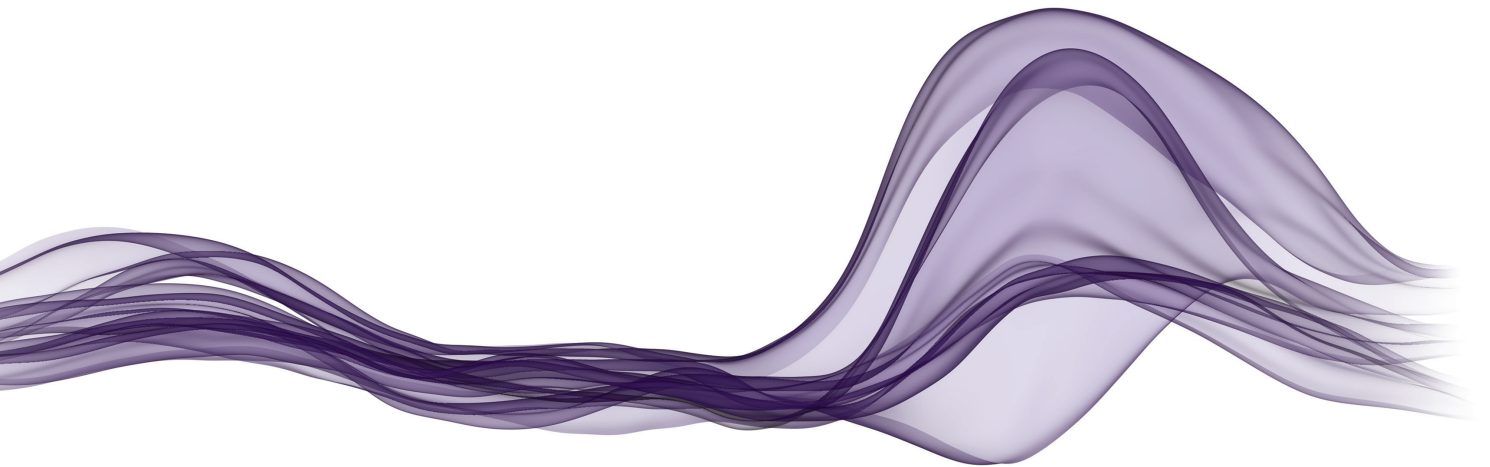


For professional clients only, not suitable for retail investors.

Royal London UK Growth Trust

Annual Report

For the year ended 31 July 2023



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* The Authorised Fund Manager's Report comprises these items (subsequent references to the Manager's Report).

Trust Information

Trust Status

The Trustee is HSBC Bank plc which holds the title to the Trust's investments on behalf of unitholders. The Royal London UK Growth Trust (the Trust) is a "wider-range" investment under the Trustee Investments Act 1961. It is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000 and is a UCITS Scheme under the Financial Conduct Authority Collective Investment Schemes Sourcebook. Copies of the Trust Deed may be inspected at the offices of the Manager: 80 Fenchurch Street, London EC3M 4BY.

Manager

RLUM Limited

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

Directors of the Manager

P. Beamish

P. Bowker (Appointed 1 January 2023)

J.M. Brett (Non-executive Director)

J.S. Glen (Chairman)

J.M. Jackson (Non-executive Director)

M.P. Lewis (Resigned 31 December 2022)

Trustee

HSBC Bank plc

8 Canada Square, Canary Wharf, London E14 5HQ

Authorised and regulated by the Financial Conduct Authority.

Administrator

HSBC Securities Services (UK) Limited

1-2 Lochside Way, Edinburgh Park, Edinburgh EH12 9DT

Authorised and regulated by the Financial Conduct Authority.

Registrar

RLUM Limited

RLUM Limited has delegated responsibility for safekeeping and maintenance of the register to **Capita Life and Pensions Regulated Services Limited**

The Register may be inspected at:

Churchgate House, 56 Oxford Street, Manchester M1 6EU

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside, London SE1 2RT

Investment Adviser

Royal London Asset Management Limited

80 Fenchurch Street, London EC3M 4BY

Authorised and regulated by the Financial Conduct Authority.

Manager's Investment Report

The Royal London UK Growth Trust (the Trust) is an authorised unit trust scheme, the Manager of which is RLUM Limited. The Manager has appointed Royal London Asset Management Limited to undertake the portfolio management for the Trust.

Royal London Asset Management Limited is the fund management arm of The Royal London Group and is independently authorised by the Financial Conduct Authority to provide asset management services.

We have a long and successful history of managing our customers' money and our specialist fund management service offers a distinctive approach to responsible investing across all of the funds that we manage. For example, we fully integrate consideration of financial, environmental, social and governance issues throughout the investment process when selecting companies for investment and we also vote at every Annual General Meeting of companies we hold, the exception being where voting would prevent trading.

Investment Objective and Policy

The Trust's investment objective is to achieve capital growth over the medium term, which should be considered as a period of 3–5 years, by predominantly investing in the shares of UK companies included in the FTSE® All-Share Index.

