Longstone Finance 4.791% 19/4/2036	3,103	0.22
£3,828,000	M&G 5% variable 20/7/2055	3,400	0.25
£5,444,000	M&G 5.7% variable 19/12/2063	4,961	0.36
£8,254,000	M&G 6.25% variable 20/10/2068	7,378	0.53
£4,197,000	Macquarie Group 2.125% 1/10/2031	3,291	0.24
£1,750,000	Martlet Homes 3% 9/5/2052	1,255	0.09
£4,105,000	Meadowhall Finance 4.986% 12/1/2032	2,117	0.15
£542,358	Metrocentre New Money Note Sonia +11% PIK 6/12/2023*	526	0.04
£3,000,000	Metropolitan Housing Trust 1.875% 28/7/2036	2,081	0.15
£2,742,000	Metropolitan Life Global Funding 5% 10/1/2030	2,801	0.20
£1,333,000	MIELI London 4.82% 12/8/2027*	1,250	0.09
£8,065,000	Morhomes 3.4% 19/2/2040	6,590	0.48
£4,726,000	MPT Operating Partnership 3.375% 24/4/2030	3,168	0.23
£2,269,000	MPT Operating Partnership 3.692% 5/6/2028	1,622	0.12
£1,548,000	Myriad Capital 4.75% 20/12/2043	1,432	0.10
£3,897,000	National Australia Bank 1.699% variable 15/9/2031	3,298	0.24
£1,800,000	National Exhibition Center 7.5625% 30/9/2027	2,016	0.15
£3,844,000	National Express 2.375% 20/11/2028	3,288	0.24
£4,639,000	National Express 4.25% variable Perpetual	4,090	0.30
£1,869,000	National Grid Electricity Transmission 1.375% 16/9/2026	1,682	0.12
£2,276,000	Natwest 2.105% variable 28/11/2031	1,957	0.14
£3,177,000	NatWest 3.619% variable 29/3/2029	2,911	0.21
£2,970,000	NGG Finance 5.625% variable 18/6/2073	2,885	0.21
£2,000,000	NIBC Bank 3.125% 15/11/2023	1,965	0.14
£1,449,000	NIE Finance 5.875% 1/12/2032	1,560	0.11
£5,674,000	Nordea Bank Abp 1.625% variable 9/12/2032	4,687	0.34
£1,215,000	Northern Powergrid 2.25% 9/10/2059	724	0.05
£2,481,000	Northern Powergrid Northeast 3.25% 1/4/2052	1,907	0.14
£2,229,000	Northumbrian Water Finance 2.375% 5/10/2027	2,020	0.15
£2,092,000	Northumbrian Water Finance 6.375% 28/10/2034	2,329	0.17
£3,306,000	Notting Hill Genesis 2% 3/6/2036	2,325	0.17
£1,200,000	Notting Hill Housing Trust 5.25% 7/7/2042	1,205	0.09
£6,379,000	Octagon Healthcare 5.333% 31/12/2035	4,817	0.35
£1,900,000	Opus Chartered variable 31/3/2025	1,072	0.08
£1,800,000	Orange 3.25% 15/1/2032	1,610	0.12
£1,844,000	Orbit Capital 3.375% 14/6/2048	1,382	0.10

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 92.73% (31/1/22 – 92.91%) – continued			
£8,032,000	Orsted 2.5% variable 18/2/3021	5,629	0.41
£1,896,000	Paradigm Homes Charitable Housin 2.25% 20/5/2051	1,169	0.08
£1,750,000	Peabody Capital 5.25% 17/3/2043	1,777	0.13
£6,827,730	Peel Land & Property Investments 8.375% Step 30/4/2040	6,869	0.50
£2,510,418	Peel South East 10% 30/4/2026	2,528	0.18
£960,000	Penarian Housing Finance 3.212% 7/6/2052	717	0.05
£4,353,000	Pension Insurance 3.625% 21/10/2032	3,423	0.25
£3,703,000	Pension Insurance 4.625% 7/5/2031	3,213	0.23
£1,500,000	Pension Insurance 8% 23/11/2026	1,583	0.11
£15,664,000	Peterborough Progress Health 5.581% 2/10/2042	11,361	0.82
£2,302,000	Phoenix Group 5.625% 28/4/2031	2,121	0.15
£2,070,000	Phoenix Life 5.75% variable perpetual	1,770	0.13
£10,230,000	Places for People Homes 3.625% 22/11/2028	9,518	0.69
£3,601,000	Places for People Homes 5.09% 31/7/2043	3,606	0.26
£3,000,000	Places for People Homes 5.875% 23/5/2031	3,132	0.23
£2,650,000	Places for People Treasury 2.875% 17/8/2026	2,475	0.18
£6,180,000	Poplar Housing & Regeneration Community 4.843% 30/9/2043	5,625	0.41
£1,900,000	Porterbrook Rail Finance 4.625% 4/4/2029	1,826	0.13
£3,240,000	Porterbrook Rail Finance 7.125% 20/10/2026	3,477	0.25
£10,206,000	Premiertel 6.175% 8/5/2032	7,658	0.55
£2,162,000	Prologis International Funding 2.75% 22/2/2032	1,829	0.13
£4,331,000	Protective Life Global Funding 5.248% 13/1/2028	4,428	0.32
£7,700,000	Prudential 6.125% 19/12/2031	7,943	0.57
£6,888,000	QBE Insurance 2.5% variable 13/9/2038	5,361	0.39
£4,800,000	Quadrant Housing 7.93% Step 10/2/2033	4,449	0.32
£1,200,000	Rabobank Nederland 4.625% 23/5/2029	1,146	0.08
£700,000	RAC Bond 4.87% 6/5/2046	657	0.05
£3,663,000	RCB Bonds 3.5% 8/12/2033	3,084	0.22
£2,528,000	Realty Income 1.625% 15/12/2030	1,992	0.14
£3,030,000	Realty Income 1.875% 14/1/2027	2,713	0.20
£2,093,000	Realty Income 2.5% 14/1/2042	1,428	0.10
£2,169,000	Reassure Group 5.867% 13/6/2029	2,068	0.15
£1,750,000	Retail Charity Bonds 3.25% 22/7/2031	1,530	0.11
£732,400	Retail Charity Bonds 3.9% 23/11/2029	646	0.05
£4,532,600	Retail Charity Bonds 4% 31/10/2029	4,039	0.29
£4,060,000	Retail Charity Bonds 4.25% 30/3/2026	3,673	0.27
£2,572,700	Retail Charity Bonds 4.25% 6/7/2028	2,370	0.17
£2,347,200	Retail Charity Bonds 4.4% 30/4/2027	2,220	0.16
£4,550,000	Retail Charity Bonds 4.5% 20/6/2026	4,162	0.30
£4,625,000	Retail Charity Bonds 5% 17/12/2030	3,811	0.28
£5,279,000	Rothsay Life 3.375% 12/7/2026	4,879	0.35
£2,667,000	Rothsay Life 5% variable perpetual	1,897	0.14
£4,866,000	Rothsay Life 5.5% variable 17/9/2029	4,787	0.35
£3,610,000	Royal Bank of Scotland Group 3.125% variable 28/3/2027	3,380	0.24
£3,665,000	RSL Finance 6.625% 31/3/2038	3,349	0.24
£2,800,000	Sanctuary 8.375% 1/9/2031	2,635	0.19
£2,099,000	Sanctuary Capital 2.375% 14/4/2050	1,318	0.10
£4,613,000	Santander 10.0625% perpetual	6,645	0.48
£4,554,000	Santander UK 2.421% variable 17/1/2029	3,938	0.29
£3,255,000	Saxon Weald Capital 5.375% 6/6/2042	3,259	0.24
£2,000,000	Scot Roads Partnership Finance 5.591% 16/3/2045	1,959	0.14
£1,815,000	Scottish Hydro Electric 2.25% 27/9/2035	1,367	0.10
£2,700,000	Scottish Power 6.375% Step 31/5/2041	3,077	0.22
£6,065,000	Scottish Widows 7% 16/6/2043	6,602	0.48
£6,867,913	Shaftesbury Carnaby 2.487% 30/9/2031	6,100	0.44
£9,463,000	Shaftesbury Chinatown 2.348% 30/9/2027	8,818	0.64
£4,131,000	Skipton Building Society 2% variable 2/10/2026	3,756	0.27
£5,300,000	Skipton Building Society 8.5% perpetual	6,426	0.47
£5,341,000	Society of Lloyds 4.875% variable 7/2/2047	5,096	0.37
£2,759,000	South East Water 5.5834% 29/3/2029	2,777	0.20
£3,080,000	South Eastern Power Networks 5.625% 30/9/2030	3,254	0.24

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£1,320,000	South Eastern Power Networks 6.375% 12/11/2031	1,472	0.11
£3,562,000	Southern Housing Group 2.375% 8/10/2036	2,649	0.19
£1,368,000	Southern Housing Group 3.5% 19/10/2047	1,041	0.08
£2,971,000	Southern Water Services Finance 1.625% 30/3/2027	2,598	0.19
£7,262,000	Southern Water Services Finance 2.375% 28/5/2028	6,346	0.46
£1,921,000	Southern Water Services Finance 3% 28/5/2037	1,442	0.10
£4,304,000	SSE 3.74% variable perpetual	3,994	0.29
£3,671,000	St James Oncology Financing 2.804% 31/3/2037	2,481	0.18
£3,300,000	Standard Chartered 5.125% 6/6/2034	3,210	0.23
£4,661,000	Summit Finance 6.484% 31/3/2028	1,712	0.12
£5,806,000	Sunderland 6.38% 31/3/2042	6,209	0.45
£2,230,000	Sustainable Communities for Leeds Finance 5.069% 30/9/2032	1,524	0.11
£2,177,000	Svenska Handelsbanken 4.625% variable 23/8/2032	2,096	0.15
£5,293,000	Swan Housing Capital 3.625% 5/3/2048	3,955	0.29
£3,793,000	TC Dudgeon OFTO 3.158% 12/11/2038	2,994	0.22
£8,703,000	Telereal Secured Finance 4.01% 10/12/2033	4,779	0.35
£2,446,000	Telereal Securitisation 1.3657% 10/12/2033	1,673	0.12
£5,878,000	Telereal Securitisation 1.9632% variable 10/12/2033	5,265	0.38
£6,225,000	Telereal Securitisation 3.507% variable 10/12/2033	5,441	0.39
£4,923,000	Telereal Securitisation 3.5625% 10/12/2036	4,394	0.31
£5,338,000	Telereal Securitisation 4.9741% 10/12/2033	2,366	0.17
£4,752,000	Telereal Securitisation 5.3887% 10/12/2033	1,941	0.14
£5,933,000	Telereal Securitisation 6.1645% 10/12/2033	5,167	0.37
£3,195,000	Telereal Securitisation FRN 10/12/2033	2,550	0.18
£3,600,000	Telereal Securitisation FRN 10/12/2033	3,115	0.23
£5,000,000	Tesco Property 5.6611% 13/10/2041	4,647	0.34
£7,300,000	Tesco Property 5.744% Sink 13/4/2040	6,619	0.48
£4,998,000	Tesco Property 5.8006% 13/10/2040	4,600	0.33
£7,000,000	Tesco Property 6.0517% 13/10/2039	5,419	0.39
£2,840,000	Thames Water 6.75% 16/11/2028	3,084	0.22
£8,193,000	Thames Water Kemble Finance 4.625% 19/5/2026	7,148	0.52
£2,588,000	Thames Water Utilities 2.375% 22/4/2040	1,729	0.13
£2,000,000	Thames Water Utilities 2.875% 3/5/2027	1,754	0.13
£2,666,000	Thames Water Utilities 3.5% 25/2/2028	2,499	0.18
£5,683,000	Thames Water Utilities 7.738% 9/4/2058	7,579	0.55
£2,719,000	THFC Funding 5.2% 11/10/2043	2,739	0.20
£3,797,000	TP ICAP 2.625% 18/11/2028	2,971	0.22
£1,505,000	TP ICAP 5.25% 26/1/2024	1,484	0.11
£1,929,000	TP ICAP 5.25% 29/5/2026	1,835	0.13
£2,010,000	Trafford Centre 6.5% 28/7/2033	1,371	0.10
£4,750,000	Trafford Centre FRN 28/7/2035	3,974	0.29
£2,656,000	UK Municipal Bonds Agency Finan 1.625% 26/8/2060	1,276	0.09
£11,000,000	UK Municipal Bonds Agency Finance FRN 12/3/2025	11,018	0.80
£3,163,000	Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX*	2,034	0.15
£2,375,000	Unifund 5.32% 7/12/2047	2,179	0.16
£5,950,000	UPP Bond Issuer 4.9023% 28/2/2040	4,893	0.35
£4,545,000	Vattenfall AB 2.5% variable 29/6/2083	3,667	0.27
£1,446,000	Virgin Money 2.625% variable 19/8/2031	1,236	0.09
£1,540,000	Virgin Money 3.375% variable 24/4/2026	1,461	0.11
£1,876,000	Virgin Money 5.125% variable 11/12/2030	1,784	0.13
£5,919,000	Virgin Money 7.875% variable 14/12/2028	5,956	0.43
£2,000,000	Vodafone 3.375% 8/8/2049	1,430	0.10
£4,600,000	Volkswagen Financial Services 2.125% 18/1/2028	3,938	0.28
£2,500,000	Volkswagen Financial Services 3.25% 13/4/2027	2,296	0.17
£2,000,000	Volkswagen Financial Services 4.25% 9/10/2025	1,949	0.14
£2,765,000	Wales & West Utilities Finance 1.875% 28/5/2041	1,772	0.13
£1,720,000	Wells Fargo 2.5% 2/5/2029	1,482	0.11
£5,086,000	Wells Fargo 3.473% variable 26/4/2028	4,744	0.34
£5,600,000	Wells Fargo 4.875% 29/11/2035	5,384	0.39

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 92.73% (31/1/22 – 92.91%) – continued			
£2,280,000	Welltower 4.5% 1/12/2034	2,006	0.15
£4,170,000	Welltower 4.8% 20/11/2028	4,008	0.29
£2,617,000	Wessex Water Services 1.5% 17/9/2029	2,108	0.15
£2,108,000	Western Power Distribution 1.625% 7/10/2035	1,451	0.11
£5,467,000	Western Power Distribution 3.875% 17/10/2024	5,379	0.39
£3,500,000	Western Power Distribution 5.5% 9/5/2025	3,571	0.26
£3,000,000	Western Power Distribution 5.75% 16/4/2032	3,157	0.23
£4,311,000	Westfield Stratford City 1.642% 4/8/2031	3,791	0.27
£6,531,000	White City Property 5.1202% 17/4/2035	5,169	0.37
£2,440,000	Worcestershire Hospital 5.87% 31/12/2030	1,232	0.09
£1,782,000	Workspace Group 2.25% 11/3/2028	1,380	0.10
£5,300,000	Yorkshire Building Society 1.5% variable 15/9/2029	4,304	0.31
£6,700,000	Yorkshire Building Society 3.375% variable 13/9/2028	5,937	0.43
£1,199,000	Yorkshire Building Society 3.511% variable 11/10/2030	1,064	0.08
£2,166,000	Yorkshire Water Finance 1.75% 27/10/2032	1,647	0.12
£1,860,000	Yorkshire Water Finance 2.75% 18/4/2041	1,378	0.10
£1,815,000	Yorkshire Water Services 3.75% variable 22/3/2046	1,811	0.13
£1,300,000	Yorkshire Water Services 4.965% 13/6/2033	1,203	0.09
£4,373,000	Zurich Finance 5.125% variable 23/11/2052	4,112	0.30
Total Corporate Bonds		1,280,760	92.73
Index-Linked Bonds – 0.20% (31/1/22 – 0.19%)			
£1,145,000	Coventry & Rugby 3.246% IL 30/6/2040	1,563	0.11
£1,530,000	Road Management Services 3.642% IL 31/3/2028*	1,222	0.09
Total Index-Linked Bonds		2,785	0.20
Preference Shares – 3.02% (31/1/22 – 1.95%)			
8,256,617	Ecclesiastical Insurance 8.625% preference perpetual	11,064	0.80
5,131,803	Lloyds Bank 9.25% non cumulative preference perpetual	7,236	0.52
3,932,407	Natwest Bank 9% preference perpetual	5,505	0.40
9,034,355	Santander UK Preference 10.375% perpetual	12,476	0.90
4,850,000	Standard Chartered 8.25% preference	5,456	0.40
Total Preference Shares		41,737	3.02
Forward Currency Contract – 0.00% (31/01/21 – 0.00%)			
	Buy £4,241,941 & Sell €4,800,000†	(3)	0.00
Total Forward Currency Contract		(3)	0.00
Total value of investments^			
		1,366,955	98.95
Net other assets			
		14,551	1.05
Total net assets			
		1,381,506	100.00

^ Including investment liabilities

† Unlisted

* Level 3 Investments

Other than forward currency contracts, all investments are listed on recognised stock exchanges and are “approved securities” within the meaning of the FCA rules unless otherwise stated.