Risk and Reward Profile



About this indicator

- This Synthetic Risk and Reward Indicator (SRRI) is calculated according to European Securities and Markets Authority (ESMA) regulations, to allow investors to compare funds on the same basis. According to this methodology the Trust has been classed as category 6.
- The scale shows that the higher the risk, the higher the potential for greater returns. The numerical indicator which is referenced on the scale, is a measure of how much the unit price of this Trust has risen and fallen (over the last five years) and therefore how much the Trust's returns have varied.
- The Trust is shown in risk category 6 because its unit price has shown a high level of volatility historically. As an investment, bonds are typically more volatile than money market instruments but less volatile than shares. This Trust has historically been primarily invested in shares.
- This risk rating remains unchanged from the prior financial year.

Investors should note

- The indicator is based on historical data and may not be a reliable indication of the future risk profile of this Trust.
- The lowest rating does not mean 'risk free' and it does not measure the risk that you may suffer a capital loss.
- The risk and reward profile shown is not guaranteed to remain the same and may change over time.

Manager's Investment Report (continued)

Cumulative Performance (% change to 31/07/23)

	1 year total return %	3 year total return %	5 year total return %
Royal London UK Growth Trust, Class A Income	4.27	30.14	14.99
FTSE® All-Share Index (Total Return)	6.09	41.75	18.07
IA UK All Companies TR	2.67	29.53	9.44

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: Royal London Asset Management Limited and Lipper, as at 31 July 2023. Returns are net of management fees. Investors should note that the total return is calculated on the Trust's official midday price whereas the Trust 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 Trust breakdown information, please refer to the latest factsheet at www.rlam.com.

Investment Review and Outlook

Performance overview

The Trust returned 4.27% over the 12 months to 31 July 2023, but underperformed the FTSE® All-Share Index. The Trust continues to seek those companies that can deliver sustained growth despite the challenges of the uncertain economic environment. The factors that we particularly focus upon include the quality of the business model, the strength of the management team, a macroeconomic assessment of where corporates can find the most supportive operating conditions to run a business and finally the valuation that the market puts on the business.

Market overview

The 12-month period for investors has continued to be dominated by the changes in macroeconomic data as investors continue to deal with high but moderating inflation and rising interest rates. At the start of the period in question, August 2022, UK interest rates were 1.75%, ending the period 5.25%, whilst inflation had fallen to 6.8% having peaked at double digits. Despite this volatility there has been general surprise at the resilience of major economies in the face of higher interest rates and cost of living pressures. In the consumer world, money saved during the pandemic and associated government support measures has meant that lower disposable income has been offset by high levels of savings. In the corporate world, businesses have been adept at cutting costs and increasing prices to offset input cost inflation. One key feature in the West has been the strength of employment, which has remained resilient despite rising rates.

In the UK, the economy is at a significant fork in the road. Inflation data shows headline inflation is declining, but core inflation (which excludes food and energy) is still above 6%. If the Bank of England wishes to meet its 2% inflation target it may have to move interest rates much higher than that 5.25% level, to create a recession which will ultimately reduce demand in the economy. We see this as unlikely. Alternatively, it may have to accept a higher level of inflation as the price of a stable economy. This is not an easy choice. It is possible other countries will follow in having this dilemma.

It's becoming clear that we are moving from the 2010s when inflation was generally low and central banks therefore had room to act to support the economy at the first sign of economic weakness, to a time where inflation is a much less co-operative factor for policy makers. Whether it be structural labour shortages, which may or may not be solved with artificial intelligence (AI), higher energy prices or rising geopolitical tensions, some of the factors which created the favourable inflation backdrop in the 2010s look less favourable. This is suggestive of a return to economic and market cycles, which were a frequent occurrence prior to the 2010s.

As investors, we look at the real world to find opportunities to deliver an attractive return. The clearest messages we can see are that we are entering into something of a boom time for both the physical and digital worlds. In the last decade, the physical world has been somewhat left behind by the digitisation of large parts of the economy. This has created many of the technology giants we know so well. Investment in physical infrastructure has lagged. This is changing.

Manager's Investment Report (continued)

Investment Review and Outlook – continued

Market overview – continued

The key trends in physical infrastructure include electrification, a consequence of a desire to decarbonise, and onshoring, which is a consequence of rising geopolitical tensions and a desire to have industrial and manufacturing capacity at home rather than abroad. We have seen this most prominently in the US, where the Inflation Reduction Act (climate investment essentially) and CHIPS Act (semiconductor manufacturing) have created sizeable incentives to invest in the physical world and we feel this will benefit those companies which help build it, such as Ashted and Hill & Smith.

The digital world also continues to progress rapidly. After a pandemic and remote working induced spurt of growth there was a feeling last year that the trend had run its course for the time being. Then ChatGPT and Generative AI came along. This would appear to increase potential usage of technology in our workflows and everyday lives, with many of those using it describing it as transformational. Like all technology, it is likely we will overestimate its short-term impact, but underestimate its long-term impact as it changes the nature of work and levels of productivity. Stocks held in the Trust such as Relx and Sage are actively embedding AI into their customer offerings.

Portfolio commentary

Over the last 12 months we have increased exposure to the banking sector, notably Standard Chartered, HSBC and NatWest Group. Banks have had a difficult period since the financial crisis in 2008, but the rise in interest rates over the last eighteen months should help them start making improved returns. We believe that the combination of their stronger financial position and a strong bias to return monies to shareholders puts them in a positive position going forward. Those that operate in Asia, notably Standard Chartered and HSBC, have the added bonus of operating in a strong economy which should allow them to grow over time.

Disappointments over the period include the derating of Segro, the urban logistic property company which owns inner city warehouses which are used for 'final mile' delivery of goods. The steep rise in interest rates has resulted in a fall in value of such assets. The holding in Imperial Brands also underperformed, reflecting concerns about long-term demand as increasing number of consumers switch to vaping products.

Overall, the portfolio has a bias towards attractive growth businesses that are well placed for the long-term, coupled with exposure to sectors such as banks and oil which we believe are well positioned to deliver attractive returns and are undervalued by the market.

Investment outlook

There is considerable uncertainty about the economic outlook for the remainder of 2023. In the US, the Federal Reserve has continued to raise interest rates in response to high inflation and many investors fear that this could tip the US into recession, although economic indicators remain broadly positive at this stage. The picture is potentially more problematic in the UK where inflation is higher and growth weaker. Europe is somewhere in the middle of these two outcomes. How inflation progresses from here, and how central banks respond, will be a key determinant of near-term returns.

With this volatile background, our approach remains focused on creating a broadly diversified portfolio of attractively priced, wealth-creating companies. We believe that this will help us ensure that overall performance is driven by the success of our focus on finding attractive companies, rather than relying on economic factors or investment market trends.

Joe Walters
Trust Manager
Royal London Asset Management Limited
31 July 2023

Please note that this commentary is written as at end of the review period. For insights into 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 Trust, our RLUM Annual Assessment of Value Report March 2023 (published July 2023) is available on www.rlam.com.

The Task Force on Climate-related Financial Disclosures Report can be found under the relevant Trust name at <https://www.rlam.com/uk/institutional-investors/funds/fund-information-factsheets/>. This report has been prepared in accordance with the recommendations of the TCFD, which aims to help the investment community build a more in-depth and consistent picture of the impact of climate change.

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

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

Portfolio Statement

As at 31 July 2023

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Equities – 99.35% (31/07/22 – 99.27%)			
Oil & Gas – 9.78% (31/07/22 – 12.49%)			
Oil & Gas Producers – 9.78%			
	7,667,044 BP	37,032	3.49
	2,817,433 Shell	66,646	6.29
Total Oil & Gas		103,678	9.78
Basic Materials – 8.73% (31/07/22 – 11.47%)			
Chemicals – 2.17%			
	262,455 Croda International	15,459	1.46
	487,050 Victrex	7,520	0.71
Mining – 6.56%			
	670,715 Anglo American	16,054	1.51
	5,601,044 Glencore	26,521	2.50
	526,125 Rio Tinto	27,095	2.55
Total Basic Materials		92,649	8.73
Industrials – 19.58% (31/07/22 – 22.16%)			
Construction & Materials – 0.34%			
	558,563 Marshalls	1,500	0.14
	247,494 Travis Perkins	2,155	0.20
General Industrials – 1.51%			
	5,167,524 Smith (DS)	15,999	1.51
Electronic & Electrical Equipment – 1.02%			
	307,511 Spectris	10,794	1.02
Industrial Engineering – 2.52%			
	567,711 Hill & Smith	8,947	0.84
	160,436 Spirax-Sarco Engineering	17,849	1.68
Industrial Transportation – 0.49%			
	184,874 Clarkson	5,158	0.49
Support Services – 13.70%			
	567,203 Ashtead Group	32,648	3.08
	531,959 Bunzl	15,347	1.45
	492,734 Diploma	15,955	1.50
	912,148 Experian	27,437	2.59
	2,186,607 Howdens Joinery	16,115	1.52
	1,677,947 Melrose Industries	8,890	0.84
	3,928,789 Rentokil Initial	24,924	2.35
	498,134 RS Group	3,903	0.37
Total Industrials		207,621	19.58
Consumer Goods – 12.24% (31/07/22 – 10.25%)			
Beverages – 1.98%			
	617,498 Diageo	20,979	1.98
Food Producers – 0.84%			
	3,519,530 SSP Group	8,855	0.84
Household Goods – 1.42%			
	679,904 Bellway	15,067	1.42
Personal Goods – 3.15%			
	797,016 Unilever	33,399	3.15
Tobacco – 4.85%			
	860,613 British American Tobacco	22,509	2.12
	1,576,289 Imperial Brands	28,988	2.73
Total Consumer Goods		129,797	12.24