Summary of Material Portfolio Changes

For the year ended 31 January 2023

Significant Purchases

	Cost £'000
International Finance Facility for Immunisation 2.75% 7/6/2025	10,630
BNP Paribas 2.875% 24/2/2029	7,692
Santander UK Preference 10.375% perpetual	6,884
Skipton Building Society 8.5% perpetual	6,798
Ecclesiastical Insurance 8.625% preference perpetual	6,585
HSBC 8.201% variable 16/11/2034	6,471
Barclays 6.369% variable 31/1/2031	5,931
BPCE 6% variable 29/9/2028	5,793
Assicurazioni Generali 6.269% perpetual	5,742
DNB Bank 2.625% variable 10/6/2026	5,588
Subtotal	68,114
Total cost of purchases, including the above, for the year	274,533

Significant Sales

	Proceeds £'000
Nationwide Building Society FRN 24/2/2031	12,656
Investec 4.25% variable 24/7/2028	10,531
Nationwide Building Society FRN 15/12/2023	7,970
TSB Bank FRN 22/6/2028	7,902
Rothschild Continuation Finance 9% perpetual	7,240
Thames Water Kemble Finance 5.875% 15/7/2022	7,005
Lloyds Bank 7.625% 22/4/2025	6,758
Commonwealth Bank of Australia 3% 4/9/2026	6,541
Together Asset Backed Securitisation 2018 FRN 12/7/2050	6,198
Housing Finance 8.625% 13/11/2023	6,154
Subtotal	78,955
Total proceeds from sales, including the above, for the year	340,229

Financial Statements

Statement of Total Return

For the year ended 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Income			
Net capital losses	2	(256,434)	(86,349)
Revenue	3	54,932	50,645
Expenses	4	(5,794)	(6,014)
Interest payable and similar charges		(16)	(17)
Net revenue before taxation		49,122	44,614
Taxation	5	–	–
Net revenue after taxation		49,122	44,614
Total deficit before distributions		(207,312)	(41,735)
Distributions	6	(52,019)	(47,621)
Change in net assets attributable to shareholders from investment activities		(259,331)	(89,356)

Balance Sheet

As at 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Assets			
Investments		1,366,958	1,702,721
Current assets:			
Debtors	7	20,578	22,047
Cash and bank balances	8	1,783	11,902
Total assets		1,389,319	1,736,670
Liabilities			
Investment liabilities		3	–
Creditors:			
Other creditors	9	2,090	6,411
Distribution payable		5,720	4,565
Total liabilities		7,813	10,976
Net assets attributable to shareholders		1,381,506	1,725,694

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 January 2023

	31 Jan 2023 £'000	31 Jan 2022 £'000
Opening net assets attributable to shareholders	1,725,694	1,406,022
Amounts receivable on creation of shares	241,089	516,295
Amounts payable on cancellation of shares	(357,242)	(137,437)
	(116,153)	378,858
Dilution adjustment charged	984	965
Change in net assets attributable to shareholders from investment activities	(259,331)	(89,356)
Retained distribution on accumulation shares	30,312	29,205
Closing net assets attributable to shareholders	1,381,506	1,725,694

Notes to the Financial Statements

For the year ended 31 January 2023

1. Accounting policies

The accounting policies are set out in note 1 on pages 9 and 10.

2. Net capital losses

	31 Jan 2023 £'000	31 Jan 2022 £'000
The net capital losses during the year comprise:		
Non-derivative securities	(256,394)	(86,345)
Currency gains/(losses)	49	(4)
Activity fees	10	–
Forward currency contracts	(99)	–
Net capital losses	(256,434)	(86,349)

3. Revenue

	31 Jan 2023 £'000	31 Jan 2022 £'000
UK dividends	2,627	1,833
Interest on debt securities	52,264	48,811
Bank interest	41	1
Total revenue	54,932	50,645

4. Expenses

	31 Jan 2023 £'000	31 Jan 2022 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Fund Management Fee*	5,794	6,014
Total expenses	5,794	6,014

* Audit fee £17,935 (31/01/22: £16,333) inclusive of VAT is paid from the Fund Management Fee.

5. Taxation

a) Analysis of charge for the year

	31 Jan 2023 £'000	31 Jan 2022 £'000
Corporation tax	–	–
Total tax charge for the year	–	–

b) Factors affecting total tax charge for the year

The tax assessed for the year is lower (31/01/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Net revenue before taxation	49,122	44,614
Corporation tax at 20% (31/01/22: 20%)	9,824	8,923

Effects of:

Revenue not subject to taxation	(525)	(367)
Tax deductible interest distributions	(9,299)	(8,556)
Total tax charge for the year	–	–

Authorised Open Ended Investment Companies are exempt from tax on capital gains, therefore any capital gains/(losses) are not included in the reconciliation above.

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/01/22: same).

d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax in relation to surplus management expenses.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

6. Distributions

The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Accumulation shares		
First Interim	7,657	8,957
Second Interim	7,433	5,879
Third Interim	7,597	7,070
Final	7,625	7,299
	30,312	29,205
Income shares		
First Interim	4,722	6,559
Second Interim	5,137	4,349
Third Interim	5,400	4,511
Final	5,720	4,565
	20,979	19,984
Net distributions for the year	51,291	49,189
Add: Amounts deducted on cancellation of shares	1,715	440
Deduct: Amounts received on the creation of shares	(987)	(2,008)
Gross interest distribution for the year	52,019	47,621

The difference between the net revenue after taxation and the distribution paid is as follows:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Net revenue after taxation	49,122	44,614
Expenses charged to capital	2,897	3,007
Gross interest distribution for the year	52,019	47,621

Details of the distribution per share are set out on pages 28 to 31.

7. Debtors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amounts receivable on creation of shares	550	1,327
Accrued revenue	20,028	20,720
Total debtors	20,578	22,047

8. Cash and bank balances

	31 Jan 2023 £'000	31 Jan 2022 £'000
Cash and bank balances	1,783	11,902
Total cash and bank balances	1,783	11,902

9. Other creditors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amounts payable on cancellation of shares	523	502
Purchases awaiting settlement	1,103	5,355
Accrued expenses	464	554
Total other creditors	2,090	6,411

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 01/02/22	393,796,903	162,061,463
Shares issued	38,791,734	45,574,589
Shares cancelled	(63,568,682)	(34,990,981)
Shares converted	(1,521,462)	(1,345,746)
Closing shares at 31/01/23	367,498,493	171,299,325

	Class R Accumulation
Opening shares at 01/02/22	192,475,772
Shares issued	34,849,568
Shares cancelled	(52,307,176)
Shares converted	–
Closing shares at 31/01/23	175,018,164

	Class S Accumulation	Class S Income
Opening shares at 01/02/22	213,969,709	96,364,132
Shares issued	25,513,492	5,096,532
Shares cancelled	(132,800,924)	(24,792,856)
Shares converted	–	–
Closing shares at 31/01/23	106,682,277	76,667,808

	Class Z Accumulation	Class Z Income
Opening shares at 01/02/22	630,335	323,149,679
Shares issued	16,358,021	51,580,197
Shares cancelled	(3,900,224)	(21,777,587)
Shares converted	2,154,924	1,549,146
Closing shares at 31/01/23	15,243,056	354,501,435

All classes within the Fund have the same rights on winding up.

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/01/22: same).

12. Related party transactions

The Fund's Authorised Corporate Director, Royal London Unit Trust Managers Limited, is a related party to the Fund as defined by Financial Reporting Standard 102 'Related Party Disclosures'.

Fund Management Fee fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6.

At the year end the balance due from/to Royal London Unit Trust Managers Limited in respect of these transactions was £436,000 (31/01/22: £271,000).

At the year end, 31 January 2023, 10.15% (31/01/22: 10.56%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts.

Details of the individual contracts are shown on the portfolio statement on pages 16 to 19, and the total position held by the counterparty at the year end is summarised below:

The underlying exposure for each category of derivatives were as follows:

Counterparty	Forward currency contracts	
	31 Jan 2023 £'000	31 Jan 2022 £'000
Barclays Bank	–	–

Eligible collateral types are approved by the ACD and may consist of cash and government bonds only as eligible collateral with respect to derivative transactions.

At 31 January 2023 there was no collateral held in respect of the above derivatives (31/01/22: same).

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 10 and 11.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 21. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

As most of the assets of the Fund are sterling denominated, exposure to foreign currency exchange risk is considered insignificant. The value of the Fund's assets/(liabilities) may be affected by currency movements.

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £16,000 (31/01/22: £6,000). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £16,000 (31/01/22: £6,000). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £136,696,000 (31/01/22: £170,272,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £136,696,000 (31/01/22: £170,272,000). These calculations assume all other variables remain constant.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 31 January 2023 compared to the previous year end was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 Jan 2023				
Sterling	413,428	909,225	62,266	1,384,919
Euro	4,350	–	50	4,400
Total	417,778	909,225	62,316	1,389,319
31 Jan 2022				
Sterling	459,836	1,220,988	55,783	1,736,607
Euro	63	–	–	63
Total	459,899	1,220,988	55,783	1,736,670

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31 Jan 2023			
Sterling	–	7,810	7,810
Euro	–	3	3
Total	–	7,813	7,813
31 Jan 2022			
Sterling	–	10,976	10,976
Total	–	10,976	10,976

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/01/23, would change by £4,535,000 (31/01/22: £4,573,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/01/23, would change by £2,619,000 (31/01/22: £1,869,000).

A change of 3% in the prevailing interest rates would result in a change of 18.80% (31/01/22: 22.07%) to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 6.27% (31/01/22: 7.35%) to the value of the Fund.

These examples represent the ACDs best estimate of possible shifts in interest rates.

Interest rates and bond prices have an inverse relationship. As interest rates rise the value of bonds will decrease and vice versa.

	31 Jan 2023		31 Jan 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Credit breakdown*				
Investments of investment grade	999,644	72.36	1,316,394	76.29
Investments of below investment grade	112,762	8.16	122,005	7.07
Unrated bonds	212,815	15.41	230,586	13.36
Total bonds	1,325,221	95.93	1,668,985	96.72
Corporate preference shares	41,737	3.02	33,736	1.95
Investments as shown in the balance sheet	1,366,958	98.95	1,702,721	98.67
Forward currency contracts – liabilities	(3)	–	–	–
Total value of investments	1,366,955	98.95	1,702,721	98.67

* Ratings supplied by S&P, followed by Moody's.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

15. Portfolio transaction costs

For the year ended 31 January 2023

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Equity transactions	14,308	–	–	72	0.50	–	–	14,380
Bond transactions	260,153	–	–	–	–	–	–	260,153
Total	274,461	–		72		–		274,533

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	339,950	–	–	–	–	–	–	339,950
Corporate actions	279	–	–	–	–	–	–	279
Total	340,229	–		–		–		340,229

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/01/23.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 January 2022

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Equity transactions	2,943	–	–	7	–	7	–	2,957
Bond transactions	592,163	–	–	–	–	–	–	592,163
Total	595,106	–		7		7		595,120

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	183,058	–	–	–	–	–	–	183,058
Corporate actions	3	–	–	–	–	–	–	3
Total	183,061	–		–		–		183,061

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/01/22.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 1.17% (31/01/22: 0.95%).

The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

16. Fair value of investments

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

- Category 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Category 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Category 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

As at the year ended 31 January 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Equities*	41,737	–	–	41,737
Bonds	–	1,302,745	22,476	1,325,221
Total	41,737	1,302,745	22,476	1,366,958
Investment liabilities				
Derivatives	–	(3)	–	(3)
Total	–	(3)	–	(3)

As at the year ended 31 January 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Equities*	33,736	–	–	33,736
Bonds	–	1,642,419	26,566	1,668,985
Total	33,736	1,642,419	26,566	1,702,721

* Preference shares

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current year end, the level 3 assets held were the following debt securities: Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Eskmuir Group Finance 4.255% 12/12/2047, Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Metrocentre New Money Note Sonia +11% PIK 6/12/2023, MIELI London 4.82% 12/8/2027, Road Management Services

3.642% IL 31/3/2028 and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX.

At the prior period end, the level 3 assets held were the following debt securities: Aggregate Micro Power Infrastructure 2 8% 17/10/2036, MIELI London 4.82% 12/8/2027, Eskmuir Group Finance 4.255% 12/12/2047, Finance for Residence Social Housing 'A1' 8.368% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Road Management Services 3.642% IL 31/3/2028, Metrocentre New Money Note Sonia +11% PIK 6/12/2023 and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX.

The fair value of: Aggregate Micro Power Infrastructure 2 8% 17/10/2036, Finance for Residence Social Housing 'A1' 8.368% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, MIELI London 4.82% 12/8/2027, Road Management Services 3.642% IL 31/3/2028, SCAST 2016 1 FRN 25/7/2021 and Uliving@essex3 LLP NEW ISSUE 2.72% 31/8/2066 FIX securities at both current year end and prior year end (if held) were based on a single broker quote at the last valuation point of the current and prior accounting year.

Eskmuir Group Finance 4.255% 12/12/2047 is priced by the Investment Adviser using an internal pricing model. In order to estimate a fair value price for this illiquid asset the model uses several buckets of debenture peer groups. These are comprised of rated and unrated property debentures and are deemed to be the closest comparators to Eskmuir based on perceived risk. The assets spreads of the peer groups are reviewed monthly to evaluate an appropriate spread for Eskmuir. Spreads are also compared against larger, higher quality issuers. The estimated spread is then applied to the calculation based on the issue price.

Metrocentre New Money Note Sonia +11% PIK 6/12/2023 is currently unlisted and priced at cost. The Manager continues to review the availability of a fair value market.

17. Events after the balance sheet date

Subsequent to the Fund's year end, 31 January 2023, factors such as inflation and the Ukraine situation could cause the Fund to be impacted by resulting volatility in stock markets and adverse investor sentiment.

These events have been classified as non-adjusting subsequent event. The net asset value (NAV) of the Fund as at 17 April 2023 was £1,310,812,214. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 January 2023 and the date of which the financial statements were authorised for issue was (6.01%).

There has been one significant redemption during this period.

The significant cancellation on the Fund indicated above during this period was on R Accumulation (14.50%).

Distribution Tables

For the year ended 31 January 2023

Distribution in pence per share

First Interim

Group 1: Shares purchased prior to 1 February 2022

Group 2: Shares purchased between 1 February 2022 and 30 April 2022

	Net income	Equalisation	Distribution paid 30/06/22	Distribution paid 30/06/21
Class M Accumulation				
Group 1	1.0456	–	1.0456	1.5712
Group 2	0.6563	0.3893	1.0456	1.5712
Class M Income				
Group 1	0.8294	–	0.8294	1.2840
Group 2	0.5176	0.3118	0.8294	1.2840
Class R Accumulation				
Group 1	0.8579	–	0.8579	1.2550
Group 2	0.2765	0.5814	0.8579	1.2550
Class S Accumulation				
Group 1	0.8222	–	0.8222	1.2029
Group 2	0.4577	0.3645	0.8222	1.2029
Class S Income				
Group 1	0.7558	–	0.7558	1.1416
Group 2	0.3382	0.4176	0.7558	1.1416
Class Z Accumulation				
Group 1	0.7094	–	0.7094	1.0636
Group 2	0.2815	0.4279	0.7094	1.0636
Class Z Income				
Group 1	0.8081	–	0.8081	1.2402
Group 2	0.3737	0.4344	0.8081	1.2402

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per share

Second Interim

Group 1: Shares purchased prior to 1 May 2022

Group 2: Shares purchased between 1 May 2022 and 31 July 2022

	Net income	Equalisation	Distribution paid 30/09/22	Distribution paid 30/09/21
Class M Accumulation				
Group 1	1.1036	–	1.1036	0.9879
Group 2	0.6094	0.4942	1.1036	0.9879
Class M Income				
Group 1	0.8693	–	0.8693	0.7992
Group 2	0.3408	0.5285	0.8693	0.7992
Class R Accumulation				
Group 1	0.9020	–	0.9020	0.8167
Group 2	0.4151	0.4869	0.9020	0.8167
Class S Accumulation				
Group 1	0.8642	–	0.8642	0.7828
Group 2	0.2349	0.6293	0.8642	0.7828
Class S Income				
Group 1	0.7884	–	0.7884	0.7350
Group 2	0.3830	0.4054	0.7884	0.7350
Class Z Accumulation				
Group 1	0.7472	–	0.7472	0.6812
Group 2	0.3538	0.3934	0.7472	0.6812
Class Z Income				
Group 1	0.8454	–	0.8454	0.7811
Group 2	0.4612	0.3842	0.8454	0.7811

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per share

Third Interim

Group 1: Shares purchased prior to 1 August 2022

Group 2: Shares purchased between 1 August 2022 and 31 October 2022

	Net income	Equalisation	Distribution paid 30/12/22	Distribution paid 31/12/21
Class M Accumulation				
Group 1	1.1906	–	1.1906	1.0511
Group 2	0.6637	0.5269	1.1906	1.0511
Class M Income				
Group 1	0.9300	–	0.9300	0.8447
Group 2	0.4694	0.4606	0.9300	0.8447
Class R Accumulation				
Group 1	0.9650	–	0.9650	0.8662
Group 2	0.3183	0.6467	0.9650	0.8662
Class S Accumulation				
Group 1	0.9248	–	0.9248	0.8303
Group 2	0.6693	0.2555	0.9248	0.8303
Class S Income				
Group 1	0.8363	–	0.8363	0.7741
Group 2	0.2304	0.6059	0.8363	0.7741
Class Z Accumulation				
Group 1	0.8034	–	0.8034	0.7159
Group 2	0.4484	0.3550	0.8034	0.7159
Class Z Income				
Group 1	0.9019	–	0.9019	0.8245
Group 2	0.3906	0.5113	0.9019	0.8245

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per share

Final

Group 1: Shares purchased prior to 1 November 2022

Group 2: Shares purchased between 1 November 2022 and 31 January 2023

	Net income	Equalisation	Distribution payable 31/03/23	Distribution paid 31/03/22
Class M Accumulation				
Group 1	1.2666	–	1.2666	1.0094
Group 2	0.6869	0.5797	1.2666	1.0094
Class M Income				
Group 1	0.9804	–	0.9804	0.8058
Group 2	0.4224	0.5580	0.9804	0.8058
Class R Accumulation				
Group 1	1.0244	–	1.0244	0.8352
Group 2	0.2471	0.7773	1.0244	0.8352
Class S Accumulation				
Group 1	0.9815	–	0.9815	0.8003
Group 2	0.5076	0.4739	0.9815	0.8003
Class S Income				
Group 1	0.8790	–	0.8790	0.7410
Group 2	0.4455	0.4335	0.8790	0.7410
Class Z Accumulation				
Group 1	0.8543	–	0.8543	0.6879
Group 2	0.4191	0.4352	0.8543	0.6879
Class Z Income				
Group 1	0.9497	–	0.9497	0.7876
Group 2	0.5230	0.4267	0.9497	0.7876

Royal London Short Duration Credit Fund

Manager's Investment Report

Fund performance

12 months to 31 January 2023

	1 year total return %	3 year total return %	5 year total return* %
Royal London Short Duration Credit Fund, Class M Accumulation	-3.80	-0.75	–
Royal London Short Duration Credit Fund, Class M Income	-3.83	-0.81	6.23
Royal London Short Duration Credit Fund, Class R Accumulation	-3.60	-0.09	–
Royal London Short Duration Credit Fund, Class S Accumulation	-3.60	-0.10	–
Royal London Short Duration Credit Fund, Class S Income	-3.54	-0.04	–
Royal London Short Duration Credit Fund, Class Z Accumulation	-3.79	-0.65	–
Royal London Short Duration Credit Fund, Class Z Income	-3.81	-0.68	6.47
iBoxx Sterling Non-Gilt All Maturities index	-4.30	-3.87	0.73
IA Sterling Strategic Bond Sector	-7.58	-3.89	3.76

Class M Income and Accumulation launched on 12 April 2019, Class R Accumulation launched on 12 April 2019, Class S income and Accumulation launched on 7 May 2019 and Class Z income and Accumulation launched on 12 April 2019.

* The Royal London Short Duration Credit Fund II was launched via a scheme of arrangement for the merger of the Royal London Short Duration Credit Fund (a sub-fund of Royal London Bond Funds ICVC) into the Royal London Short Duration Credit Fund II. The performance table includes historic performance for the original Royal London Short Duration Credit Fund as the main features of the Fund remain the same as at the merger date 12 April 2019.

Past performance is not necessarily a reliable indicator of future performance. The value of investments and the income from them is not guaranteed and may go down as well as up, and investors may not get back the amount originally invested.

Source: RLAM and Lipper, as at 31 January 2023. Returns are net of management fees. Investors should note that the total return is calculated on the Fund's official midday price whereas the Fund has been valued as at close of business for the Net Asset Value quoted within the Comparative Table. For further information, including ongoing performance and Fund breakdown information, please refer to the latest factsheet at www.rlam.com.

Performance overview

The Fund delivered negative returns for the period under review, but outperformed the shorter-dated sterling investment grade credit market, using the ICE BofAML 1-5 Year Sterling Non-Gilt Index as a guide. It also outperformed the broad all-maturities Investment Association Sterling Strategic Bond sector as shorter-dated bonds outperformed their longer-dated peers.

Absolute returns were impacted by the effect of interest rate rises on government bonds, combined with wider credit spreads. The outperformance of the Fund against the short-dated index was driven primarily by security selection, particularly in the general industrials, banks and insurance sectors.

Market commentary

The prevailing investment environment changed markedly at the start of 2022 as the Federal Reserve (Fed) published the minutes of its December Federal Open Market Committee (FOMC) meeting, indicating that it was prepared to raise interest rates much faster and further than previously indicated to address inflation. This shook global financial markets, with both fixed income and equities markets falling.

This volatility was exacerbated in late February by the Russian invasion of Ukraine and the subsequent imposition of sanctions by many western countries. As well as concern about further disruption to the global economic recovery, these events caused the prices of certain commodities to soar even further from already elevated levels: in particular, energy and grain prices rose sharply, adding to the pre-existing inflationary pressures.

Central banks have increased interest rates with previously unimagined speed. The Fed raised rates to 4.25-4.50% over the period under review, an increase of 4.25% since its first rate rise in March. Meanwhile the Bank of England (BoE) raised rates eight times in 2022 by 3.25% in aggregate – by the end of January 2023, the UK interest rate was 3.5%.

While other factors influenced markets at times – such as the volatility seen in the gilt market in September and October and the unexpected relation of COVID-19 restrictions by the Chinese authorities at the end of 2022 – inflation, interest rates and the fear of recession dominated the review period.

This was particularly toxic for bond markets. Over the period, the benchmark 10-year gilt yield rose from 1.30% to 3.33% (the high point was 4.51% in late September), with gilts returning -18.76% on an all-maturities basis (FTSE® Actuaries). Given this, returns for the sterling credit market were also negative – the iBoxx Sterling Non-Gilt All-Maturities Index returned -12.30% as its duration is several years lower than for the gilts market. The average sterling investment grade credit spread widened from 1.03% to 1.41%.

Manager's Investment Report (continued)

Market commentary – continued

All credit sectors delivered negative returns over the 12 months, but these diverged widely. Defensive sectors generally outperformed on a relative basis with the automotive, covered, senior banks and supranational sectors faring well. Conversely, real estate, transportation and industrials were the weakest sectors. Short-dated credit outperformed all-maturities strategies, because long-dated bonds are more sensitive to changes in the interest rate and suffer greater capital losses when interest rates rise.

Portfolio commentary – continued

The period was particularly difficult for fixed income investors, with falls of an unprecedented scale in government bond markets over 2022 coupled with periods of intense volatility, including the aftermath of Kwasi Kwarteng's 'mini-Budget'. Nonetheless, the Fund performed well and Royal London's sterling credit strategies as a whole remained liquid throughout – testament to our long-established investment philosophy and process, in which liquidity is an important consideration.

The outperformance of the Fund relative to the short-dated (1-5 years) index was primarily driven by security selection. Duration and curve positioning were positive in aggregate. Credit sector allocation was also a small positive with the positive contribution from the overweight allocations to the banks, investment trust and insurance sectors outweighing the negative effects of the overweight to real estate and underweight to supranationals.

Security selection was the main driver of outperformance, however, with positive selection in the general industrials, banks, insurance and social housing sectors only being partly offset by negative security selection in the consumer services and utilities sectors.

The Fund benefitted significantly from having no direct exposure to Russian companies (including Gazprom), which fell out of the benchmark in the period following the invasion of Ukraine – the credits represented a small, yet material portion of the benchmark. Our indirect exposure to Russian companies was also very limited, as companies in the highest-risk sectors, financials, had already curtailed exposure to Russia due to requirements around money laundering.

The volatility in markets led to a sharp reduction in new issuance, particularly compared to the bumper years of 2020 and 2021, but there were still opportunities to participate. The financials sectors in particular remained active issuers and we participated actively in the market when the terms on offer were attractive and appropriately compensated investors for the risks involved.

While the period saw further issuance of 'labelled bonds', such as green or sustainable bonds, some of which we participated in, we remain cautious of labelled bonds, which do not automatically offer value, and sometimes lack clarity of objective. We will continue to focus on integrating ESG risk, making sure that we assess each individual credit on its particular merits, remaining focused on adding value in underserved or inefficient areas of the market.

Investment outlook

Despite recent inflation data, increasing wage pressures and union unrest (particularly in the public sector), we expect UK inflationary pressures to decrease with oil and gas prices having fallen sharply from their 2022 peaks. However, interest rates could well rise further as the BoE continues to focus on current inflation rates, even though the full effects of past increases haven't worked through fully yet.

Although the economic data remain mixed, we still believe that higher rates could lead to a recession in the UK, impacting company earnings and potentially leading to an increase in credit rating downgrades and default rates. Nevertheless, it is our view that bond yields are attractive: we believe that they discount the prospective economic challenges and that bond investors are being paid well to take risk. Against this background, we will continue to diversify the Fund across issuers and sectors, with an orientation towards downside protection through security and structure.

Paola Binns
Fund Manager
Royal London Asset Management Limited
31 January 2023

Please note that this commentary is written as at 31 January 2023. For further insights on market events or positioning since then, please go to www.rlam.com.

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Value Assessment report is available on www.rlam.com.

The views expressed are the author's own and do not constitute investment advice and are not an indication of future Fund performance. Portfolio holdings are subject to change, for information only and are not investment recommendations.

Source: Royal London Asset Management Limited, unless otherwise stated.

Comparative Tables

Class M Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	110.10	109.99	106.87
Return before operating charges*	(3.70)	0.50	3.49
Operating charges	(0.37)	(0.39)	(0.37)
Return after operating charges*	(4.07)	0.11	3.12
Distributions on accumulation shares	(4.04)	(3.47)	(3.61)
Retained distributions on accumulation shares	4.04	3.47	3.61
Closing net asset value per share	106.03	110.10	109.99
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(3.70)%	0.10%	2.92%
Other information			
Closing net asset value (£'000)	160,802	67,124	41,759
Closing number of shares	151,656,608	60,968,203	37,965,277
Operating charges	0.35%	0.35%	0.35%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	110.50	112.30	110.60
Lowest share price	99.18	110.20	100.90

Class M Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	98.34	101.38	101.86
Return before operating charges*	(3.29)	0.49	3.28
Operating charges	(0.33)	(0.36)	(0.35)
Return after operating charges*	(3.62)	0.13	2.93
Distributions on income shares	(3.58)	(3.17)	(3.41)
Closing net asset value per share	91.14	98.34	101.38
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(3.68)%	0.13%	2.88%
Other information			
Closing net asset value (£'000)	338,840	350,212	375,916
Closing number of shares	371,776,712	356,141,241	370,782,402
Operating charges	0.35%	0.35%	0.35%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	98.73	103.40	103.60
Lowest share price	87.04	100.40	96.22

Class R Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	110.51	110.13	106.74
Return before operating charges*	(3.70)	0.49	3.50
Operating charges	(0.11)	(0.11)	(0.11)
Return after operating charges*	(3.81)	0.38	3.39
Distributions on accumulation shares	(4.06)	(3.48)	(3.61)
Retained distributions on accumulation shares	4.06	3.48	3.61
Closing net asset value per share	106.70	110.51	110.13
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(3.45)%	0.35%	3.18%
Other information			
Closing net asset value (£'000)	96,696	141,424	198,371
Closing number of shares	90,623,988	127,973,304	180,118,003
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	110.90	112.70	110.80
Lowest share price	99.73	110.40	100.90

Class S Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	107.72	107.37	104.07
Return before operating charges*	(3.62)	0.46	3.40
Operating charges	(0.10)	(0.11)	(0.10)
Return after operating charges*	(3.72)	0.35	3.30
Distributions on accumulation shares	(3.96)	(3.39)	(3.52)
Retained distributions on accumulation shares	3.96	3.39	3.52
Closing net asset value per share	104.00	107.72	107.37
* after direct transaction costs of:	—	—	—
Performance			
Return after charges	(3.45)%	0.33%	3.17%
Other information			
Closing net asset value (£'000)	71,492	81,522	87,388
Closing number of shares	68,744,679	75,678,810	81,391,691
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	—	—	—
Prices[^]			
Highest share price	108.10	109.80	108.00
Lowest share price	97.20	107.60	98.32

Comparative Tables (continued)

Class S Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	98.38	101.16	101.39
Return before operating charges*	(3.30)	0.49	3.27
Operating charges	(0.09)	(0.10)	(0.10)
Return after operating charges*	(3.39)	0.39	3.17
Distributions on income shares	(3.58)	(3.17)	(3.40)
Closing net asset value per share	91.41	98.38	101.16
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(3.45)%	0.39%	3.13%
Other information			
Closing net asset value (£'000)	92,529	99,527	121,214
Closing number of shares	101,220,165	101,164,640	119,818,720
Operating charges	0.10%	0.10%	0.10%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	98.77	103.40	103.40
Lowest share price	87.24	100.40	95.80

Class Z Accumulation

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	110.20	110.05	106.88
Return before operating charges*	(3.71)	0.50	3.50
Operating charges	(0.33)	(0.35)	(0.33)
Return after operating charges*	(4.04)	0.15	3.17
Distributions on accumulation shares	(4.05)	(3.47)	(3.61)
Retained distributions on accumulation shares	4.05	3.47	3.61
Closing net asset value per share	106.16	110.20	110.05
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(3.67)%	0.14%	2.97%
Other information			
Closing net asset value (£'000)	258,211	195,358	124,805
Closing number of shares	243,222,867	177,277,271	113,412,331
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	110.60	112.40	110.70
Lowest share price	99.29	110.30	101.00

Class Z Income

Change in net assets per share	31/01/23 (p)	31/01/22 (p)	31/01/21 (p)
Opening net asset value per share	98.80	101.82	102.26
Return before operating charges*	(3.31)	0.49	3.31
Operating charges	(0.29)	(0.32)	(0.32)
Return after operating charges*	(3.60)	0.17	2.99
Distributions on income shares	(3.59)	(3.19)	(3.43)
Closing net asset value per share	91.61	98.80	101.82
* after direct transaction costs of:	–	–	–
Performance			
Return after charges	(3.64)%	0.17%	2.92%
Other information			
Closing net asset value (£'000)	142,178	171,603	133,351
Closing number of shares	155,195,598	173,679,484	130,965,052
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs	–	–	–
Prices[^]			
Highest share price	99.20	103.90	104.10
Lowest share price	87.48	100.90	96.60

[^] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published financial statements and may be different due to the prior year end accounting adjustments.

It should be remembered that past performance is not a reliable indicator of future performance and that the value of shares, and the income derived from them, can vary.

Portfolio Statement

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Commercial Mortgage Backed Securities – 6.63% (31/01/22 – 7.61%)			
£4,250,000	Atom Mortgage Securities FRN 22/7/2031	3,218	0.28
£6,682,000	Canary Wharf Finance II (A7) FRN 22/10/2037	5,616	0.48
£16,483,000	Castell FRN 25/3/2053	5,496	0.47
£4,861,000	Equity Release Funding 5.7% 26/2/2031	2,598	0.23
£9,389,000	Equity Release Funding 5.88% 26/5/2032	6,436	0.56
£11,800,000	Equity Release Funding FRN 14/7/2045	8,517	0.73
£3,113,136	Finance for Residence Social Housing FRN 10/4/2027*	97	0.01
£3,688,762	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	2,939	0.25
£2,000,000	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	1,380	0.12
£6,324,000	Gosforth Funding FRN 25/8/2060	1,872	0.16
£33,294,000	Income Contingent Student Loan FRN 24/7/2056	5,232	0.45
£41,610,000	Income Contingent Student Loan 2 FRN 24/7/2058	9,099	0.78
£3,640,000	Magenta 2020 FRN 20/12/2024	3,265	0.28
£2,194,000	PCL Funding FRN 15/10/2025	2,191	0.19
£3,240,000	Sage AR Funding FRN 17/11/2030	3,110	0.27
£4,313,000	Sage AR Funding FRN 17/11/2051	4,029	0.35
£1,481,000	Scorpio European Loan Conduit No.34 FRN 17/5/2029	1,409	0.12
£2,101,000	Taurus FRN 17/5/2030	1,997	0.17
£3,375,000	Taurus FRN 17/5/2031	3,204	0.28
£13,217,000	Together Asset Backed Securitisation 2019 FRN 15/7/2061	3,589	0.31
£3,537,000	Towd Point Mortgage Funding FRN 20/2/2045	1,649	0.14
Total Commercial Mortgage Backed Securities		76,943	6.63
Corporate Bonds – 90.80% (31/01/22 – 91.66%)			
£4,550,000	AA Bond 4.875% 31/7/2043	4,433	0.38
£1,316,000	AA Bond 8.45% 31/7/2050	1,341	0.12
£1,500,000	Abertis Infraestructuras Finance 3.248% variable perpetual	1,191	0.10
£3,977,000	Abrdn 5.25% variable perpetual	3,269	0.28
£6,625,000	Aggregate Micro Power Infrastructure No.2 8% 17/10/2036*	5,943	0.51
£3,240,000	Akelius Residential Property 2.375% 15/8/2025	2,995	0.26
NOK22,500,000	Aker ASA FRN 22/11/2024	1,834	0.16
£440,100	Alpha Plus 5% 31/3/2024	424	0.04
£7,839,000	Anglian Water Osprey Financing 4% 8/3/2026	7,431	0.64
£950,000	Anglian Water Services Finance 4.5% 22/2/2026	954	0.08
£5,640,000	Annington Funding 2.646% 12/7/2025	5,290	0.46
£3,575,000	APT Pipelines 4.25% 26/11/2024	3,525	0.30
\$3,300,000	Argentum Netherlands 4.625% variable perpetual	2,472	0.21
£3,832,000	Aroundtown 4.75% variable perpetual	1,756	0.15
£2,400,000	Arqiva Finance 4.882% 31/12/2032	1,555	0.13
£6,413,000	Asciano Finance 5% 19/9/2023	6,351	0.55
£8,600,000	Assicurazioni Generali 6.269% perpetual	8,527	0.73
£3,777,000	Australia and New Zealand Banking Group 1.809% variable 16/9/2031	3,216	0.28
£4,450,000	Aviva 6.125% variable 14/11/2036	4,530	0.39
£5,500,000	AXA 5.453% variable perpetual	5,457	0.47
£2,000,000	AXA 5.625% variable 16/1/2054	1,956	0.17
£10,129,000	AXA 6.6862% variable perpetual	10,286	0.89
£5,700,000	Banco Santander 1.5% 14/4/2026	5,102	0.44
£3,300,000	Banco Santander 2.25% variable 4/10/2032	2,760	0.24
£1,800,000	Banco Santander 3.125% variable 6/10/2026	1,701	0.15
£3,000,000	Banco Santander 4.75% variable 30/8/2028	2,963	0.26
£1,500,000	Bank of America 7% 31/7/2028	1,653	0.14
£1,484,535	Bankers Investment Trust 8% 31/10/2023	1,519	0.13
£2,060,000	Barclays 1.7% variable 3/11/2026	1,878	0.16
£527,000	Barclays 3% 8/5/2026	494	0.04
£1,104,000	Barclays 3.75% variable 22/11/2030	1,033	0.09