Holding	Investment	Bid-market value (£'000)	Total net assets (%)
Healthcare – 6.35% (31/07/22 – 7.97%)			
Pharmaceuticals & Biotechnology – 6.35%			
	602,355 AstraZeneca	67,367	6.35
Total Healthcare		67,367	6.35
Consumer Services – 10.23% (31/07/22 – 5.19%)			
Food & Drug Retailers – 0.85%			
	326,424 Greggs	9,009	0.85
General Retailers – 1.40%			
	211,544 Next	14,905	1.40
Media – 3.72%			
	1,505,925 RELX	39,455	3.72
Travel & Leisure – 4.26%			
	2,226,977 Compass Group	45,141	4.26
Total Consumer Services		108,510	10.23
Utilities – 3.17% (31/07/22 – 3.56%)			
Electricity – 3.17%			
	1,991,510 SSE	33,567	3.17
Total Utilities		33,567	3.17
Financials – 25.35% (31/07/22 – 20.28%)			
Banks – 10.59%			
	7,204,508 HSBC	46,556	4.39
	30,515,488 Lloyds Banking Group	13,712	1.29
	8,665,431 Natwest Group	21,170	2.00
	4,125,988 Standard Chartered	30,829	2.91
Life Insurance – 3.02%			
	1,690,841 Prudential	18,295	1.73
	1,455,000 St James's Place Capital	13,677	1.29
Financial Services – 9.52%			
	2,126,369 3i Group	42,038	3.96
	674,046 Close Brothers	6,194	0.58
	812,844 Intermediate Capital Group	11,416	1.08
	488,568 London Stock Exchange	41,343	3.90
Real Estate Investment Services – 0.54%			
	2,256,771 Grainger	5,674	0.54
Real Estate Investment Trusts – 1.68%			
	1,441,348 Segro	10,992	1.04
	1,377,564 Workspace	6,836	0.64
Total Financials		268,732	25.35
Technology – 3.92% (31/07/22 – 5.90%)			
Software & Computer Services – 3.92%			
	561,384 Computacenter	12,306	1.16
	554,625 Rightmove	3,162	0.30
	2,781,024 Sage	26,042	2.46
Total Technology		41,510	3.92
Total value of investments		1,053,431	99.35
Net other assets		6,892	0.65
Total net assets		1,060,323	100.00

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

Summary of Material Portfolio Changes

For the year ended 31 July 2023

Significant Purchases

	Cost £'000
HSBC	39,885
Compass Group	38,616
Imperial Brands	32,549
Standard Chartered	29,864
Natwest Group	24,499
Lloyds Banking Group	16,352
London Stock Exchange	12,096
British American Tobacco	9,647
Unilever	9,449
RELX	8,638
Subtotal	221,595
Total cost of purchases, including the above, for the year	248,469

Significant Sales

	Proceeds £'000
BP	39,584
Lloyds Banking Group	26,117
Barclays	22,429
Halma	17,477
Aveva Group	15,888
Dechra Pharmaceuticals	15,776
British American Tobacco	14,824
Shell	11,854
Rightmove	9,636
Shaftesbury	9,435
Subtotal	183,020
Total proceeds from sales, including the above, for the year	285,608

Comparative Table

Class A Income

Change in net assets per unit	31/07/23 (p)	31/07/22 (p)	31/07/21 (p)
Opening net asset value per unit	613.52	658.44	497.94
Return before operating charges*	31.50	(24.31)	174.57
Operating charges	(7.63)	(8.17)	(7.83)
Return after operating charges*	23.87	(32.48)	166.74
Distributions on income units	(14.09)	(12.44)	(6.24)
Closing net asset value per unit	623.30	613.52	658.44
* after direct transaction costs of:	0.84	0.52	0.28
Performance			
Return after charges	3.89%	(4.93)%	33.49%
Other information			
Closing net asset value (£'000)	1,060,323	1,080,511	1,190,891
Closing number of units	170,113,650	176,115,650	180,866,350
Operating charges	1.16%*	1.26%	1.26%
Direct transaction costs	0.14%	0.08%	0.05%
Prices[^]			
Highest unit price	651.80	704.10	665.20
Lowest unit price	548.70	565.60	498.40

* The AMC was reduced on 1 June 2023 from 1.25% to 1.15%.

[^] 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 unit price is based on the net asset value in the published accounts 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 units, and the income derived from them, can vary.

Statement of Manager's Responsibilities in Relation to the Report and Financial Statements of the Trust

Financial statements for the year ended 31 July 2023, and this Manager's Report have been prepared in accordance with the rules of the Collective Investment Schemes Sourcebook, published by the Financial Conduct Authority (FCA).

These require the Manager to prepare financial statements for each accounting year which give a true and fair view of the financial affairs of the Trust and of its net revenue and the net capital gains/(losses) on the property of the Trust for the year.