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£2,959,000	Barclays 6.369% variable 31/1/2031	3,050	0.26
£1,713,000	Barclays 6.375% variable perpetual	1,606	0.14
£3,913,000	Barclays 7.125% variable perpetual	3,805	0.33
£5,394,000	Barclays 8.407% variable 14/11/2032	5,805	0.50
£2,596,000	Barclays 8.875% variable perpetual	2,646	0.23
£3,507,000	Barclays 9% perpetual	3,612	0.31
£1,971,000	Blackstone Property Partners Euro 2.625% 20/10/2028	1,558	0.13
£17,500,000	BNP Paribas 2% variable 24/5/2031	15,330	1.32
£5,000,000	BNP Paribas 2.875% 24/2/2029	4,423	0.38
£5,757,000	BP Capital Markets 4.25% variable perpetual	5,291	0.46
£3,300,000	BPCE 2.5% variable 30/11/2032	2,777	0.24
£4,100,000	BPCE 6% variable 29/9/2028	4,213	0.36
£5,135,000	British Land 5.357% 31/3/2028	5,131	0.44
£4,310,000	Broadgate 4.999% 5/10/2033	4,205	0.36
£5,350,000	BUPA Finance 5% 8/12/2026	5,208	0.45
£3,100,000	CaixaBank 6.875% variable 25/10/2033	3,117	0.27
£4,780,000	Canary Wharf Finance II FRN 22/10/2037	3,896	0.34
£48,750,000	Canary Wharf Finance II 6.455% 22/10/2033	7,123	0.61
£3,275,000	Canary Wharf Group Investment 3.375% 23/4/2028	2,403	0.21
£5,334,000	Centrica 5.25% variable 10/4/2075	5,031	0.43
£3,000,000	Centrica 6.4% 4/9/2026	3,101	0.27
£2,549,000	Channel Link Enterprises Finance FRN 30/12/2050	1,881	0.16
\$6,302,000	Cheung Kong Infrastructure Finance 4.2% perpetual	3,995	0.34
£4,000,000	Citigroup 5.875% 1/7/2024	4,040	0.35
£1,255,000	Close Brothers Group 2% variable 11/9/2031	1,071	0.09
£4,000,000	Commerzbank 1.75% 22/1/2025	3,711	0.32
£2,100,000	Commerzbank 8.625% variable 28/2/2033	2,179	0.19
£6,798,000	Connect M77 GSO 5.404% 31/3/2034	4,404	0.38
£3,000,000	Co-operative Rabobank 1.875% variable 12/7/2028	2,641	0.23
£3,133,000	Co-operative Bank Finance 6% variable 6/4/2027	2,898	0.25
£30,965,000	Co-operative Group 0% 20/12/2025	774	0.07
£5,070,000	Co-operative Group 5.125% 17/5/2024	4,867	0.42
£6,570,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	5,997	0.52
£3,378,000	Coventry Building Society 6.875% variable perpetual	3,256	0.28
£3,200,000	CPUK Finance 3.69% 28/2/2047	2,847	0.25
£1,181,000	CPUK Finance 4.5% 28/8/2027	998	0.09
£2,211,000	CPUK Finance 7.239% 28/2/2042	2,229	0.19
£2,300,000	Credit Agricole 1.874% variable 9/12/2031	1,965	0.17
£3,100,000	Credit Agricole 5.75% variable 29/11/2027	3,153	0.27
£1,801,000	Credit Suisse 1.125% 15/12/2025	1,557	0.13
£2,500,000	Credit Suisse 2.125% variable 12/9/2025	2,267	0.19
£4,000,000	Credit Suisse 2.75% 8/8/2025	3,560	0.31
£5,158,000	Credit Suisse 7% variable 30/9/2027	5,024	0.43
£4,682,000	Credit Suisse 7.75% 10/3/2026	4,838	0.42
£2,600,000	CYBG 4% variable 25/9/2026	2,492	0.21
£1,325,000	CYBG 9.25% variable perpetual	1,343	0.12
£5,700,000	Daily Mail & General 6.375% 21/6/2027	5,198	0.45
£2,458,000	Danske Bank 2.25% 14/1/2028	2,166	0.19
£16,380,000	Delamare Finance 5.5457% 19/2/2029	10,100	0.87
£2,000,000	Derwent London 1.5% 12/6/2025	1,831	0.16
£5,900,000	Deutsche Bank 2.625% 16/12/2024	5,586	0.48
£6,100,000	Deutsche Bank 4% variable 24/6/2026	5,849	0.50
£8,542,000	DNB Bank 2.625% variable 10/6/2026	8,160	0.70
£4,019,000	DNB Bank 4% variable 17/8/2027	3,888	0.33
£800,000	Electricite de France 5.875% variable perpetual	684	0.06
£12,200,000	Electricite de France 6% variable perpetual	11,266	0.97
£3,000,000	Electricity North West 8.875% 25/3/2026	3,362	0.29
£3,322,000	Enel Finance 5.625% 14/8/2024	3,374	0.29
£1,749,000	Eni SpA 2.75% variable perpetual	1,234	0.11
£3,486,000	Esure Group 6.75% 19/12/2024	3,205	0.28

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 90.80% (31/01/22 – 91.66%) – continued			
€3,280,000	European Energy FRN 8/9/2026	2,879	0.25
€9,042,000	Eversholt Funding 6.697% 22/2/2035	8,547	0.74
£4,500,000	Fidelity International 7.125% 13/2/2024	4,570	0.39
£2,874,000	First Abu Dhabi Bank 0.875% 9/12/2025	2,551	0.22
£2,710,000	First Abu Dhabi Bank 1.125% 7/9/2026	2,346	0.20
£2,206,000	Fonterra 9.375% 4/12/2023	2,287	0.20
£4,500,000	Ford Motor Credit 2.748% 14/6/2024	4,284	0.37
£1,964,000	Fuller Smith & Turner 6.875% 30/4/2028	2,053	0.18
£495,000	Gatwick Funding 5.25% 23/1/2024	497	0.04
£5,142,000	Go-Ahead Group 2.5% 6/7/2024	4,944	0.43
£6,184,000	Goldman Sachs 1% variable 16/12/2025	5,755	0.50
£3,309,000	Goldman Sachs 1.5% 7/12/2027	2,850	0.25
£2,766,000	Goldman Sachs 3.625% variable 29/10/2029	2,549	0.22
£3,946,000	Great Rolling Stock 6.5% 5/4/2031	3,141	0.27
£7,620,000	Great Rolling Stock 6.875% 27/7/2035	4,613	0.40
£4,489,000	Grosvenor UK Finance 6.5% 29/9/2026	4,765	0.41
€3,000,000	Groupama 6.375% variable perpetual	2,689	0.23
£2,365,000	Heathrow Finance 3.875% 1/3/2027	2,084	0.18
£3,726,000	Heathrow Finance 4.125% 1/9/2029	2,993	0.26
£4,720,000	Heathrow Finance 4.75% 1/3/2024	4,635	0.40
£1,997,000	Heathrow Funding 2.625% 16/3/2028	1,681	0.14
£3,000,000	Heathrow Funding 5.225% variable 15/2/2023	3,000	0.26
£3,412,000	Heathrow Funding 6.75% 3/12/2028	3,578	0.31
£835,000	Hemingway Properties 10.375% 31/7/2023	852	0.07
£4,300,000	Highbury Finance 7.017% 20/3/2023	2,353	0.20
£4,069,000	Home Group 0% 11/5/2027	3,035	0.26
£4,844,402	Housing Finance 8.625% 13/11/2023	4,985	0.43
£5,601,000	HSBC 1.75% variable 24/7/2027	4,976	0.43
£2,730,000	HSBC 2.256% variable 13/11/2026	2,522	0.22
£2,500,000	HSBC 5.75% 20/12/2027	2,549	0.22
£1,452,000	HSBC 5.875% variable perpetual	1,365	0.12
£15,219,000	HSBC 8.201% variable 16/11/2034	16,572	1.43
£3,552,000	IG GROUP 3.125% 18/11/2028	2,781	0.24
£4,317,000	Industrial Commercial Bank of China 1.625% 28/12/2025	3,847	0.33
£3,900,000	ING Groep 1.125% variable 7/12/2028	3,262	0.28
£2,800,000	ING Groep 5% variable 30/8/2026	2,793	0.24
£3,000,000	ING Groep 6.75% variable perpetual	2,391	0.21
£5,546,000	Integrated Accommodation Service 6.48% 31/3/2029	2,257	0.19
£2,244,000	InterContinental Hotels 3.375% 8/10/2028	2,033	0.17
£2,546,000	Intermediate Capital Group 1.625% 17/2/2027	1,850	0.16
£7,489,000	Intermediate Capital Group 5% 24/3/2023	7,485	0.64
£896,000	Intu (SGS) Finance 3.875% 17/3/2028	424	0.04
£2,805,000	Intu Metrocentre Finance 4.125% 6/12/2028	1,377	0.12
£5,750,000	Investec 1.875% variable 16/7/2028	4,733	0.41
£1,654,000	Investec 2.625% variable 4/1/2032	1,375	0.12
£872,000	Investec 4.25% variable 24/7/2028	863	0.07
£1,864,000	Investec 9.125% variable 6/3/2033	1,970	0.17
\$2,171,374	Jacktel 10% 4/12/2023	1,587	0.14
£4,767,000	John Lewis 6.125% 21/1/2025	4,632	0.40
£3,451,000	JPMorgan Chase 0.991% variable 28/4/2026	3,172	0.27
£2,798,000	JRP Group 9% 26/10/2026	3,003	0.26
£3,783,000	Jupiter Fund Management 8.875% variable 27/7/2030	3,874	0.33
£5,304,000	Just Group 7% variable 15/4/2031	5,161	0.44
£3,500,000	KBC 1.25% variable 21/9/2027	3,066	0.26
£3,100,000	KBC 5.5% variable 20/9/2028	3,136	0.27
£3,900,000	La Banque Postale 5.625% variable 21/9/2028	3,910	0.34
€1,100,000	La Mondiale 0.75% 20/4/2026	866	0.07
£2,100,000	Landesbank BadenWuerttemberg 1.125% 8/12/2025	1,902	0.16
£4,809,000	Leeds Building Society 3.75% variable 25/4/2029	4,335	0.37
£4,500,000	Legal & General 3.75% variable 26/11/2049	3,889	0.34
£4,634,000	Legal & General 5.125% variable 14/11/2048	4,439	0.38

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
\$5,000,000	Legal & General 5.25% variable 21/3/2047	3,932	0.34
£4,153,000	Legal & General 5.375% variable 27/10/2045	4,120	0.35
£6,768,500	Lendinvest Secured Income 5.375% 6/10/2023	6,586	0.57
NOK1,720,339	Lime Petroleum FRN 7/7/2025	139	0.01
NOK34,550,000	Lime Petroleum FRN 7/7/2025	2,782	0.24
£6,590,000	Liverpool Victoria Friendly Society 6.5% variable 22/5/2043	6,523	0.56
£5,694,000	Lloyds Bank 1.875% variable 15/1/2026	5,332	0.46
£2,285,000	Lloyds Bank 2% variable 12/4/2028	2,003	0.17
£4,495,000	Lloyds Bank 2.707% variable 3/12/2035	3,532	0.30
£500,000	Lloyds Bank 5.125% variable perpetual	472	0.04
£3,224,000	Lloyds Bank 8.5% variable perpetual	3,309	0.28
£3,000,000	Logicor 2019 1.875% 17/11/2031	2,678	0.23
£2,994,000	London Merchant Securities 6.5% 16/3/2026	3,093	0.27
£18,750,000	Longstone Finance 4.791% 19/4/2036	7,556	0.64
£11,313,000	M&G 3.875% variable 20/7/2049	10,993	0.95
£4,670,000	M&G 5.625% variable 20/10/2051	4,350	0.37
£8,250,000	Marstons Issuer FRN 15/10/2031	3,688	0.32
£5,185,000	Meadowhall Finance FRN 12/7/2037	2,878	0.25
£2,982,000	Merchants Trust 5.875% 20/12/2029	3,160	0.27
£2,470,742	Metrocentre New Money Not Sonia +11% PIK 5/12/2024*	2,397	0.21
£5,505,000	Metropolitan Life Global Funding 0.625% 08/12/2027	4,613	0.40
£2,583,000	Metropolitan Life Global Funding 4.125% 2/9/2025	2,562	0.22
£1,133,000	MIELI London 4.82% 12/8/2027*	1,062	0.09
\$6,400,000	Mitchells & Butlers Finance FRN 15/12/2030	2,006	0.17
£6,877,000	Mitchells & Butlers FRN 15/12/2028	3,668	0.32
£4,709,000	Mitchells & Butlers FRN 15/12/2030	1,769	0.15
£1,550,000	Mitchells & Butlers FRN 15/12/2033	1,145	0.10
£11,940,000	Mitchells & Butlers 5.574% 15/12/2030	3,205	0.28
£3,056,457	Monks Investment Trust 6.375% 1/3/2023	3,056	0.26
£6,500,000	MPT Operating Partnership 2.5% 24/3/2026	5,114	0.44
£7,240,000	National Australia Bank 1.699% variable 15/9/2031	6,127	0.53
£900,000	National Express 2.375% 20/11/2028	770	0.07
£7,378,000	National Express 4.25% variable perpetual	6,506	0.56
£2,605,000	Nationwide Building Society 5.75% variable perpetual	2,400	0.21
£2,370,000	Nationwide Building Society 5.769% perpetual	2,289	0.20
£1,582,000	Nationwide Building Society 6.178% variable 7/12/2027	1,637	0.14
£2,433,000	Nationwide Building Society 6.25% variable perpetual	2,433	0.21
£2,400,000	NatWest 1.043% variable 14/9/2032	1,752	0.15
£7,207,000	NatWest 2.105% variable 28/11/2031	6,196	0.53
£1,846,000	NatWest 3.619% variable 29/3/2029	1,692	0.15
£2,500,000	NatWest 4.5% variable perpetual	2,056	0.18
£2,860,000	NatWest 6.375% 8/11/2027	3,018	0.26
£2,382,000	NatWest 7.416% variable 6/6/2033	2,496	0.22
£2,000,000	NatWest 7.5% 29/4/2024	2,061	0.18
£2,250,000	New York Life Global Funding 4.35% 16/9/2025	2,248	0.19
£7,550,000	NGG Finance 5.625% variable 18/6/2073	7,333	0.63
£2,100,000	NIBC Bank 3.125% 15/11/2023	2,063	0.18
£4,000,000	NIE Finance 2.5% 27/10/2025	3,789	0.33
£1,950,000	Octagon Healthcare 5.333% 31/12/2035	1,473	0.13
£2,000,000	Oeyfjellet Wind Investment 2.75% 14/9/2026	1,535	0.13
£1,474,000	OneSavings Bank 4.6007% variable perpetual	1,386	0.12
£3,733,000	OP Corporate Bank 1.375% 4/9/2026	3,288	0.28
£4,664,000	OP Corporate Bank 3.375% 14/1/2026	4,498	0.39
£1,500,000	Opus Chartered variable 31/3/2025	847	0.07
£1,300,000	Orsted 2.5% variable 18/2/3021	911	0.08
£3,828,321	Peel South East 10% 30/4/2026	3,855	0.33

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 90.80% (31/01/22 – 91.66%) – continued			
£4,941,000	Pension Insurance 8% 23/11/2026	5,216	0.45
£3,640,000	PGH Capital 6.625% 18/12/2025	3,714	0.32
\$2,000,000	Phoenix Group Holdings 4.75% variable 4/9/2031	1,541	0.13
£8,018,000	Places for People Homes 5.09% 31/7/2043	8,029	0.69
£2,764,000	Porterbrook Rail Finance 7.125% 20/10/2026	2,966	0.26
£2,080,000	Premier Transmission Finance 5.2022% 31/3/2030	924	0.08
£1,200,000	Premiertel 5.683% 8/8/2029	710	0.06
£10,141,000	Premiertel 6.175% 8/5/2032	7,609	0.66
£7,920,000	Principality Building Society 2.375% 23/11/2023	7,742	0.67
£3,578,000	Protective Life Global Funding 5.248% 13/1/2028	3,658	0.31
£3,691,000	Provident Financial 7% 4/6/2023	3,700	0.32
£2,786,000	Punch Finance 6.125% 30/6/2026	2,430	0.21
£5,139,000	QBE Insurance 2.5% variable 13/9/2038	4,000	0.34
£4,140,000	Quadrant Housing 7.93% Step 10/2/2033	3,837	0.33
£1,976,000	Realty Income 1.875% 14/1/2027	1,769	0.15
£1,589,000	Reassure Group 5.867% 13/6/2029	1,515	0.13
£1,949,500	Retail Charity Bonds 3.9% 23/11/2029	1,720	0.15
£2,917,000	Retail Charity Bonds 4.25% 6/7/2028	2,687	0.23
£4,956,000	Rothsay Life 3.375% 12/7/2026	4,581	0.39
£1,878,000	Rothsay Life 5.5% variable 17/9/2029	1,848	0.16
£4,209,000	Rothsay Life 6.875% variable perpetual	3,818	0.33
£12,943,000	Rothschild Continuation Finance 9% perpetual	13,335	1.15
£3,928,000	Royal Bank of Canada 5% 24/1/2028	3,982	0.34
£1,150,000	Royal Bank of Scotland 2.875% variable 19/9/2026	1,083	0.09
£4,940,000	Royal Bank of Scotland 3.125% variable 28/3/2027	4,626	0.40
£3,000,000	Royal Bank of Scotland 3.622% variable 14/8/2030	2,819	0.24
£3,010,000	RSA Insurance 5.125% variable 10/10/2045	2,905	0.25
£3,086,000	Sainsburys Bank 10.5% variable 12/3/2033	3,210	0.28
£5,978,000	Santander UK 2.421% variable 17/01/2029	5,170	0.45
£2,430,000	Santander UK 7.098% variable 16/11/2027	2,540	0.22
£4,499,075	Scottish Mortgage Investment Trust 12% 30/6/2026	5,514	0.48
£7,750,000	Scottish Widows 5.5% 16/6/2023	7,751	0.67
£3,625,000	Skipton Building Society 2% variable 2/10/2026	3,296	0.28
£4,900,000	Societe Generale 1.875% 3/10/2024	4,676	0.40
\$5,000,000	Societe Generale 6.447% variable 12/1/2027	4,168	0.36
£3,777,000	Society of Lloyds 4.875% variable 7/2/2047	3,604	0.31
£4,034,000	South Eastern Power Networks 5.5% 5/6/2026	4,153	0.36
£4,115,000	SSE 3.74% variable perpetual	3,818	0.33
£1,355,000	Stagecoach 4% 29/9/2025	1,284	0.11
\$2,631,000	Standard Chartered 3.971% variable 30/3/2026	2,066	0.18
\$5,000,000	Standard Chartered 6.409% variable perpetual	3,545	0.31
£7,823,000	Stirling Water Seafield 5.822% 26/9/2026	2,216	0.19
£8,773,000	Summit Finance 6.484% 31/3/2028	3,222	0.28
£1,475,000	Svenska Handelsbanken 4.625% variable 23/8/2032	1,420	0.12
£4,018,000	Swedbank 1.375% Variable 8/12/2027	3,523	0.30
£5,479,000	Swedbank 7.272% variable 15/11/2032	5,736	0.49
\$1,400,000	Swiss Re Finance Luxembourg 4.25% variable perpetual	1,053	0.09
£2,500,000	Telefonica Emisiones 5.375% 2/2/2026	2,539	0.22
€3,500,000	Telefonica Europe 5.875% variable perpetual	3,115	0.27