In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the requirements of the Statement of Recommended Practice relating to UK Authorised Funds;
- 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
- prepare accounts on a going concern basis unless inappropriate to do so.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Prospectus and the FCA's rules. The Manager has general responsibility for taking such steps as are reasonably open to him to prevent and detect fraud and other irregularities.

Statement of the Trustee's Responsibilities in Relation to the Financial Statements of the Trust

The Depositary in its capacity as Trustee of Royal London UK Growth Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed 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 Trust and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust'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 the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Report of the Trustee to the Unitholders of the Royal London UK Growth Trust

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

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

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

HSBC Bank Plc
Trustee of Royal London UK Growth Trust
8 Canada Square, Canary Wharf, London E14 5HQ
20 September 2023

Independent Auditors' Report to the Unitholders of Royal London UK Growth Trust

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Royal London UK Growth Trust (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 31 July 2023 and of the net revenue and the net capital gains on its scheme property for the year then ended; 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 Trust Deed.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 July 2023; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

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 Trust 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 Trust's 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 Manager'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 Trust's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Manager 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 Manager 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.

Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities in Relation to the Report and Financial Statements of the Trust, the Manager 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 Manager 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 Manager is responsible for assessing the Trust's 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 Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Independent Auditors' Report to the Unitholders of Royal London UK Growth Trust (continued)

Report on the audit of the financial statements – continued

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 Trust/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 Trust. Audit procedures performed included:

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager'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 Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook 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.

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 and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2023

Financial Statements

Statement of Total Return

For the year ended 31 July 2023

	Note	31 Jul 2023 £'000	31 Jul 2022 £'000
Income			
Net capital gains/ (losses)	4	17,931	(80,112)
Revenue	5	37,788	36,897
Expenses	6	(13,271)	(14,622)
Net revenue before taxation		24,517	22,275
Taxation	7	–	–
Net revenue after taxation		24,517	22,275
Total return/(deficit) before distributions		42,448	(57,837)
Distributions	8	(24,517)	(22,275)
Change in net assets attributable to unitholders from investment activities		17,931	(80,112)

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 July 2023

	31 Jul 2023 £'000	31 Jul 2022 £'000
Opening net assets attributable to unitholders	1,080,511	1,190,891
Amounts receivable on issue of units	29,447	30,884
Amounts payable on cancellation of units	(67,573)	(61,157)
	(38,126)	(30,273)
Change in net assets attributable to unitholders from investment activities	17,931	(80,112)
Unclaimed distributions	7	5
Closing net assets attributable to unitholders	1,060,323	1,080,511

Balance Sheet

As at 31 July 2023

	Note	31 Jul 2023 £'000	31 Jul 2022 £'000
Assets			
Investments		1,053,431	1,072,637
Current assets:			
Debtors	9	2,868	4,139
Cash and bank balances	10	20,743	18,335
Total assets		1,077,042	1,095,111
Liabilities			
Creditors:			
Other creditors	11	2,315	1,924
Distribution payable		14,404	12,676
Total liabilities		16,719	14,600
Net assets attributable to unitholders		1,060,323	1,080,511

The financial statements were approved on 20 September 2023 and signed on behalf of the Board of the Manager by:

P. Bowker (Director)

J.S. Glen (Director)

Notes to the Financial Statements

For the year ended 31 July 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 Investments Schemes Sourcebook. They have been prepared in accordance with applicable UK accounting standards, Trust Deed and in accordance with FRS 102 and the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Management Association (now referred to as The Investment Association) in May 2014 (the 2014 SORP) and amended in 2017.

As stated in the Statement of the Manager's Responsibilities in relation to the Report and Financial Statements of the Trust on page 10, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Trust.

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

Basis of valuation of investments

The investments of the Trust have been valued at closing bid price on 31 July 2023, the last valuation point in the accounting year.

Exchange rates

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

Revenue and expenditure transactions are translated at the rates of exchange ruling at the date of transaction.

Recognition of revenue

Revenue from equities and non-equity shares is recognised when the security is quoted ex-dividend.

Other revenue is accounted for on an accruals basis.

All revenue is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Special dividends are treated as revenue or capital according to the nature of the event giving rise to the payment.

Dividends from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs tax-exempt rental business is colloquially known as PID revenue and is taxable in the hands of the Trust. A UK REIT may also carry out activities that give rise to taxable profits and gains, it is from these that the REIT will make a Non-PID distribution, these are treated for tax purposes in the same way as dividends from UK companies.

Treatment of expenses

RLUM Limited's annual charge (A Income 1.15%) is calculated daily on the total net assets of the Trust.

All expenses are charged against revenue, except those relating to the purchase and sale of investments, which are charged against capital.

Expenses include irrecoverable VAT.

Taxation

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Where overseas tax has been deducted from overseas revenue, then that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only to the extent they are regarded as recoverable.

It should be noted that legislation governing taxation is liable to change. The information contained in this report is based upon RLUM Limited's understanding of the current position.

2. Distribution policy

The excess of revenue over expenses and taxation charged to revenue, as disclosed in the financial statements, is distributable to unitholders. Any revenue deficit is deducted from capital.

Distributions are paid to unitholders semi-annually.

Equalisation applies only to units purchased during the distribution period (Group 2 units). It represents the accrued revenue included in the purchase price of the units. 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 units for Capital Gains Tax purposes.

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

3. Risk management policies

In pursuing the Trust's objectives set out on page 4, the Trust holds a number of financial instruments which include:

- Equity shares held in accordance with the Trust's investment objectives and policies.
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations.

The main risks arising from the Trust's financial instruments are market price risk, foreign currency risk, credit risk and liquidity risk. However, these risks are not significant at current levels. These risks remain unchanged from the prior year.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements. The asset allocation of the portfolio is reviewed in order to manage the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual Fund Manager has responsibility for monitoring the existing portfolio selected in accordance with an overall asset allocation parameter and seeks to ensure that the Trust invests in a diversified fashion, to reduce the risk of exposure to a significant event affecting a single security, or industry, subject to the obligation under the Trust's objective to invest in securities which share certain characteristics.

Foreign currency risk

The assets of the Trust can be significantly affected by currency translation movements, as a portion of the Trust's assets are denominated in currencies other than sterling, which is the Trust's base currency. The Trust does not hedge on foreign exchange rates.

Credit 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 Trust 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 Trust has fulfilled its responsibilities. The Trust 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.

Liquidity risk

The Trust'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 Trust is the redemption of any units that investors wish to sell. Liquidity risk, mainly derived from the liability to unitholders, is minimised through holding cash and readily realisable securities which can meet the usual requirements of unit redemptions.

Other risks

Potential implications of an epidemic and/or a pandemic

Epidemics and pandemics such as Covid-19, can seriously disrupt the global economy and markets. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to a Trust's investments or the Manager's operations and the operations of the Manager and the Company's service providers.

The Ukraine situation

The Ukraine conflict and its consequences, including economic sanctions on Russia, are having a significant impact on global financial markets and commodity pricing. The Manager is closely monitoring the associated geopolitical risks in relation to inflation, volatile markets and security pricing. Please refer to the Manager's Investment Reports for commentary on the impact and outlook.

The Trust has no direct exposure to Russian companies and the Manager is complying with all restrictions and sanctions issued by the relevant authorities.

Risk disclosure breakdown is available on page 18.

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

4. Net capital gains/(losses)

	31 Jul 2023 £'000	31 Jul 2022 £'000
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	17,933	(80,262)
Special dividends (capital)	–	153
Currency losses	–	(1)
Activity fees	(2)	(2)
Net capital gains/(losses)	17,931	(80,112)

5. Revenue

	31 Jul 2023 £'000	31 Jul 2022 £'000
UK dividends	36,457	34,955
Overseas dividends	412	985
Property revenue from REITs	357	901
Bank interest	562	56
Total revenue	37,788	36,897

6. Expenses

	31 Jul 2023 £'000	31 Jul 2022 £'000
Payable to the Manager, associates of the Manager and their agents:		
Manager's annual charge	13,157	14,501
Payable to the Trustee, associates of the Trustee and their agents:		
Trustee's fee	82	89
Safe custody charges	17	18
	99	107
Other expenses		
Audit fee	15	14
	15	14
Total expenses	13,271	14,622

Audit fee £14,886 (31/07/22: £13,636) inclusive of VAT.

7. Taxation

a) Analysis of charge for the year

	31 Jul 2023 £'000	31 Jul 2022 £'000
Corporation tax	–	–
Current tax charge for the year	–	–

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (31/07/22: lower) than the standard rate of corporation tax in the UK for a unit trust of 20%.

The differences are explained below:

Net revenue before taxation	24,517	22,275
Corporation tax 20% (31/07/22: 20%)	4,903	4,455
Effects of:		
Revenue not subject to taxation	(7,374)	(7,188)
Current year expenses not utilised	2,471	2,733
Current or Total tax charge for the year	–	–

c) Factors that may affect future tax charges

At the year end there is a potential deferred tax asset of £82,862,179 (31/07/22: £80,391,696) in relation to surplus management expenses. It is unlikely the Trust will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

8. Distributions

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

	31 Jul 2023 £'000	31 Jul 2022 £'000
Income Units		
Interim	9,793	9,378
Final	14,404	12,676
	24,197	22,054
Add: Amounts deducted on cancellation of units	506	392
Deduct: Amounts received on creation of units	(186)	(171)
Net distribution for the year	24,517	22,275

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

Net revenue after taxation	24,517	22,275
Net distribution for the year	24,517	22,275

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

9. Debtors

	31 Jul 2023 £'000	31 Jul 2022 £'000
Sales awaiting settlement	–	1,063
Accrued revenue	2,868	3,076
Total debtors	2,868	4,139

10. Cash and bank balances

	31 Jul 2023 £'000	31 Jul 2022 £'000
Cash and bank balances	20,743	18,335
Total cash and bank balances	20,743	18,335

11. Other creditors

	31 Jul 2023 £'000	31 Jul 2022 £'000
Amount payable for cancellation of units	1,245	788
Accrued expenses	1,070	1,136
Total other creditors	2,315	1,924

12. Reconciliation of number of units

	Class A Income
Opening units at 01/08/22	176,115,650
Units issued	5,031,100
Units cancelled	(11,033,100)
Closing units at 31/07/23	170,113,650

This is a single class Trust therefore there will be no conversions or switches.