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£6,235,000	Telereal Secured Finance 4.01% 10/12/2033	3,424	0.29
£6,139,000	Telereal Securitisation 1.3657% 10/12/2033	4,198	0.36
£2,610,000	Telereal Securitisation 1.9632% variable 10/12/2033	2,338	0.20
£2,661,000	Telereal Securitisation 3.507% variable 10/12/2033	2,326	0.20
£4,950,000	Telereal Securitisation 4.9741% 10/12/2033	2,194	0.19
£2,566,000	Telereal Securitisation 5.3887% 10/12/2033	1,048	0.09
£1,750,000	Telereal Securitisation 5.4252% 10/12/2033	1,477	0.13
£6,709,000	Telereal Securitisation 6.1645% 10/12/2033	5,842	0.50
£3,500,000	Telereal Securitisation FRN 10/12/2033	1,128	0.10
£4,836,000	Telereal Securitisation FRN 10/12/2033	3,859	0.33
£3,270,000	Telereal Securitisation FRN 10/12/2033	2,830	0.24
£7,452,000	Thames Water Kemble Finance 4.625% 19/5/2026	6,502	0.56
£2,900,000	Thames Water Utilities 2.875% 3/5/2027	2,543	0.22
£2,557,000	TP ICAP 5.25% 26/1/2024	2,522	0.22
£3,783,000	TP ICAP 5.25% 29/5/2026	3,599	0.31
£3,730,000	Trafford Centre 4.25% 28/4/2029	3,543	0.30
£1,280,000	Trafford Centre 6.5% 28/7/2033	873	0.07
£4,400,000	Trafford Centre 7.03% 28/1/2029	1,557	0.13
£9,400,000	Trafford Centre FRN 28/7/2038	7,864	0.68
£1,071,000	Travis Perkins 3.75% 17/2/2026	970	0.08
£2,240,000	UBS AG Jersey 8.75% 18/12/2025	2,420	0.21
\$2,357,000	UniCredit SpA 2.569% 22/9/2026	1,737	0.15
£24,265,000	Unique Pub Finance 5.659% 30/6/2027	10,466	0.90
£3,000,000	Unite USAF 3.374% 30/6/2028	2,975	0.26
£3,343,000	Unite USAF 3.921% 30/6/2030	3,232	0.28
£1,905,000	Varsity Funding 8.7915% Step 24/7/2026*	277	0.02
£1,200,000	Vicinity Centres 3.375% 7/4/2026	1,139	0.10
£3,156,000	Virgin Money 2.625% variable 19/8/2031	2,698	0.23
£2,000,000	Virgin Money 5.125% variable 11/12/2030	1,902	0.16
£6,493,000	Virgin Money 7.875% variable 14/12/2028	6,534	0.56
£2,998,000	Virgin Money 8.25% variable perpetual	2,781	0.24
£3,095,000	Vodafone 4.875% variable 3/10/2078	2,961	0.25
£2,700,000	Volkswagen Financial Services 1.125% 5/7/2026	2,355	0.20
£3,000,000	Volkswagen Financial Services 2.125% 18/1/2028	2,568	0.22
£2,400,000	Volkswagen Financial Services 3.25% 13/4/2027	2,204	0.19
£3,200,000	Volkswagen Financial Services 4.25% 9/10/2025	3,119	0.27
£2,700,000	Volkswagen International Finance 3.375% 16/11/2026	2,516	0.22
\$1,976,031	Waldorf Production 9.75% 1/10/2024	1,605	0.14
£4,554,000	Wells Fargo 3.473% variable 26/4/2028	4,248	0.37
£1,761,000	Western Power Distribution 3.875% 17/10/2024	1,733	0.15
£5,044,000	Western Power Distribution 5.5% 9/5/2025	5,147	0.44
£2,000,000	Western Power Distribution 5.875% 25/3/2027	2,087	0.18
£2,861,000	Westfield Stratford City 1.642% 4/8/2031	2,516	0.22
£1,319,000	Whitbread Group 2.375% 31/5/2027	1,152	0.10
£4,513,000	White City Property 5.1202% 17/4/2035	3,572	0.31
£2,970,000	Worcestershire Hospital 5.57% 31/12/2030	1,500	0.13
£1,158,000	Workspace Group 2.25% 11/3/2028	897	0.08
£2,460,000	Yorkshire Building Society 3% variable 18/4/2025	2,387	0.21
£3,100,000	Yorkshire Building Society 3.375% variable 13/9/2028	2,747	0.24
£753,000	Yorkshire Building Society 3.511% variable 11/10/2030	668	0.06
£6,500,000	Yorkshire Water Services 3.75% variable 22/3/2046	6,486	0.56
Total Corporate Bonds		1,054,004	90.80

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Index-Linked Bonds – 0.35% (31/01/22 – 0.39%)			
£1,260,000	Road Management Services 3.642% IL 31/3/2028*	1,006	0.09
£1,500,000	Tesco 3.322% IL 5/11/2025	3,091	0.26
Total Index-Linked Bonds		4,097	0.35
Preference Shares – 0.32% (31/01/22 – 0.00%)			
2,500,000	Haleon FRN preference perpetual*	2,550	0.22
6,965,250	Jacktel preference*	1,133	0.10
Total Preference Shares		3,683	0.32
Forward Currency Contracts – 0.07% (31/01/22 – (0.02)%)			
	Buy £17,321,261 & Sell €19,600,000†	(13)	(0.01)
	Buy £5,643,210 & Sell NOK68,4000,000†	72	0.01
	Buy £36,454,141 & Sell \$44,000,000†	762	0.07
Total Forward Currency Contracts		821	0.07
Total value of investments^			
		1,139,548	98.17
Net other assets		21,200	1.83
Total net assets		1,160,748	100.00

^ Including investment liabilities

† Unlisted

* Level 3 Investments

Other than forward currency contracts, all investments are listed on recognised stock exchanges and are "approved securities" within the meaning of the FCA rules unless otherwise stated.

Summary of Material Portfolio Changes

For the year ended 31 January 2023

Significant Purchases

	Cost £'000
HSBC 8.201% variable 16/11/2034	15,545
UK Treasury 0.75% 22/7/2023	12,911
DNB Bank 2.625% variable 10/6/2026	8,068
Toronto Dominion Bank 2.875% 5/4/2027	6,285
BNP Paribas 2% variable 24/5/2031	6,074
Deutsche Bank 4% variable 24/6/2026	6,072
Swedbank 7.272% variable 15/11/2032	5,537
Barclays 8.407% variable 14/11/2032	5,491
Castell FRN 25/3/2053	5,339
Royal Bank of Canada 3.625% 14/6/2027	5,330
Subtotal	76,652
Total cost of purchases, including the above, for the year	486,138

Significant Sales

	Proceeds £'000
UK Treasury 0.75% 22/7/2023	12,773
Lloyds Bank 7.625% 22/4/2025	12,392
Edinburgh Investment Trust 7.75% 30/9/2022	9,973
Wells Fargo Bank 5.25% 1/8/2023	9,265
Anglian Water Osprey Financing 5% 30/4/2023	9,159
HSBC 5.375% variable 4/11/2030	8,923
Orange 5.75% variable perpetual	8,835
Scottish American Investment Trust 8% 10/4/2022	8,224
Zurich Finance 6.625% variable perpetual	8,105
Thames Water Utilities 5.75% 13/9/2030	7,650
Subtotal	95,299
Total proceeds from sales, including the above, for the year	373,357

Financial Statements

Statement of Total Return

For the year ended 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Income			
Net capital losses	2	(72,138)	(30,537)
Revenue	3	41,386	34,937
Expenses	4	(2,899)	(2,888)
Interest payable and similar charges		(8)	(10)
Net revenue before taxation		38,479	32,039
Taxation	5	(20)	(21)
Net revenue after taxation		38,459	32,018
Total (deficit)/return before distributions		(33,679)	1,481
Distributions	6	(41,358)	(34,906)
Change in net assets attributable to shareholders from investment activities		(75,037)	(33,425)

Balance Sheet

As at 31 January 2023

	Note	31 Jan 2023 £'000	31 Jan 2022 £'000
Assets			
Investments		1,139,561	1,102,969
Current assets:			
Debtors	7	20,033	16,383
Cash and bank balances	8	21,810	360
Total assets		1,181,404	1,119,712
Liabilities			
Investment liabilities		13	231
Creditors:			
Bank overdraft		–	337
Other creditors	9	8,595	2,187
Distribution payable		12,048	10,187
Total liabilities		20,656	12,942
Net assets attributable to shareholders		1,160,748	1,106,770

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 January 2023

	31 Jan 2023 £'000	31 Jan 2022 £'000
Opening net assets attributable to shareholders	1,106,770	1,082,804
Amounts receivable on creation of shares	329,452	311,332
Amounts payable on cancellation of shares	(221,300)	(269,748)
	108,152	41,584
Dilution adjustment charged	822	672
Change in net assets attributable to shareholders from investment activities	(75,037)	(33,425)
Retained distribution on accumulation shares	20,041	15,135
Closing net assets attributable to shareholders	1,160,748	1,106,770

Notes to the Financial Statements

For the year ended 31 January 2023

1. Accounting policies

The accounting policies are set out in note 1 on pages 9 and 10.

2. Net capital losses

	31 Jan 2023 £'000	31 Jan 2022 £'000
The net capital losses during the year comprise:		
Non-derivative securities	(67,934)	(31,322)
Currency gains	1,553	97
Forward currency contracts	(5,757)	688
Net capital losses	(72,138)	(30,537)

3. Revenue

	31 Jan 2023 £'000	31 Jan 2022 £'000
UK dividends	50	–
Interest on debt securities	41,264	34,937
Bank interest	72	–
Total revenue	41,386	34,937

4. Expenses

	31 Jan 2023 £'000	31 Jan 2022 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:		
Fund Management Fee*	2,899	2,888
Total expenses	2,899	2,888

* Audit fee £14,387 (31/01/22: £13,122) inclusive of VAT is paid from the Fund Management Fee.

5. Taxation

a) Analysis of charge for the year

	31 Jan 2023 £'000	31 Jan 2022 £'000
Irrecoverable overseas tax	20	21
Total tax charge for the year	20	21

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (31/01/22: lower) than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Net revenue before taxation	38,479	32,039
Corporation tax at 20% (31/01/22: 20%)	7,696	6,408
Effects of:		
Revenue not subject to taxation	(10)	–
Irrecoverable overseas tax	20	21
Tax deductible interest distributions	(7,686)	(6,408)
Total tax charge for the year	20	21

Authorised Open Ended Investment Companies are exempt from tax on capital gains, therefore any capital gains/(losses) are not included in the reconciliation above.

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date (31/01/22: same).

d) Factors that may affect future tax charges

At the year end, there is no potential deferred tax asset (31/01/22: same) in relation to surplus management expenses.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

6. Distributions

The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Accumulation shares		
Interim	7,958	7,305
Final	12,083	7,830
	20,041	15,135
Income shares		
Interim	10,363	9,902
Final	12,048	10,187
	22,411	20,089
Net distributions for the year	42,452	35,224
Add: Amounts deducted on cancellation of shares	1,853	2,397
Deduct: Amounts received on the creation of shares	(2,947)	(2,715)
Gross interest distribution for the year	41,358	34,906

The difference between the net revenue after taxation and the distribution paid is as follows:

	31 Jan 2023 £'000	31 Jan 2022 £'000
Net revenue after taxation	38,459	32,018
Expenses charged to capital	2,899	2,888
Gross interest distribution for the year	41,358	34,906

Details of the distribution per share are set out on pages 48 to 49.

7. Debtors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amounts receivable on creation of shares	2,089	825
Accrued revenue	17,944	15,558
Total debtors	20,033	16,383

8. Cash and bank balances

	31 Jan 2023 £'000	31 Jan 2022 £'000
Cash and bank balances	21,810	360
Total cash and bank balances	21,810	360

9. Other creditors

	31 Jan 2023 £'000	31 Jan 2022 £'000
Amounts payable on cancellation of shares	6,342	1,933
Purchases awaiting settlement	1,977	–
Accrued expenses	276	254
Total other creditors	8,595	2,187

10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 01/02/22	60,968,203	356,141,241
Shares issued	106,705,538	83,092,856
Shares cancelled	(16,021,729)	(67,058,116)
Shares converted	4,596	(399,269)
Closing shares at 31/01/23	151,656,608	371,776,712

	Class R Accumulation
Opening shares at 01/02/22	127,973,304
Shares issued	5,763,557
Shares cancelled	(43,112,873)
Shares converted	–
Closing shares at 31/01/23	90,623,988

	Class S Accumulation	Class S Income
Opening shares at 01/02/22	75,678,810	101,164,640
Shares issued	4,754,855	55,525
Shares cancelled	(11,688,986)	–
Shares converted	–	–
Closing shares at 31/01/23	68,744,679	101,220,165

	Class Z Accumulation	Class Z Income
Opening shares at 01/02/22	177,277,271	173,679,484
Shares issued	97,433,149	36,571,872
Shares cancelled	(31,482,961)	(55,453,006)
Shares converted	(4,592)	397,248
Closing shares at 31/01/23	243,222,867	155,195,598

All classes within the Fund have the same rights on winding up.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/01/22: same).

12. Related party transactions

The Fund's Authorised Corporate Director, Royal London Unit Trust Managers Limited, is a related party to the Fund as defined by Financial Reporting Standard 102 'Related Party Disclosures'.

Fund Management Fee fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6.

At the year end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £4,528,000 (31/01/22: £1,360,000).

At the year end, 31 January 2023, 7.66% (31/01/22: 11.93%) of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts.

Details of the individual contracts are shown on the portfolio statement on pages 36 to 39, and the total position held by the counterparty at the year end is summarised below:

The underlying exposure for each category of derivatives were as follows:

Counterparty	Forward currency contracts	
	31 Jan 2023 £'000	31 Jan 2022 £'000
Barclays Bank	732	12
Goldman Sachs	102	–

Eligible collateral types are approved by the ACD and may consist of cash and government bonds only as eligible collateral with respect to derivative transactions.

At 31 January 2023 there was no collateral held in respect of the above derivatives (31/01/22: £nil).

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 10 and 11.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 41. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

As most of the assets of the Fund are sterling denominated, exposure to foreign currency exchange risk is considered insignificant. The value of the Fund's assets/(liabilities) may be affected by currency movements.

If sterling to foreign currency exchange rates had increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £285,000 (31/10/22: £nil). If sterling to foreign currency exchange rates had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £285,000 (31/10/22: £nil). These calculations assume all other variables remain constant.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £113,955,000 (31/01/22: £110,274,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £113,955,000 (31/01/22: £110,274,000). These calculations assume all other variables remain constant.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 31 January 2023 compared to the previous year end was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 Jan 2023				
Sterling	541,262	553,803	24,058	1,119,123
Euro	12,875	4,251	435	17,561
Norwegian krone	4,757	–	1,250	6,007
US dollar	28,584	8,925	1,204	38,713
Total	587,478	566,979	26,947	1,181,404
31 Jan 2022				
Sterling	457,809	588,583	19,667	1,066,059
Euro	17,189	4,291	601	22,081
Norwegian krone	4,827	–	46	4,873
US dollar	14,184	12,202	313	26,699
Total	494,009	605,076	20,627	1,119,712

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

14. Risk disclosures – continued

Interest rate risk profile of financial assets and financial liabilities – continued

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31 Jan 2023			
Sterling	–	(20,643)	(20,643)
Euro	–	(13)	(13)
Total	–	(20,656)	(20,656)
31 Jan 2022			
Sterling	(337)	(12,374)	(12,711)
US dollar	–	(231)	(231)
Total	(337)	(12,605)	(12,942)

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the year end 31/10/23, would change by £3,489,000 (31/01/22: £3,574,000). Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/01/23, would change by £1,163,000 (31/01/22: £1,191,000).

A change of 3% in the prevailing interest rates would result in a change of 7.77% (31/01/22: 7.62% to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 2.56% (31/01/22: 2.76%) to the value of the Fund.

These examples represent the ACDs best estimate of possible shifts in interest rates.

Interest rates and bond prices have an inverse relationship. As interest rates rise the value of bonds will decrease and vice versa.

Credit breakdown*	31 Jan 2023		31 Jan 2022	
	Bid-Market value £'000	Total net assets %	Bid-Market value £'000	Total net assets %
Investments of investment grade	775,304	66.73	776,523	70.18
Investments of below investment grade	165,960	14.34	133,076	12.02
Unrated bonds	193,780	16.71	193,358	17.46
Total bonds	1,135,044	97.78	1,102,957	99.66
Forward currency contracts – assets	834	0.08	12	0.00
Corporate preference shares	3,683	0.32	–	–
Investments as shown in the balance sheet	1,139,561	98.18	1,102,969	99.66
Forward currency contracts – liabilities	(13)	(0.01)	(231)	(0.02)
Total value of investments	1,139,548	98.17	1,102,738	99.64

* Ratings supplied by S&P, followed by Moody's.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

15. Portfolio transaction costs

For the year ended 31 January 2023

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Equity transactions	2,750	–	–	14	0.51	–	–	2,764
Bond transactions	482,877	–	–	–	–	–	–	482,877
Corporate actions	497	–	–	–	–	–	–	497
Total	486,124	–		14		–	–	486,138

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	373,201	–	–	–	–	–	–	373,201
Corporate actions	156	–	–	–	–	–	–	156
Total	373,357	–		–		–	–	373,357

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/01/23.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31 January 2022

Analysis of total purchases costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	379,788	–	–	–	–	–	–	379,788
Corporate actions	3,634	–	–	–	–	–	–	3,634
Total	383,422	–		–		–	–	383,422

Analysis of total sales costs	Value £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000
Bond transactions	313,954	–	–	–	–	–	–	313,954
Corporate actions	3,072	–	–	–	–	–	–	3,072
Total	317,026	–		–		–	–	317,026

The Fund had paid £nil as commission on purchases and sales derivative transactions for the year ended 31/01/22.