13. Contingent liabilities and outstanding capital commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (31/07/22: same).

14. Related party transactions

The Manager is a related party to the Trust as defined by Financial Reporting Standard FRS 102 'Related Party Disclosures' and is named on page 3. Fees received by the Manager are disclosed in note 6 of the financial statements. By virtue of the Regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Trust, which are summarised in the Statement of Change in Net Assets Attributable to Unitholders and within note 8, Distributions, for the revenue element.

Any amounts due to or from the Manager at the end of the accounting year are disclosed in notes 9 (Debtors) and 11 (Other creditors).

At the year end £2,277,000 (31/07/22: £1,894,000) was due to RLUM Limited. These amounts are included in amounts receivable for issue of units in note 9 and amounts payable for cancellation of units and accrued expenses in note 11.

At the year end, 24.23% (31/07/22: 24.41%) of the units in issue were held by RLUM Limited.

The Royal London Mutual Insurance Society Limited is the ultimate parent of RLUM Limited.

15. Risk disclosures

The policies applied to the management of risk disclosures are set out on page 18.

The fair values of the Trust's assets and liabilities are represented by the values shown in the Balance Sheet on page 14. 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 only interest bearing assets are cash balances of £20,743,000 (31/07/22: £18,335,000) which earn interest by reference to SONIA or international equivalents.

This equates to 1.96% of the current Net Asset Value and 1.70% of the previous years.

Interest risk is considered insignificant so no sensitivity analysis is required (31/07/22: same).

If market prices had increased by 10% as at the balance sheet date, the net asset value of the Trust would have increased by £105,343,000 (31/07/22: £107,264,000). If market prices had decreased by 10% as at the balance sheet date, the net asset value of the Trust would have decreased by £105,343,000 (31/07/22: £107,264,000). These calculations assume all other variables remain constant.

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

16. Portfolio Transaction Costs

For the year ended 31 July 2023

Analysis of total purchases costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	247,127	106	–	1,081	–	155	0.06	248,469
Total	247,127	106		1,081		155		248,469

Analysis of total sales costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	285,724	116	0.04	–	–	–	–	285,608
Total	285,724	116		–		–		285,608

Commissions, taxes and fees as % of average net assets

Commissions	0.02%
Taxes	0.10%
Other expenses	0.02%

For the year ended 31 July 2022

Analysis of total purchases costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	206,349	76	–	767	–	27	–	207,219
Total	206,349	76		767		27		207,219

Analysis of total sales costs	Value £000	Commissions £000	%	Taxes £000	%	Other Expenses £000	%	Total £000
Equity transactions	236,015	60	–	–	–	–	–	235,955
Corporate actions	2,781	–	–	–	–	–	–	2,781
Total	238,796	60		–		–		238,736

Commissions, taxes and fees as % of average net assets

Commissions	0.01%
Taxes	0.07%
Other expenses	0.00%

In the case of shares, commissions and taxes are paid by the Trust on each transaction. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.04% (31/07/22: 0.05%).

Notes to the Financial Statements (continued)

For the year ended 31 July 2023

17. Fair value of investments

The fair values of the Trust'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 July 2023

Category	1 £000	2 £000	3 £000	Total £000
Investments				
Equities	1,053,431	–	–	1,053,431
Total	1,053,431	–	–	1,053,431

As at the year ended 31 July 2022

Category	1 £000	2 £000	3 £000	Total £000
Investments				
Equities	1,072,637	–	–	1,072,637
Total	1,072,637	–	–	1,072,637

18. Events after the balance sheet date

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

The net asset value (NAV) of the Trust as at 18 September 2023 was £1,047,773,883. The impact of the market movements on the Trust's NAV between the end of the reporting period 31 July 2023 and the date of which the financial statements were authorised for issue was (1.69)%.

There have been no significant redemptions during this period.