Commissions, taxes and fees as % of average net assets

Commissions	0.00%
Taxes	0.00%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.82% (31/01/22: 0.63%).

The Fund is single priced throughout the year and therefore the dealing spread is not indicative of the full year.

Notes to the Financial Statements (continued)

For the year ended 31 January 2023

16. Fair value of investments

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

- Category 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Category 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Category 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

As at the year ended 31 January 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Bonds	–	1,119,943	15,101	1,135,044
Corporate preference shares	–	–	3,683	3,683
Derivatives	–	834	–	834
Total	–	1,120,777	18,784	1,139,561
Investment liabilities				
Derivatives	–	(13)	–	(13)
Total	–	(13)	–	(13)

As at the year ended 31 January 2022

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Bonds	–	1,086,678	16,279	1,102,957
Derivatives	–	12	–	12
Total	–	1,086,690	16,279	1,102,969
Investment liabilities				
Derivatives	–	(231)	–	(231)
Total	–	(231)	–	(231)

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current year end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Aggregate Micro Power Infrastructure

No.2 8% 17/10/2036, Finance for Residence Social Housing FRN 10/4/2027, Metrocentre New Money Not Sonia +11% PIK 5/12/2024, MIELI London 4.82% 12/8/2027, Varsity Funding 8.7915% Step 24/7/2026 and Road Management Services 3.642% IL 31/3/2028.

At the current year end, the level 3 assets held for the corporate preference shares were Haeon FRN preference perpetual & Jacktel preference.

At the prior year end, the level 3 assets held were the following debt securities: Varsity Funding 8.7915% Step 24/7/2026, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Metrocentre New Money Note Sonia +11% PIK 6/12/2023, MIELI London 4.82% 12/8/2027, Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058 and Road Management Services 3.642% IL 31/3/2028.

The fair value of: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058, Aggregate Micro Power Infrastructure No.2 8% 17/10/2036, Finance for Residence Social Housing FRN 10/4/2027, Metrocentre New Money Not Sonia +11% PIK 5/12/2024, MIELI London 4.82% 12/8/2027, Varsity Funding 8.7915% Step 24/7/2026, Haeon, Jacktel preference shares and Road Management Services 3.642% IL 31/3/2028 securities at the current year end and prior year end (if held) were based on a single broker quote at the last valuation point of the current or prior accounting year.

The Varsity Funding 8.7915% Step 24/7/2026 price is based on cash flows provided by the bond guarantor. The base valuation is framed by the price the bonds have been secured at which is then tested for reasonableness across the credit team. This stock has been reviewed by the Manager in line with their Fair Value Pricing Policy and has been deemed appropriate.

17. Events after the balance sheet date

Subsequent to the Fund's year end, 31 January 2023, factors such as inflation and the Ukraine situation could cause the Fund to be impacted by resulting volatility in stock markets and adverse investor sentiment.

These events have been classified as non-adjusting subsequent event. The net asset value (NAV) of the Fund as at 17 April 2023 was £1,159,078,969. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 January 2023 and the date of which the financial statements were authorised for issue was (1.52%).

There have been no significant redemptions during this period.

Distribution Tables

For the year ended 31 January 2023

Distribution in pence per share

Interim

Group 1: Shares purchased prior to 1 February 2022

Group 2: Shares purchased between 1 February 2022 and 31 July 2022

	Net income	Equalisation	Distribution paid 30/09/22	Distribution paid 30/09/21
Class M Accumulation				
Group 1	1.8605	–	1.8605	1.6915
Group 2	0.9673	0.8932	1.8605	1.6915
Class M Income				
Group 1	1.6618	–	1.6618	1.5592
Group 2	0.9025	0.7593	1.6618	1.5592
Class R Accumulation				
Group 1	1.8687	–	1.8687	1.6946
Group 2	1.6992	0.1695	1.8687	1.6946
Class S Accumulation				
Group 1	1.8215	–	1.8215	1.6520
Group 2	1.6711	0.1504	1.8215	1.6520
Class S Income				
Group 1	1.6636	–	1.6636	1.5567
Group 2	1.2647	0.3989	1.6636	1.5567
Class Z Accumulation				
Group 1	1.8624	–	1.8624	1.6924
Group 2	1.0046	0.8578	1.8624	1.6924
Class Z Income				
Group 1	1.6699	–	1.6699	1.5660
Group 2	1.0156	0.6543	1.6699	1.5660

Distribution Tables (continued)

For the year ended 31 January 2023

Distribution in pence per share

Final

Group 1: Shares purchased prior to 1 August 2022

Group 2: Shares purchased between 1 August 2022 and 31 January 2023

	Net income	Equalisation	Distribution payable 31/03/23	Distribution paid 31/03/22
Class M Accumulation				
Group 1	2.1822	–	2.1822	1.7763
Group 2	1.1134	1.0688	2.1822	1.7763
Class M Income				
Group 1	1.9148	–	1.9148	1.6125
Group 2	1.0979	0.8169	1.9148	1.6125
Class R Accumulation				
Group 1	2.1946	–	2.1946	1.7819
Group 2	1.7006	0.4940	2.1946	1.7819
Class S Accumulation				
Group 1	2.1390	–	2.1390	1.7370
Group 2	2.0121	0.1269	2.1390	1.7370
Class S Income				
Group 1	1.9193	–	1.9193	1.6122
Group 2	1.9193	–	1.9193	1.6122
Class Z Accumulation				
Group 1	2.1848	–	2.1848	1.7778
Group 2	1.1143	1.0705	2.1848	1.7778
Class Z Income				
Group 1	1.9245	–	1.9245	1.6200
Group 2	0.9420	0.9825	1.9245	1.6200

Royal London Sustainable Short Duration Corporate Bond Fund

Manager's Investment Report

Performance overview

Please note that the Fund launched in November 2022 and hence does not have a 12-month return figure.

Market and portfolio commentary

The prevailing investment environment changed markedly at the start of 2022 as the Federal Reserve (Fed) published the minutes of its December Federal Open Market Committee (FOMC) meeting, indicating that it was prepared to raise interest rates much faster and further than previously indicated to address inflation. This shook global financial markets, with both fixed income and equities markets falling.

This volatility was exacerbated in late February 2022 by the Russian invasion of Ukraine and the subsequent imposition of sanctions by many western countries. As well as concern about further disruption to the global economic recovery, these events caused the prices of certain commodities to soar even further from already elevated levels: in particular, energy and grain prices rose sharply, adding to the pre-existing inflationary pressures.

Central banks have increased interest rates with previously unimagined speed. The Fed raised rates to 4.25-4.50% over the period under review, an increase of 4.25% since its first rate rise in March. Meanwhile the Bank of England (BoE) raised rates eight times in 2022 by 3.25% in aggregate – by the end of January 2023, the UK interest rate was 3.5%.

While other factors influenced markets at times – such as the volatility seen in the gilt market in September and October and the unexpected relation of Covid-19 restrictions by the Chinese authorities at the end of 2022 – inflation, interest rates and the fear of recession dominated the review period.

This was particularly toxic for bond markets. Over the period, the benchmark 10-year gilt yield rose from 1.30% to 3.33% (the high point was 4.51% in late September), with gilts returning -18.76% on an all-maturities basis (FTSE Actuaries). Given this, returns for the sterling credit market were also negative – the iBoxx Sterling Non-Gilt All-Maturities Index returned -12.30% as its duration is several years lower than for the gilts market. The average sterling investment grade credit spread widened from 1.03% to 1.41%.

All credit sectors delivered negative returns over the accounting year of the Company, but these diverged widely. Defensive sectors generally outperformed on a relative basis with the automotive, covered, senior banks and supranational sectors faring well. Conversely, real estate, transportation and industrials were the weakest sectors. Short-dated credit outperformed all-maturities strategies, because long-dated bonds are more sensitive to changes in the interest rate and suffer greater capital losses when interest rates rise.

Activity over the period focused on building the initial portfolio following launch in November, in line with our model portfolio. This ensured that we created a diversified portfolio, with around 200 holdings helping to minimise the impact if any one company deteriorates. All holdings pass our financial and sustainable hurdles.

As well as a rigorous assessment of the sustainability of a potential bond, the portfolio is further underpinned by focusing on issuers offering additional bondholder protections wherever possible. These legal enhancements, such as security over assets, can help mitigate downside risk if borrowers do find themselves in difficulty.

While the period saw further issuance of 'labelled bonds', such as green or sustainable bonds, some of which we participated in, we remain cautious of labelled bonds, which do not automatically offer value, and sometimes lack clarity of objective. We will continue to focus on integrating ESG risk, making sure that we assess each individual credit on its particular merits, remaining focused on adding value in underserved or inefficient areas of the market.

Investment outlook

Despite recent inflation data, increasing wage pressures and union unrest (particularly in the public sector), we expect UK inflationary pressures to decrease with oil and gas prices having fallen sharply from their 2022 peaks. However, interest rates could well rise further as the BoE continues to focus on current inflation rates, even though the full effects of past increases have not worked through fully yet.

Manager's Investment Report (continued)

Investment outlook – continued

Although the economic data remain mixed, we still believe that higher rates could lead to a recession in the UK, impacting company earnings and potentially leading to an increase in credit rating downgrades and default rates. Nevertheless, it is our view that bond yields are attractive: we believe that they discount the prospective economic challenges and that bond investors are being paid well to take risk. Against this background, we will continue to diversify the Fund across issuers and sectors, with an orientation towards downside protection through security and structure.

Matt Franklin and Shalin Shah

Fund Managers

Royal London Asset Management Limited

31 January 2023

Please note that this commentary is written as at 31 January 2023. For further insights on market events or positioning since then, please go to www.rlam.com.

This report covers investment performance, activity and outlook. For a wider look at the Fund, our Annual Value Assessment report is available on www.rlam.com.

The views expressed are the author's own and do not constitute investment advice and are not an indication of future Fund performance. Portfolio holdings are subject to change, for information only and are not investment recommendations.

Source: Royal London Asset Management Limited, unless otherwise stated.

Comparative Tables

Class M Accumulation

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.00
Operating charges	(0.06)
Return after operating charges*	1.94
Distributions on accumulation shares	(0.88)
Retained distributions on accumulation shares	0.88
Closing net asset value per share	101.94
* after direct transaction costs of:	—
Performance	
Return after charges	1.94%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.35%
Direct transaction costs	—
Prices*	
Highest share price	102.40
Lowest share price	99.94

** Class M Accumulation launched on 23 November 2022.

Class M Income

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.01
Operating charges	(0.06)
Return after operating charges*	1.95
Distributions on income shares	(0.88)
Closing net asset value per share	101.07
* after direct transaction costs of:	—
Performance	
Return after charges	1.95%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.35%
Direct transaction costs	—
Prices*	
Highest share price	102.40
Lowest share price	99.94

** Class M Income launched on 23 November 2022.

Class R Accumulation

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.00
Operating charges	(0.01)
Return after operating charges*	1.99
Distributions on accumulation shares	(0.88)
Retained distributions on accumulation shares	0.88
Closing net asset value per share	101.99
* after direct transaction costs of:	—
Performance	
Return after charges	1.99%
Other information	
Closing net asset value (£'000)	54,479
Closing number of shares	53,414,634
Operating charges	0.06%
Direct transaction costs	—
Prices*	
Highest share price	102.50
Lowest share price	99.95

** Class R Accumulation launched on 23 November 2022.

Class S Accumulation

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.00
Operating charges	—
Return after operating charges*	2.00
Distributions on accumulation shares	(0.88)
Retained distributions on accumulation shares	0.88
Closing net asset value per share	102.00
* after direct transaction costs of:	—
Performance	
Return after charges	2.00%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.06%
Direct transaction costs	—
Prices*	
Highest share price	102.50
Lowest share price	99.95

** Class S Accumulation launched on 23 November 2022.

Comparative Tables (continued)

Class S Income

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.00
Operating charges	–
Return after operating charges*	2.00
Distributions on income shares	(0.88)
Closing net asset value per share	101.12
* after direct transaction costs of:	–
Performance	
Return after charges	2.00%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.06%
Direct transaction costs	–
Prices[^]	
Highest share price	102.50
Lowest share price	99.95

** Class S Income launched on 23 November 2022.

Class Z Accumulation

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.01
Operating charges	(0.06)
Return after operating charges*	1.95
Distributions on accumulation shares	(0.88)
Retained distributions on accumulation shares	0.88
Closing net asset value per share	101.95
* after direct transaction costs of:	–
Performance	
Return after charges	1.95%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.31%
Direct transaction costs	–
Prices[^]	
Highest share price	102.40
Lowest share price	99.94

** Class Z Accumulation launched on 23 November 2022.

Class Z Income

Change in net assets per share	31/01/23** (p)
Opening net asset value per share	100.00
Return before operating charges*	2.01
Operating charges	(0.06)
Return after operating charges*	1.95
Distributions on income shares	(0.88)
Closing net asset value per share	101.07
* after direct transaction costs of:	–
Performance	
Return after charges	1.95%
Other information	
Closing net asset value (£'000)	3
Closing number of shares	2,500
Operating charges	0.31%
Direct transaction costs	–
Prices[^]	
Highest share price	102.40
Lowest share price	99.94

** Class Z Income launched on 23 November 2022.

[^] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published financial statements and may be different due to the prior year end accounting adjustments.

It should be remembered that past performance is not a reliable indicator of future performance and that the value of shares, and the income derived from them, can vary.

Portfolio Statement

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Commercial Mortgage Backed Securities – 6.31%			
£1,320,000	Castell FRN 25/3/2053	440	0.81
£100,000	Deco 2019-RAM DAC FRN 7/8/2030	80	0.15
£400,000	Equity Release FRN 14/7/2045	289	0.53
£230,000	Finance for Residence Social Housing 'A1' 8.369% 4/10/2058*	183	0.33
£500,000	Finance for Residence Social Housing 'A2' 8.569% 5/10/2058*	345	0.63
£100,000	Frost CMBS 2021 1 DAC FRN 22/11/2026	97	0.18
£250,000	Gosforth Funding FRN 25/8/2060	74	0.14
£550,000	Income Contingent Student Loan 2 FRN 24/7/2058	120	0.22
£2,450,000	Income Contingent Student Loan FRN 24/7/2056	385	0.71
£100,000	PCL Funding FRN 15/10/2025	100	0.18
£110,000	Sage AR Funding FRN 17/11/2030	106	0.19
£450,000	Sage AR Funding FRN 17/11/2051	420	0.77
£650,000	Taurus 2018 FRN 22/5/2028	381	0.70
£225,000	Taurus 2019-3 FRN 22/6/2029	218	0.40
£750,000	Together Asset Backed Securitisation 2019 FRN 15/7/2061	204	0.37
Total Commercial Mortgage Backed Securities		3,442	6.31
Corporate Bonds – 91.89%			
£175,000	A2D Funding II 4.5% 30/9/2026	173	0.32
£540,000	A2Dominion Housing Group 3.5% 15/11/2028	499	0.91
£150,000	AA Bond 4.875% 31/7/2043	146	0.27
£250,000	AA Bond 6.269% 2/7/2043	245	0.45
£100,000	AA Bond 8.45% 31/7/2050	102	0.19
£250,000	Anglian Water Osprey Financing 4% 8/3/2026	237	0.43
£270,000	Annington Funding 2.646% 12/7/2025	253	0.46
£250,000	Assicurazioni Generali 6.269% perpetual	248	0.45
£1,290,000	Aviva 6.125% variable 14/11/2036	1,313	2.41
£170,000	AXA 5.453% variable perpetual	169	0.31
£820,000	AXA 6.6862% variable perpetual	833	1.53
£100,000	Banco Santander 1.5% 14/4/2026	90	0.17
£200,000	Banco Santander 2.25% variable 4/10/2032	167	0.31
£200,000	Banco Santander 4.75% variable 30/8/2028	198	0.36
£350,000	Bank of Montreal 1% 9/9/2026	308	0.57
£400,000	Bank of Scotland 4.875% 20/12/2024	402	0.74
£400,000	Banque Federative du Credit Mutuel 1% 16/7/2026	355	0.65
£200,000	Banque Federative du Credit Mutuel 5% 19/1/2026	202	0.37
£300,000	Bazalgette Finance 2.375% 29/11/2027	272	0.50
£400,000	BNP Paribas 2% variable 24/5/2031	350	0.64
£400,000	BPCE 1% 22/12/2025	362	0.66
£200,000	BPCE 2.5% variable 30/11/2032	168	0.31
£200,000	BPCE 6% variable 29/9/2028	205	0.38
£100,000	British Land 5.357% 31/3/2028	100	0.18
£780,000	British Land 5.357% 31/3/2028	779	1.43
£100,000	BUPA Finance 5% 8/12/2026	97	0.18
£325,000	Close Brothers Group 2% variable 11/9/2031	277	0.51
£100,000	Clydesdale Bank 4.625% 8/6/2026	101	0.19
£130,000	Commonwealth Bank of Australia FRN 16/1/2025	130	0.24
£100,000	Co-operative Bank Finance 6% variable 6/4/2027	93	0.17
£170,000	Co-operative Group 5.125% 17/5/2024	163	0.30
£100,000	Co-operative Wholesale Society 7.5% Step 8/7/2026	91	0.17
£400,000	Coventry Building Society 6.875% variable perpetual	386	0.71
£270,000	CPUK Finance 3.588% 28/2/2042	254	0.47
£100,000	CPUK Finance 3.69% 28/2/2047	89	0.16
£200,000	Credit Agricole 1.874% variable 9/12/2031	171	0.31
£200,000	Credit Agricole 4.875% 23/10/2029	201	0.37
£300,000	Credit Agricole 5.75% variable 29/11/2027	305	0.56
£431,000	CYBG 9.25% variable perpetual	437	0.80
£1,130,000	Delamare Finance 5.5457% 19/2/2029	697	1.28
£180,000	Derwent London 1.875% 17/11/2031	132	0.24
£125,000	Dignity Finance 3.5456% 31/12/2034	77	0.14
£250,000	DWR Cymru Financing 1.625% 31/3/2026	228	0.42

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£150,000	Eastern Power Networks 5.75% 8/3/2024	151	0.28
£221,000	Eastern Power Networks 8.5% 31/3/2025	235	0.43
£300,000	Electricity North West 8.875% 25/3/2026	336	0.62
£550,000	Equity Release Funding 5.7% 26/2/2031	294	0.54
£210,000	Equity Release Funding 5.88% 26/5/2032	144	0.26
£340,000	Equity Release Funding No.3 5.05% 26/4/2033	326	0.60
£180,000	Eversholt Funding 2.742% 30/6/2040	132	0.24
£180,000	Eversholt Funding 6.359% 2/12/2025	187	0.34
£200,000	Eversholt Funding 6.697% 22/2/2035	189	0.35
£118,000	First Group 6.875% 18/9/2024	118	0.22
£600,000	Folio Residential Finance 1.246% 31/10/2037	512	0.94
£200,000	Go-Ahead Group 2.5% 6/7/2024	192	0.35
£750,000	Great Rolling Stock 6.875% 27/7/2035	454	0.83
£500,000	Greater Gabbard OFTO 4.137% 29/11/2032	337	0.62
£826,000	Grosvenor UK Finance 6.5% 29/9/2026	877	1.61
£285,000	Home Group 0% 11/5/2027	213	0.39
£126,000	Home Group 8.75% 11/5/2037	157	0.29
£165,000	Housing Finance 5% 30/9/2027	165	0.30
£558,185	Housing Finance 8.625% 13/11/2023	574	1.05
£725,000	HSBC 1.75% variable 24/7/2027	644	1.18
£190,000	HSBC 3% variable 22/7/2028	172	0.32
£100,000	HSBC 6.5% 20/5/2024	102	0.19
£250,000	HSBC 8.201% variable 16/11/2034	272	0.50
£300,000	ING Groep NV 1.125% variable 7/12/2028	251	0.46
£100,000	ING Groep NV 5% variable 30/8/2026	100	0.18
£550,000	International Finance Facility for Immunisation 2.75% 7/6/2025	534	0.98
£125,000	Investec 1.875% variable 16/7/2028	103	0.19
£400,000	Investec 2.625% variable 4/1/2032	333	0.61
£100,000	Investec 4.25% variable 24/7/2028	99	0.18
£100,000	Investec 9.125% variable 6/3/2033	106	0.19
£100,000	John Lewis 6.125% 21/1/2025	97	0.18
£432,000	Just Group 7% variable 15/4/2031	420	0.77
£606,000	Juturna Euro Loan Conduit 5.0636% 10/8/2033	435	0.80
£200,000	KBC Group 5.5% variable 20/9/2028	202	0.37
£350,000	Land Securities Capital Markets 1.974% 8/2/2026	340	0.62
£200,000	Landesbank BadenWuerttemberg 1.5% 3/2/2025	188	0.34
£100,000	Leeds Building Society 1.375% 6/10/2027	86	0.16
£100,000	Leeds Building Society 3.75% variable 25/4/2029	90	0.17
£335,000	Legal & General 5.125% variable 14/11/2048	321	0.59
£337,000	Legal & General 5.375% variable 27/10/2045	334	0.61
£271,000	Legal & General 5.5% variable 27/6/2064	252	0.46
£300,000	Lloyds Banking Group 1.985% variable 15/12/2031	261	0.48
£100,000	Lloyds Banking Group 2% variable 12/4/2028	88	0.16
£200,000	Lloyds Banking Group 8.5% variable perpetual	203	0.37
£105,000	London & Quadrant 2.625% 5/5/2026	99	0.18
£310,000	London Merchant Securities 6.5% 16/3/2026	320	0.59
£2,250,000	Longstone Finance 4.791% 19/4/2036	907	1.66
£180,000	M&G 3.875% variable 20/7/2049	175	0.32
£415,000	M&G 5.625% variable 20/10/2051	387	0.71
£275,000	Meadowhall Finance 4.986% 12/1/2032	142	0.26
£500,000	Meadowhall Finance FRN 12/7/2037	278	0.51
£150,000	Metropolitan Life Global Funding 3.5% 30/9/2026	145	0.27
£127,000	Metropolitan Life Global Funding 5% 10/1/2030	130	0.24
£300,000	MIELI London 4.82% 12/8/2027*	281	0.52
£180,000	National Australia Bank 1.699% variable 15/9/2031	152	0.28
£210,000	National Australia Bank FRN 4/2/2025	210	0.39
£150,000	National Express 2.375% 20/11/2028	128	0.23
£220,000	National Express 4.25% variable perpetual	194	0.36
£106,000	Nationwide Building Society 6.178% variable 7/12/2027	110	0.20

Portfolio Statement (continued)

As at 31 January 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Corporate Bonds – 91.89% – continued			
£300,000	Nationwide Building Society FRN 15/12/2023	298	0.55
£175,000	NatWest Group 2.105% variable 28/11/2031	150	0.28
£100,000	NatWest Group 3.619% variable 29/3/2029	92	0.17
£100,000	NatWest Group 7.416% variable 6/6/2033	105	0.19
£200,000	NatWest Markets 6.375% 8/11/2027	211	0.39
£250,000	New York Life Global Funding 0.75% 14/12/2028	204	0.37
£400,000	NGG Finance 5.625% variable 18/6/2073	388	0.71
£400,000	NIE Finance 6.375% 2/6/2026	422	0.77
£250,000	Nordea Bank Abp 1.625% variable 9/12/2032	207	0.38
£120,000	OP Corporate Bank 1.375% 4/9/2026	106	0.19
£350,000	OP Corporate Bank 3.375% 14/1/2026	338	0.62
£378,000	Orsted 2.5% variable 18/2/3021	265	0.49
£450,000	Pension Insurance 8% 23/11/2026	475	0.87
£200,000	Phoenix Life 5.75% variable perpetual	171	0.31
£1,000,000	Places for People Homes 3.625% 22/11/2028	930	1.71
£780,000	Places for People Homes 5.09% 31/7/2043	781	1.43
£155,000	Places for People Treasury 2.875% 17/8/2026	145	0.27
£450,000	Porterbrook Rail Finance 7.125% 20/10/2026	483	0.89
£750,000	Premier Transmission Finance 5.2022% 31/3/2030	333	0.61
£750,000	Principality Building Society 2.375% 23/11/2023	733	1.35
£126,000	Protective Life Global Funding 5.248% 13/1/2028	129	0.24
£140,000	Quadrant Housing 7.93% Step 10/2/2033	130	0.24
£400,000	Rothsay Life 3.375% 12/7/2026	370	0.68
£200,000	Rothsay Life 6.875% variable perpetual	181	0.33
£169,000	Royal Bank of Canada 5% 24/1/2028	171	0.31
£600,000	Royal Bank of Scotland 3.622% variable 14/8/2030	564	1.03
£800,000	RSA Insurance 5.125% variable 10/10/2045	772	1.42
£218,000	RSL Finance 6.625% 31/3/2038	199	0.37
£250,000	Santander UK 2.92% variable 8/5/2026	235	0.43
£150,000	Santander UK 3.625% 14/1/2026	143	0.26
£500,000	Santander UK 7.098% variable 16/11/2027	523	0.96
£900,000	Scottish Widows 5.5% 16/6/2023	900	1.65
£220,000	Shaftesbury Chinatown 2.348% 30/9/2027	205	0.38
£150,000	Skipton Building Society 2% variable 2/10/2026	136	0.25
£300,000	Society of Lloyds 4.875% variable 7/2/2047	286	0.52
£400,000	South Eastern Power Networks 5.5% 5/6/2026	412	0.76
£450,000	SPD Finance UK 5.875% 17/7/2026	467	0.86
£170,000	SSE 3.74% variable perpetual	158	0.29
£150,000	St James Oncology Financing 2.804% 31/3/2037	101	0.19
£150,000	Stagecoach 4% 29/9/2025	142	0.26
£150,000	Sustainable Communities for Leeds Finance 5.069% 30/9/2032	103	0.19
£557,000	Svenska Handelsbanken 4.625% variable 23/8/2032	536	0.98
£350,000	TC Dudgeon OFTO 3.158% 12/11/2038	276	0.51
£300,000	Telereal Secured Finance 4.01% 10/12/2033	165	0.30
£884,000	Telereal Securitisation 1.9632% variable 10/12/2033	792	1.45
£100,000	Telereal Securitisation 3.507% variable 10/12/2033	87	0.16
£1,100,000	Telereal Securitisation 4.9741% 10/12/2033	488	0.90
£100,000	Telereal Securitisation 5.3887% 10/12/2033	41	0.08
£165,000	Telereal Securitisation 6.1645% 10/12/2033	144	0.26
£600,000	Telereal Securitisation FRN 10/12/2033	193	0.35
£594,000	Telereal Securitisation FRN 10/12/2033	474	0.87
£250,000	Telereal Securitisation FRN 10/12/2033	216	0.40
£100,000	Thames Water Utilities 2.875% 3/5/2027	88	0.16
£135,000	Thames Water Utilities 4% 19/6/2025	133	0.24

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
£350,000	Thames Water Utilities Finance 0.875% 19/10/2023	342	0.63
£215,000	Toronto Dominion Bank FRN 22/4/2025	215	0.39
£390,000	Trafford Centre 6.5% 28/7/2033	266	0.49
£450,000	Trafford Centre FRN 28/7/2038	376	0.69
£200,000	Travis Perkins 3.75% 17/2/2026	181	0.33
£300,000	UK Municipal Bonds Agency Finance FRN 12/3/2025	300	0.55
£400,000	Unite USAF II 3.374% 30/6/2028	397	0.73
£400,000	Unite USAF II 3.921% 30/6/2030	387	0.71
£200,000	Vicinity Centres 3.375% 7/4/2026	190	0.35
£130,000	Virgin Money 2.625% variable 19/8/2031	111	0.20
£180,000	Virgin Money 5.125% variable 11/12/2030	171	0.31
£280,000	Virgin Money 7.875% variable 14/12/2028	282	0.52
£400,000	Wessex Water 5.375% 10/3/2028	408	0.75
£400,000	Western Power Distribution 3.875% 17/10/2024	394	0.72
£330,000	Western Power Distribution 5.5% 9/5/2025	337	0.62
£350,000	Westfield Stratford City 1.642% 4/8/2031	308	0.57
£400,000	White City Property 5.1202% 17/4/2035	317	0.58
£350,000	Yorkshire Building Society 3% variable 18/4/2025	340	0.62
£376,000	Yorkshire Building Society 3.511% variable 11/10/2030	334	0.61
£260,000	Yorkshire Water Finance 1.75% 26/11/2026	233	0.43
Total Corporate Bonds		50,075	91.89
Futures – 0.01%			
	(23) ICF Long Gilt Future March 2023	4	0.01
Total Futures		4	0.01
<hr/>			
Total value of investments		53,521	98.21
Net other assets		973	1.79
Total net assets		54,494	100.00

* Level 3 Investments

All investments are listed on recognised stock exchanges and are "approved securities" within the meaning of the FCA rules unless otherwise stated.

Summary of Material Portfolio Changes

For the period 23 November 2022 to 31 January 2023

Significant Purchases

	Cost £'000
UK Treasury 3.5% 22/10/2025	2,003
Aviva 6.125% variable 14/11/2036	1,292
UK Treasury 0.25% 31/1/2025	1,169
Longstone Finance 4.791% 19/4/2036	939
Places for People Homes 3.625% 22/11/2028	924
Scottish Widows 5.5% 16/6/2023	900
Grosvenor UK Finance 6.5% 29/9/2026	879
AXA 6.6862% variable perpetual	812
Telereal Securitisation 1.9632% variable 10/12/2033	790
British Land 5.357% 31/3/2028	782
Subtotal	10,490
Total cost of purchases, including the above, for the period	62,382

Significant Sales

	Proceeds £'000
UK Treasury 3.5% 22/10/2025	1,999
UK Treasury 0.25% 31/1/2025	1,172
Society of Lloyds 4.75% 30/10/2024	689
BNP Paribas 3.375% 23/1/2026	565
Silverstone Master Issuer FRN 21/1/2070	503
TSB Bank PLC FRN 22/6/2028	398
AT&T Inc 2.9% 4/12/2026	376
Telereal Securitisation PLC 3.5625% 10/12/2036	360
United Overseas Bank Ltd FRN 21/9/2026	329
Lloyds Bank 6% 8/2/2029	314
Subtotal	6,705
Total proceeds from sales, including the above, for the period	9,454

Financial Statements

Statement of Total Return

For the period 23 November 2022 to 31 January 2023

	Note	31 Jan 2023* £'000	£'000
Income			
Net capital gains	2		544
Revenue	3	440	
Expenses	4	(5)	
Net revenue before taxation		435	
Taxation	5	–	
Net revenue after taxation			435
Total return before distributions			979
Distributions	6		(440)
Change in net assets attributable to shareholders from investment activities			539

Statement of Change in Net Assets Attributable to Shareholders

For the period 23 November 2022 to 31 January 2023

	31 Jan 2023* £'000	£'000
Opening net assets attributable to shareholders		–
Amounts receivable on creation of shares	53,477	
		53,477
Dilution adjustment charged		10
Change in net assets attributable to shareholders from investment activities		539
Retained distribution on accumulation shares		468
Closing net assets attributable to shareholders		54,494

* The Fund launched on 23 November 2022, so there are no comparatives.

Balance Sheet

As at 31 January 2023

	Note	31 Jan 2023* £'000
Assets		
Investments		53,521
Current assets:		
Debtors	7	1,560
Cash and bank balances	8	332
Total assets		55,413
Liabilities		
Creditors:		
Other creditors	9	919
Total liabilities		919
Net assets attributable to shareholders		54,494

* The Fund launched on 23 November 2022, so there are no comparatives.

Notes to the Financial Statements

For the period 23 November 2022 to 31 January 2023

1. Accounting policies

The accounting policies are set out in note 1 on pages 9 and 10.

2. Net capital gains

	31 Jan 2023* £'000
The net capital gains during the period comprise:	
Non-derivative securities	540
Derivative securities	4
Net capital gains	544

3. Revenue

	31 Jan 2023* £'000
Interest on debt securities	436
Bank interest	4
Total revenue	440

4. Expenses

	31 Jan 2023* £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director and agents of either of them:	
Fund Management Fee**	5
Total expenses	5

* The Fund launched on 23 November 2022, so there are no comparatives.

** Audit fee £14,387 inclusive of VAT is paid from the Fund Management Fee.

5. Taxation

a) Analysis of charge for the period

	31 Jan 2023* £'000
Corporation tax	–
Total tax charge for the period	–

b) Factors affecting current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open Ended Investment Company.

The differences are explained below:

	31 Jan 2023* £'000
Net revenue before taxation	435
Corporation tax at 20%	87

Effects of:

Tax deductible interest distributions	(87)
Total tax charge for the period	–

Authorised Open Ended Investment Companies are exempt from tax on capital gains, therefore any capital gains/(losses) are not included in the reconciliation above.

c) Provision for deferred tax

There was no provision required for deferred tax at the balance sheet date.

d) Factors that may affect future tax charges

At the period end, there is no potential deferred tax asset in relation to surplus management expenses.

* The Fund launched on 23 November 2022, so there are no comparatives.

Notes to the Financial Statements (continued)

For the period 23 November 2022 to 31 January 2023

6. Distributions

The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	31 Jan 2023* £'000
Accumulation shares	
Final	468
	468
	468
Add: Amounts deducted on cancellation of shares	–
Deduct: Amounts received on the creation of shares	(28)
Gross interest distribution for the period	440

The difference between the net revenue after taxation and the distribution paid is as follows:

	31 Jan 2023* £'000
Net revenue after taxation	435
Expenses charged to capital	5
Gross interest distribution for the period	440

Details of the distribution per share are set out on page 63.

7. Debtors

	31 Jan 2023* £'000
Sales awaiting settlement	802
Accrued revenue	758
Total debtors	1,560

8. Cash and bank balances

	31 Jan 2023* £'000
Cash and bank balances	194
Amounts held at futures clearing houses and brokers	138
Total cash and bank balances	332

9. Other creditors

	31 Jan 2023* £'000
Purchases awaiting settlement	916
Accrued expenses	3
Total other creditors	919

10. Reconciliation of number of shares

	Class M Accumulation	Class M Income
Opening shares at 23/11/22	–	–
Shares issued	2,500	2,500
Shares cancelled	–	–
Closing shares at 31/01/23	2,500	2,500

	Class R Accumulation
Opening shares at 23/11/22	–
Shares issued	53,414,634
Shares cancelled	–
Closing shares at 31/01/23	53,414,634

	Class S Accumulation	Class S Income
Opening shares at 23/11/22	–	–
Shares issued	2,500	2,500
Shares cancelled	–	–
Closing shares at 31/01/23	2,500	2,500

	Class Z Accumulation	Class Z Income
Opening shares at 23/11/22	–	–
Shares issued	2,500	2,500
Shares cancelled	–	–
Closing shares at 31/01/23	2,500	2,500

All classes within the Fund have the same rights on winding up.

* The Fund launched on 23 November 2022, so there are no comparatives.

Notes to the Financial Statements (continued)

For the period 23 November 2022 to 31 January 2023

11. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date.

12. Related party transactions

The Fund's Authorised Corporate Director, Royal London Unit Trust Managers Limited, is a related party to the Fund as defined by Financial Reporting Standard 102 'Related Party Disclosures'.

Fund Management Fee fees charged by Royal London Unit Trust Managers Limited are shown in note 4 and details of shares created and cancelled by Royal London Unit Trust Managers Limited are shown in the Statement of Change in Net Assets Attributable to Shareholders and note 6.