Distribution Tables

For the year ended 31 July 2023

Distribution in pence per unit

Interim

Group 1: Units purchased prior to 1 August 2022

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

	Net Income	Equalisation	Distribution paid 31/03/23	Distribution paid 31/03/22
Class A Income				
Group 1	5.6269	–	5.6269	5.2470
Group 2	2.2861	3.3408	5.6269	5.2470

Final

Group 1: Units purchased prior to 1 February 2023

Group 2: Units purchased between 1 February 2023 and 31 July 2023

	Net Income	Equalisation	Distribution payable 30/09/23	Distribution paid 30/09/22
Class A Income				
Group 1	8.4674	–	8.4674	7.1978
Group 2	4.2761	4.1913	8.4674	7.1978

Remuneration Policy (unaudited)

The Manager of the Royal London UK Growth Trust, RLUM Limited (the “Manager”), is subject to remuneration policies, procedures and practices (together, the “Remuneration Policy”), as required under the UCITS Directive (“UCITS V”).

RLUM Limited and Royal London Asset Management Ltd (“the Investment Adviser”) are wholly-owned subsidiaries of The Royal London Mutual Insurance Society, “the Group”. The Group maintains a “Group Remuneration Policy” that RLUM 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 profile of the Trust. 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 Committee considers implications of remuneration policies across the Group, including for RLUM.

The Group Remuneration Policy adopts performance related pay, with salaries determined by reference to both individual performance and the external market. Total Remuneration comprises 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 Manager whose professional activities have a material impact on the risk profile of the Manager or the Trust, and ensures that an individual cannot be involved in determining or approving their own remuneration.

The Group 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 RLUM Limited 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 RLUM Limited 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 Manager, upon request.

The Manager delegates investment management of the Trust to Royal London Asset Management Limited (the “Investment Adviser”). In accordance with the Group Remuneration Policy and the requirements of UCITS V, staff working for the Investment Adviser are not remunerated by the Manager, they are subject to remuneration requirements which are equally as effective as those in place under the UCITS Directive.

RLUM 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 RLUM. 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 RLUM.

RLUM has no employees and therefore there are no other controlled functions, or senior management employed and paid by RLUM. However, for the financial year ending 31 December 2022, total remuneration of £11,887,148 was paid to 23 individuals whose actions may have a material impact on the risk profile of RLUM, of which £3,199,729 related to senior management. The fixed element of the total remuneration mentioned above is £4,624,325 and the variable element is £7,262,823. For the 2021 prior year’s comparison, a total remuneration of £5,261,118 was paid to 15 individuals whose actions may have a material impact on the risk profile of RLUM, of which £3,547,603 related to senior management. The fixed element of the total remuneration mentioned above is £2,969,292 and the variable element is £2,291,826.

General Information

Pricing and dealing

The prices of units are determined by reference to the underlying market value of the net assets of the Trust at the relevant valuation point.

Unit prices are normally calculated daily however, if the markets are exceptionally volatile the Manager may conduct more frequent valuations to reflect any significant changes in the value of the Trust's underlying assets.

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

Dealing in units is conducted between 8.00am and 8.00pm Monday to Friday, and 8.00am and 5.00pm on Saturday.

Buying units

Units may be bought on any business day via an authorised intermediary or from the Manager by telephoning the Customer Contact Centre on 0345 605 7777*. Alternatively, an application form should be completed and sent to the Manager. Units 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 units

Units may be sold back to the Manager on any business day. Units can be sold by telephone by calling the Customer Contact Centre on 0345 605 7777* or alternatively by putting your request in writing. The Manager will allocate the price calculated from the next valuation point and issue a contract note as evidence of the sale.

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

Cancellation rights

Where a person purchases units 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 Trust is not subject to Capital Gains Tax.

Capital gains established when units 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 the Trust 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 unit holders is detailed on the reverse of dividend warrants. The first distribution received after purchasing units 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 units for Capital Gains Tax purposes.

Authorisation

RLUM Limited is authorised and regulated by the Financial Conduct Authority and is a subsidiary of The Royal London Mutual Insurance Society Limited.

Trust Reports and Prospectus

Copies of the latest yearly and half yearly financial statements and copies of the Prospectus may be obtained from RLUM Limited upon request.

Transfer of units

Subject to any restrictions in the Trust's Prospectus, unitholders are entitled to transfer their units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose.

Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager.

The Manager currently accepts transfers of title (including renunciation of title in the case of a redemption) to units on the authority of electronic instructions transmitted via electronic messaging systems.

Please refer to the Trust's Prospectus for further information.

Contact Us

For further information
please contact:

**Royal London
Asset Management Limited**

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020 3272 5950

bdsupport@rlam.co.uk

www.rlam.com

This report is issued by Royal London Asset Management Limited on behalf of RLUM Limited.

Royal London Asset Management Limited provides asset management services to RLUM Limited which is the authorised Manager of the Royal London UK Growth Trust.

Royal London Asset Management Limited, registered in England and Wales number 2244297; Royal London Unit Trust Managers Limited, registered in England and Wales number 2372439. RLUM Limited, registered in England and Wales number 2369965. All of these companies are authorised and regulated by the Financial Conduct Authority.

The marketing brand also includes Royal London Asset Management Funds Plc, an umbrella company with segregated liability between sub-funds, authorised and regulated by the Central Bank of Ireland, registered in Ireland number 364259, and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

All of these companies are subsidiaries 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 0288