At the period end the balance due to Royal London Unit Trust Managers Limited in respect of these transactions was £3,000.

At the period end, 31 January 2023, 93.58% of the shares in issue were held by The Royal London Mutual Insurance Society Limited. Royal London Unit Trust Managers Limited is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited.

13. Financial Derivatives

Motives and circumstances are used to determine whether returns on derivative contracts should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital and the circumstances support this, the returns are included within net capital gains/losses in the Statement of Total Return. Where they are undertaken for generating or protecting revenue and the circumstances support this, the returns are treated as revenue and are included within the net revenue in the Statement of Total Return. The basis of apportionment is typically made by reference to the yield on the underlying security, index or other appropriate source.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the period end were index futures which are not classed as OTC derivatives and hence, no counterparty exposure has been disclosed.

Eligible collateral types are approved by the ACD and may consist of cash and government bonds only as eligible collateral with respect to derivative transactions.

At 31 January 2023 there was no collateral held in respect of the above derivatives.

14. Risk disclosures

The policies applied to the management of risk disclosures are set out on pages 10 and 11.

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet on page 57. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

As most of the assets of the Fund are sterling denominated, exposure to foreign currency exchange risk is considered insignificant, therefore, no currency sensitivity has been disclosed in these financial statements.

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Fund would have increased by £5,352,000. If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased by £5,352,000. These calculations assume all other variables remain constant.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 31 January 2023 was:

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31 Jan 2023				
Sterling	23,385	30,464	1,564	55,413
Total	23,385	30,464	1,564	55,413

Notes to the Financial Statements (continued)

For the period 23 November 2022 to 31 January 2023

14. Risk disclosures – continued

Interest rate risk profile of financial assets and financial liabilities – continued

Currency	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31 Jan 2023			
Sterling	–	(919)	(919)
Total	–	(919)	(919)

Based on 2022 Bank of England interest rate increases, if the coupon rate of floating rate instruments was to change by 3%, the income attributable to these investments at the period end 31/01/23, would change by £164,000. Another possible scenario would be if the coupon rate of floating rate instruments was to change by 1% in the future, the income attributable to these investments at the year end 31/01/23, would change by £55,000.

A change of 3% in the prevailing interest rates would result in a change of 7.25% to the value of the Fund. Another possible scenario would be if a change of 1% in the prevailing interest rates would result in a change of 2.42% to the value of the Fund.

These examples represent the ACDs best estimate of possible shifts in interest rates.

Interest rates and bond prices have an inverse relationship. As interest rates rise the value of bonds will decrease and vice versa.

Credit breakdown*	31 Jan 2023	
	Bid-Market value £'000	Total net assets %
Investments of investment grade	42,666	78.29
Investments of below investment grade	2,432	4.46
Unrated bonds	8,419	15.45
Total bonds	53,517	98.20
Futures – assets	4	0.01
Investments as shown in the balance sheet	53,521	98.21
Total value of investments	53,521	98.21

* Ratings supplied by S&P, followed by Moody's.

15. Portfolio transaction costs

For the period 23 November 2022 to 31 January 2023

	31 Jan 2023 £'000
There were no transaction costs for the period ended 31 January 2023.	
Total purchases	62,382
Total sales	9,454

At the balance sheet date the portfolio dealing spread was 0.62%.

The Fund is single priced throughout the period and therefore the dealing spread is not indicative of the full period.

16. Fair value of investments

The fair values of the Fund's assets and liabilities are represented by the values shown in the balance sheet. There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

- Category 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Category 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Category 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

As at the year ended 31 January 2023

Category	1 £'000	2 £'000	3 £'000	Total £'000
Investments				
Bonds	–	52,708	809	53,517
Derivatives	4	–	–	4
Total	4	52,708	809	53,521

Where a price is unavailable or the price provided is not thought to be a fair reflection of the current market value of the asset, the Manager, at its discretion, may permit a different method of valuation to be used.

At the current period end, the level 3 assets held were the following debt securities: Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058 and MIELI London 4.82% 12/8/2027.

Notes to the Financial Statements (continued)

For the period 23 November 2022 to 31 January 2023

16. Fair value of investments – continued

The fair value of Finance for Residence Social Housing 'A1' 8.369% 4/10/2058, Finance for Residence Social Housing 'A2' 8.569% 5/10/2058 and MIELI London 4.82% 12/8/2027 securities at the current year end are based on a single broker quote at the last valuation point in the current accounting year.

17. Events after the balance sheet date

Subsequent to the Fund's year end, 31 January 2023, factors such as inflation and the Ukraine situation could cause the Fund to be impacted by resulting volatility in stock markets and adverse investor sentiment.

These events have been classified as non-adjusting subsequent event. The net asset value (NAV) of the Fund as at 17 April 2023 was £66,216,816. The impact of the market movements on the Fund's NAV between the end of the reporting period 31 January 2023 and the date of which the financial statements were authorised for issue was 21.24%.

There have been no significant redemptions during this period.

Distribution Table

For the period 23 November 2022 to 31 January 2023

Distribution in pence per share

Final

Group 1: Shares purchased prior to 23 November 2022

Group 2: Shares purchased between 23 November 2022 and 31 January 2023

	Net income	Equalisation	Distribution payable 31/03/23*
Class M Accumulation			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756
Class M Income			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756
Class R Accumulation			
Group 1	0.8757	–	0.8757
Group 2	0.8240	0.0517	0.8757
Class S Accumulation			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756
Class S Income			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756
Class Z Accumulation			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756
Class Z Income			
Group 1	0.8756	–	0.8756
Group 2	0.8756	0.0000	0.8756

* The Fund launched on 23 November 2022, so there are no comparatives.

Fact File

Constitution

Royal London Ethical Bond Fund

Launch date	12 April 2019		
Accounting end dates	31 January (final)		
	31 July (interim)		
Distribution dates	31 March (final)		
	30 June (interim)		
	30 September (interim)		
	31 December (interim)		
Minimum investment	Class M	£1,000,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
Management charges:	Initial	Class M	nil
		Class R	nil
		Class S	nil
		Class Z	nil
	Annual	Class M	0.55%
		Class R	0.10%
		Class S	0.10%
		Class Z	0.40%

Royal London Short Duration Credit Fund

Launch date	12 April 2019		
Accounting end dates	31 January (final)		
	31 July (interim)		
Distribution dates	31 March (final)		
	30 September (interim)		
Minimum investment	Class M	£1,000,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
Management charges:	Initial	Class M	nil
		Class R	nil
		Class S	nil
		Class Z	nil
	Annual	Class M	0.35%
		Class R	0.10%
		Class S	0.10%
		Class Z	0.31%

Royal London Sustainable Short Duration Corporate Bond Fund

Launch date	23 November 2022		
Accounting end dates	31 January (final)		
	31 July (interim)		
Distribution dates	31 March (final)		
	30 September (interim)		
Minimum investment	Class M	£1,000,000 (thereafter £1,000)	
	Class R	n/a	
	Class S	n/a	
	Class Z	£3,000,000 (thereafter £50,000)	
Management charges:	Initial	Class M	nil
		Class R	nil
		Class S	nil
		Class Z	nil
	Annual	Class M	0.35%
		Class R	0.06%
		Class S	0.06%
		Class Z	0.31%

Fact File (continued)

Investment Objective and Policies

Please note that Synthetic Risk and Reward Indicators (SRRIs) are calculated on a share class basis. For SRI information in relation to a specific share class, please always refer to the relevant Key Investor Information Document (KIID) available on our website.

Royal London Ethical Bond Fund

The Fund's investment objective is to achieve a total return over the medium term (3-5 years), by investing predominantly in sterling-denominated corporate bonds, which meet predetermined ethical criteria.

The Fund's performance target is to outperform the Markit iBoxx Sterling Non-Gilt Total Return GBP Index (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of investment-grade corporate bonds denominated in sterling.

The Index is considered an appropriate benchmark for the Fund's performance, as many of the Fund's potential investments will be included in the Index.

The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the objective. (A full specification of the ethical criteria is available from the ACD upon request).

The Fund may hold transferable securities (including Exchange Traded Funds which are closed-ended funds), government and public securities, deposits and cash (for the purpose of Efficient Portfolio Management and redemption of shares). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and reward profile



The Fund is ranked in risk category 4 because its share price has shown a low to medium level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by corporations are more volatile than bonds issued by governments.

Royal London Short Duration Credit Fund

The Fund's investment objective is to achieve a total return over the medium term (3-5 years), by investing predominantly in sterling-denominated bonds, of which primarily will be short-duration (5 years or less).

The Fund's performance target is to outperform, after the deduction of charges, the ICE Bank of America Merrill Lynch 1–5 Year Sterling Non-Gilt Total Return (GBP unhedged) Index (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of short-dated sterling-denominated bonds, not including those issued by the UK government (gilts).

The Index is considered an appropriate benchmark for the Fund's performance, as the Fund's potential investments will predominantly be included in the Index.

The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the 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 purpose of Efficient Portfolio Management and redemption of shares). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

Risk and reward profile



The Fund is ranked in risk category 3 because its share price has shown a low to medium level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by governments are less volatile than bonds issued by corporations.

Fact File (continued)

Investment Objective and Policies (continued)

Royal London Sustainable Short Duration Corporate Bond Fund

The Fund's investment objective is to achieve a total return over the medium term (3-5 years), by investing predominantly in sterling-denominated bonds, of which primarily will be short-duration (5 years or less).

The Fund's performance target is to outperform, after the deduction of charges, the ICE Bank of America Merrill Lynch 1–5 Year Sterling Non-Gilt Total Return (GBP unhedged) Index (the "Index") over a rolling 5-year period. The Index is regarded as a good measure of the performance of short-dated sterling-denominated bonds, not including those issued by the UK government (gilts).

The Index is considered an appropriate benchmark for the Fund's performance, as the Fund's potential investments will predominantly be included in the Index.

The Fund is actively managed, meaning that the manager will use their expertise to select investments to meet the 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 purpose of Efficient Portfolio Management and redemption of shares). It may also hold derivatives for the purpose of Efficient Portfolio Management only.

The Fund focuses on the sustainability of the products and services of the companies it invests in, as well as their standards of environmental, social & governance (ESG) management, alongside financial analysis. The Investment Manager avoids investing in tobacco and armament manufacturers, nuclear power generators, and companies that conduct animal testing (other than for purposes of human or animal health, and/or where it is required by law or regulation). This exclusion policy helps to avoid companies the Investment Manager believes expose investors to unacceptable financial risk resulting from poor management of ESG issues.

Risk and reward profile



The Fund is ranked in risk category 3 because its share price has shown a low to medium level of volatility historically. As an investment, bonds are more volatile than money market instruments but are less volatile than shares. Bonds issued by governments are less volatile than bonds issued by corporations.

The indicators have been calculated using historical data and may not be a reliable indication of the future risk profile of the Funds. The indicators are calculated using a standard methodology that is used by all companies offering such Funds in Europe.

The risk/reward indicators are an estimate and not a guarantee. Going forward, the Funds' actual volatility could be higher or lower, and their rated risk/reward profile could change. The lowest risk category does not mean the investment is risk free.

The Risk and Reward Profiles are published in each Fund's most recent Key Investor Information Document.

Remuneration Policy (unaudited)

The Authorised Corporate Director (“ACD”) of the Royal London Bond Funds II ICVC, Royal London Unit Trust Managers Limited (“RLUTM”), is subject to remuneration policies, procedures and practices (together, the “Remuneration Policy”), as required under the UCITS Directive (“UCITS V”). RLUTM has appointed Royal London Asset Management Limited (“RLAM”) as the Investment Adviser to the Fund.

RLUTM and RLAM are wholly owned subsidiaries of The Royal London Mutual Insurance Society, “the Group”. The Group maintains a “Group Remuneration Policy” that RLUTM has adopted which is consistent with and promotes sound and effective risk management. It is designed so that risk-taking is not encouraged where this is inconsistent with the risk profiles or the instrument constituting the Fund or the Prospectus, as applicable, of the UCITS it manages. The Group has appointed a Remuneration Committee which is made up of Non-Executive Directors and is advised by independent remuneration consultants. The Committee considers the advice by independent remuneration consultants and the implications of remuneration policies across the Group, including for RLUTM.

The Remuneration Policy is in line with the business strategy, objectives, values and the interests of the ACD and the interests of the Royal London Bond Funds II ICVC and includes measures to avoid conflicts of interest. The Remuneration Policy adopts performance related pay, with salaries determined by reference to both individual performance and the external market. Total Remuneration comprises of a mix of fixed remuneration (including base salary and benefits), and variable remuneration in the form of incentives. The ratio between fixed and variable pay (both short-term and long-term incentives) is set by the Group to ensure that there is appropriate balance between the fixed and variable remuneration components. The Group Remuneration Policy applies to staff of the ACD whose professional activities have a material impact on the risk profile of the ACD or the ICVC and ensures that an individual cannot be involved in determining or approving their own remuneration. The UCITS Directive requires RLUTM to identify employees whose professional activities have a material impact on the risk profile of the RLUTM and the Fund. Identified staff includes senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The Remuneration Policy is updated annually and reviewed and approved by the Remuneration Committee. The most recent review included increases to the maximum incentive opportunities for executive directors of the Group, updates to reflect the Financial Conduct Authority’s (FCA) Consumer Duty principle and supporting rules which comes into effect in July 2023, as well as minor wording changes to improve clarity. Details of the Remuneration Policy (provided in the form of the “UCITS Summary Remuneration Policy”), includes a description on the purpose of the policy, how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits. The UCITS Summary Remuneration Policy will be made available for inspection and a paper copy may be obtained, free of charge, at the registered office of the ACD, upon request.

RLUTM has a board of directors (the “Directors”). The Directors of the Company who are also employees of the Group do not receive any remuneration in respect of their services as directors of RLUTM. The other Non-Executive Directors receive fixed remuneration in respect of their services which is set at a level determined by the Group and is not performance related. None of the Directors are currently in receipt of variable remuneration in respect of their services as Directors of RLUTM. RLUTM has no employees and therefore there are no other controlled functions, or senior management employed and paid by RLUTM. However, for the financial year ending 31 December 2022, total remuneration of £27,513,761 was paid to 50 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £6,685,030 related to senior management. The fixed element of the total remuneration mentioned above is £10,370,339 and the variable element is £17,143,422. In addition, the ICVC does not make any payments directly to any staff of the delegates.

For the financial year ending 31 December 2021, total remuneration of £13,121,359 was paid to 22 individuals whose actions may have a material impact on the risk profile of RLUTM, of which £11,753,187 related to senior management. The fixed element of the total remuneration mentioned above is £6,176,830 and the variable element is £6,944,529. In addition, the ICVC does not make any payments directly to any staff of the delegates.

In accordance with the Remuneration Policy and the requirements of UCITS V, staff working for RLAM are not remunerated by the ACD but they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive. RLAM is also subject to the Financial Conduct Authority’s Remuneration Codes.

General Information

Pricing and dealing

The prices of shares are determined by reference to the underlying market value of the net assets of each sub-fund at the relevant valuation point.

Share prices are normally calculated daily however, if the markets are exceptionally volatile the ACD may conduct more frequent valuations to reflect any significant changes in the value of a sub-fund's underlying assets.

Dealing prices, yields and details of risks and charges are published on our website, www.rlam.com.

Dealing in shares is conducted between 9.00am and 5.00pm on a forward pricing basis.

Buying shares

Shares may be bought on any business day via an authorised intermediary or from the ACD by telephoning the Dealing desk on 03456 04 04 04*. Alternatively, an application form should be completed and sent to the ACD. Shares will be allocated at the price ruling at the next valuation point and a contract note confirming the purchase will be issued immediately thereafter.

Selling shares

Shares may be sold back to the ACD on any business day. Shares can be sold by telephone by calling the Dealing desk on 03456 04 04 04* or alternatively by putting your request in writing. The ACD will allocate the price calculated from the next valuation point and issue a contract note as evidence of the sale. Settlement will be issued within 4 business days following receipt of satisfactory evidence to title of the shares.

* In the interest of investors' protection all telephone calls to the Dealing desk are recorded.

Cancellation rights

Where a person purchases shares the Conduct of Business Sourcebook Instrument 2001 (as amended from time to time) may give the investor the right to cancel the relevant purchase within 14 days of receipt of the requisite notice of a right to cancel. The right to cancel does not arise if (a) the investor is not a private customer, (b) the investor is not an execution-only customer, (c) the agreement to purchase is entered into through a direct offer financial promotion, or (d) the agreement is entered into under a customer agreement or during negotiations (which are not ISA or PEP related) intended to lead to a client agreement.

UK taxation

The Company is not subject to Capital Gains Tax.

Capital gains established when shares are sold are subject to tax, but at the present time investors are not liable unless their total gains in any tax year from all disposals of assets exceed the Capital Gains Tax annual exemption.

Investors receive a distribution of net revenue with tax credit equivalent to the lower rate of income tax. Where the distribution is retained within a sub-fund and not paid out it should be included in investors' Income Tax Return. No further liability exists if they pay at the lower or basic rate, but higher rate tax will be payable as appropriate. If investors are not liable to tax they are unable to claim repayment of the tax credit from HM Revenue & Customs. The treatment of distributions as received by corporate shareholders is detailed on the reverse of dividend warrants.

The first distribution received after purchasing shares includes an amount described as 'equalisation'. This is a repayment of capital and is therefore not liable to Income Tax. It should, however, be deducted from the initial cost of shares for Capital Gains Tax purposes.

Commission

Payable to UK authorised intermediaries. Details are available on request.

Authorisation

The Company was authorised by the Financial Conduct Authority on 30 October 2018. The Company is a UCITS umbrella scheme.

Company Reports and Prospectus

Copies of the latest yearly and half yearly financial statements and copies of the Prospectus may be obtained from Royal London Unit Trust Managers Limited upon request.

Contact Us

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This company is a subsidiary of The Royal London Mutual Insurance Society Limited, registered in England and Wales number 99064.

Registered office: 80 Fenchurch Street, London EC3M 4BY.

Ref: SREP RLAM PD 0267

